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Smart Link Better Life.

Yangtze Optical Fibre and Cable Joint Stock Limited Company*

長飛光纖光纜股份有限公司

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

(Stock Code: 6869)

2018 Third Quarterly Report

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

The 2018 third quarterly report (unaudited, the “**Quarterly Report**”) contained in this announcement has been prepared in accordance with China Accounting Standards of Business Enterprises and the requirements on preparation and disclosure of quarterly report issued by China Securities Regulatory Commission, and has been approved by the Board of Directors (the “**Board**”) of the Company.

I. IMPORTANT NOTICE

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

* *For identification purpose only*

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

1.4 The Quarterly Report of the Company is unaudited.

II. CORPORATE INFORMATION

2.1 Major financial data

(Expressed in Renminbi “RMB”)

	As at 30 September 2018 (Unaudited)	As at 31 December 2017 (Audited)	Increase/decrease compared to the end of last year(%)
	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)	Increase/decrease compared to the same period of last year(%)
Total assets	13,001,961,625	9,167,764,003	41.82
Total equity attributable to equity shareholders of the Company	8,313,432,031	5,238,319,023	58.70
Net cash inflow from operating activities	(150,305,369)	504,371,896	Not applicable
Revenue	8,524,498,413	7,404,918,023	15.12
Profit for the year attributable to equity shareholders of the Company	1,237,139,624	930,116,503	33.01
Profit for the year attributable to equity shareholders of the Company excluding non-recurring items	1,217,472,770	914,448,295	33.14
Weighted average return on equity (%)	19.7	20.1	decrease 0.4 percentage
Basic earnings per share (RMB)	1.76	1.36	29.4
Diluted earnings per share (RMB)	1.76	1.36	29.4

Non-recurring items and amount Applicable Not applicable

(Expressed in RMB)

Items	For the three months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	Notes
Gains or losses from disposal of non-current assets	(395,521)	(1,534,798)	
Government grants accounted into current gains or losses (other than government grants closely related to the businesses of the Company, and in a fixed or quantifiable amount in conformity with the common standards of the State)	4,591,929	17,279,174	
Changes in fair value of financial assets and liabilities held for trading, and disposal of financial assets and liabilities held for trading and available-for-sale financial assets, other than those held for effective hedging related to normal operations	630,930	2,087,040	
Reversal of provision for bad and doubtful debts assessed on an individual basis	451,368	2,768,626	
Gain or loss arising from entrusted loans	305,824	1,304,781	
Other non-operating income and expenses other than the above items	1,959,715	3,341,036	
Other items accorded with the definition of non-recurring profit or loss	(65,278)	631,892	
Impact on non-controlling interests (after tax)	(1,167,261)	(4,039,992)	
Income tax effect	(378,164)	(2,170,905)	
Total	5,933,545	19,666,854	

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

Unit: share

Total number of shareholders 55,720

Name of shareholders (full name)	Shareholding as the end of the reporting period	Shareholding of top ten shareholders				Nature of shareholders
		Percentage (%)	Restricted shareholding	Pledged or locked-up Status	Number	
China Huaxin Post and Telecom Technologies Co., Ltd.	179,827,794	23.73	179,827,794	Nil	0	State-owned legal person
Draka Comteq B.V.	179,827,794	23.73	0	Nil	0	Overseas legal person
HKSCC Nominees Limited	171,610,949	22.64	0	Nil	0	Overseas legal person
Wuhan Yangtze Communications Industry Group Co., Ltd.	119,937,010	15.82	119,937,010	Nil	0	State-owned legal person
Wuhan Ruitu Management Consulting Partnership Enterprise	15,900,000	2.10	15,900,000	Pledged	14,013,000	Domestic non-state-owned legal person
Wuhan Ruiteng Management Consulting Partnership Enterprise	9,095,000	1.20	9,095,000	Pledged	8,625,000	Domestic non-state-owned legal person
Wuhan Ruihong Management Consulting Partnership Enterprise	3,413,000	0.45	3,413,000	Pledged	2,813,000	Domestic non-state-owned legal person
Wuhan Ruiyue Management Consulting Partnership Enterprise	2,375,000	0.31	2,375,000	Pledged	2,175,000	Domestic non-state-owned legal person
Yang Mingyue	284,800	0.04	0	Nil	0	Domestic natural person
Yang Zonglin	274,900	0.04	0	Nil	0	Domestic natural person

Shareholding of top ten unrestricted shareholders

Name of shareholders	Class and number of shares		
	Number of unrestricted tradable shares held	Class	Number
Draka Comteq B.V.	179,827,794	Overseas listed foreign shares	179,827,794
HKSCC Nominees Limited	171,610,949	Overseas listed foreign shares	171,610,949
Yang Mingyue	284,800	RMB ordinary shares	284,800
Yang Zonglin	274,900	RMB ordinary shares	274,900
Ji Mingyu	190,000	RMB ordinary shares	190,000
Meng Lu	180,000	RMB ordinary shares	180,000
Kunlun Health Insurance Co., Ltd-traditional insurance	173,199	RMB ordinary shares	173,199
Xu Weiyi	158,000	RMB ordinary shares	158,000
Zheng Lifeng	146,500	RMB ordinary shares	146,500
Chen Minglang	140,000	RMB ordinary shares	140,000
Explanation of associations or actions in concert among the above shareholders	The Company is unaware of whether there are any associations among these top ten shareholders or whether they are of the parties acting in concert.		
Explanation of holders of preferred shares with resumed voting right and the number of shares held	Not applicable		

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

Applicable Not applicable

III. SIGNIFICANT EVENTS

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

Applicable Not applicable

3.1.1 Analysis of changes in major item in consolidated balance sheet

(1) *Cash and cash equivalents*

Cash and cash equivalents as at 30 September 2018 increased by approximately RMB1,087.3 million, representing a 60.42% increase as compared to 31 December 2017, which was mainly due to cash received from A-share initial public offering.

(2) *Financial assets held for trading*

Financial assets held for trading was not applicable mainly due to reclassification under new financial instruments standard.

(3) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss was not applicable mainly due to reclassification under new financial instruments standard.

(4) *Trade and bills receivable*

Trade and bills receivable as at 30 September 2018 increased by approximately RMB1,231.1 million, representing a 50.80% increase as compared to 31 December 2017, which was mainly due to increases in sales.

(5) *Prepayments for raw materials*

Prepayments for raw materials as at 30 September 2018 increased by approximately RMB62.1 million, representing a 82.99% increase as compared to 31 December 2017, which was mainly due to increases in stock of raw materials and finished goods.

(6) *Inventories*

Inventories as at 30 September 2018 increased by approximately RMB435.3 million, representing a 59.59% increase as compared to 31 December 2017, which was mainly due to increases in outputs and stock of raw materials and finished goods.

(7) *Available-for-sale financial assets*

Available-for-sale financial assets was not applicable mainly due to reclassification under new financial instruments standard.

(8) Long-term equity investments

Long-term equity investments as at 30 September 2018 increased by approximately RMB373.4million, representing a 30.07% increase as compared to 31 December 2017, which was mainly due to investments in AVIC Baosheng Ocean Engineering Cable Company.

(9) *Investments in other equity instruments*

Investments in other equity instruments was not applicable mainly due to reclassification under new financial instruments standard.

(10) *Construction in progress*

Construction in progress as at 30 September 2018 increased by approximately RMB403.6 million, representing a 245.39% increase as compared to 31 December 2017, which was mainly due to Phase II and Phase III Capacity Expansion Projects of Yangtze Optical Fibre (Qianjiang) Co., Ltd. (“YOFC Qianjiang”) in relation to the industrialization of the self-produced preforms and the optical fibres.

(11) *Other non-current assets*

Other non-current assets as at 30 September 2018 increased by approximately RMB116.3 million, representing a 111.33% increase as compared to 31 December 2017, which was mainly due to increases in capital prepaid expenses of YOFC Qianjiang and Yangtze Gas (Qianjiang) Co., Ltd..

(12) *Receipt in advance*

Receipt in advance was not applicable mainly due to reclassification under new revenue recognition standard.

(13) *Contract liabilities*

Contract liabilities was not applicable mainly due to reclassification under new revenue recognition standard.

(14) *Non-current liabilities due within one year*

Non-current liabilities due within one year as at 30 September 2018 increased by approximately RMB160.3 million, representing a 1,159.77% increase as compared to 31 December 2017, which was mainly due to increases in non-current bank loans due within one year.

(15) *Non-current bank loans*

Non-current liabilities as at 30 September 2018 increased by approximately RMB528.7 million, representing a 109.86% increase as compared to 31 December 2017, which was mainly due to an increase of the loan to meet the capital demand of Phase II and Phase III Capacity Expansion Projects of YOFC Qianjiang which is related to the industrialization of the self-produced preforms and the optical fibres and the investments in an associated company.

(16) *Capital reserve*

Capital reserve as at 30 September 2018 increased by approximately RMB1,812.7 million, representing a 116.82% increase as compared to 31 December 2017, which was mainly due to A-share initial public offering.

(17) *Other comprehensive income*

Other comprehensive income changes as at 30 September 2018 decreased by approximately RMB52.7 million, representing a 79.27% decrease as compared to 31 December 2017, which was mainly due to the change of fair value of investments in other equity instruments.

3.1.2 Analysis of changes in major item in consolidated income statement

(1) *Financial expenses*

Financial expenses for the nine months ended 30 September 2018 decreased by approximately RMB28.3 million, representing a 42.79% decrease as compared with the same period of last year, which was mainly due to the decrease in interest expenses and exchange loss.

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

- (1) The net cash generated from the Group's operating activities decreased by approximately RMB654.7 million, which was mainly due to the more optical fibre cables were sold as a percentage of total revenue, and the account receivable turnover days for optical fibre cables were higher than that for optical fibre preforms and optical fibres.

- (2) The net cash used in the Group's investment activities increased by approximately RMB987.3 million, which was mainly due to the investment in capacity expansion of YOFC Qianjiang and AVIC Baosheng Ocean Engineering Cable Company. Those investments in purchasing fixed assets and associate company resulted in a significant increase of cash used in the Group's investment activities compared to the same period of last year.
- (3) Net cash used generated from the Group's financing activities increased by approximately RMB2,928.9 million, which was mainly due to cash received from A-share initial public offering.

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

Applicable Not applicable

3.3 Undertaking not performed in time during the reporting period

Applicable Not applicable

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

Applicable Not applicable

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

Ma Jie
Chairman

Wuhan, PRC, 26 October 2018

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

IV. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet 30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	30 September 2018(Unaudited)	31 December 2017(Audited)
Current assets:		
Cash and cash equivalents	2,886,773,810	1,799,513,559
Financial assets held for trading	105,762,091	—
Financial assets at fair value through profit or loss	—	4,599,225
Trade and bills receivable	3,654,286,730	2,423,203,876
Including: Bills receivable	281,700,276	588,546,632
Trade receivables	3,372,586,454	1,834,657,244
Prepayments for raw materials	136,935,970	74,833,629
Other receivables	133,242,253	111,722,888
Including: Interest receivable	—	—
Dividends receivable	28,900,223	13,373,336
Inventories	1,165,772,735	730,468,166
Other current assets	87,969,010	84,553,976
Total current assets	8,170,742,599	5,228,895,319
Non-current assets:		
Available-for-sale financial assets	—	101,234,501
Long-term receivables	20,000,000	20,000,000
Long-term equity investments	1,615,281,338	1,241,866,472
Investments in other equity instruments	53,782,041	—
Fixed assets	1,971,429,684	1,921,458,636
Construction in progress	568,080,945	164,473,273
Intangible assets	305,117,291	328,050,231
Long-term deferred expenses	1,496,636	2,081,726
Deferred tax assets	75,273,652	55,242,983
Other non-current assets	220,757,439	104,460,862
Total non-current assets	4,831,219,026	3,938,868,684
Total assets	13,001,961,625	9,167,764,003
Current liabilities:		

Items	30 September 2018(Unaudited)	31 December 2017(Audited)
Current bank loans	400,821,600	495,013,000
Trade and bills payable	1,497,085,496	1,345,760,112
Receipt in advance	—	241,566,904
Contract liabilities	224,948,891	—
Employee benefits payable	336,116,647	304,003,980
Taxes payable	125,575,324	188,455,821
Other payables	382,099,542	359,005,281
Including: Interest payable	12,711,989	8,189,813
Dividend payable	—	—
Non-current liabilities due within one year	174,078,750	13,818,333
Total current liabilities	3,140,726,250	2,947,623,431
Non-current liabilities:		
Non-current bank loans	1,010,013,375	481,290,000
Deferred income	79,434,881	83,223,111
Other non-current liabilities	265,046,783	169,799,283
Total non-current liabilities	1,354,495,039	734,312,394
Total liabilities	4,495,221,289	3,681,935,825
Shareholders' equity:		
Share capital	757,905,108	682,114,598
Capital reserve	3,364,433,891	1,551,725,933
Other comprehensive income	13,781,166	66,464,721
Surplus reserve	402,047,041	402,047,041
Retained earnings	3,775,264,825	2,535,966,730
Total equity attributable to equity shareholders of the Company	8,313,432,031	5,238,319,023
Non-controlling interests	193,308,305	247,509,155
Total equity	8,506,740,336	5,485,828,178
Total liabilities and shareholders' equity	13,001,961,625	9,167,764,003

Legal representative
of the Company:
Ma Jie

The person in charge
of accounting affairs:
Zhuang Dan

The head of the
accounting department:
Liang Guanning

Balance Sheet
30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	30 September 2018(Unaudited)	31 December 2017(Audited)
Current assets:		
Cash and cash equivalents	2,457,613,614	1,430,201,714
Financial assets held for trading	4,725,895	—
Financial assets at fair value through profit or loss	—	4,599,225
Trade and bills receivable	3,612,512,261	2,382,983,152
Including: Bills receivable	269,674,669	582,931,872
Trade receivables	3,342,837,592	1,800,051,280
Prepayments for raw materials	106,027,592	60,504,029
Other receivables	650,920,516	270,847,125
Including: Interest receivable	—	—
Dividends receivable	28,900,223	13,373,336
Inventories	796,916,351	524,109,364
Other current assets	27,664,896	—
Total current assets	7,656,381,125	4,673,244,609
Non-current assets:		
Available-for-sale financial assets	—	101,024,501
Long-term receivables	608,200,000	359,000,000
Long-term equity investments	2,592,933,377	2,060,065,163
Investments in other equity instruments	53,572,041	—
Fixed assets	939,447,504	992,648,685
Construction in progress	71,473,059	31,448,673
Intangible assets	107,318,584	109,140,798
Deferred tax assets	40,732,037	28,151,433
Other non-current assets	44,131,440	40,552,786
Total non-current assets	4,457,808,042	3,722,032,039
Total assets	12,114,189,167	8,395,276,648
Current liabilities:		
Current bank loans	363,184,000	478,013,000
Trade and bills payable	1,925,664,944	1,595,692,522
Receipt in advance	—	134,778,345
Contract liabilities	236,976,147	—
Employee benefits payable	312,169,008	272,680,696

Items	30 September 2018(Unaudited)	31 December 2017(Audited)
Taxes payable	105,408,483	173,338,541
Other payables	181,057,398	223,784,717
Including: Interest payable	12,629,905	8,163,676
Dividend payable	—	—
Non-current liabilities due within one year	170,965,467	10,923,800
Total current liabilities	3,295,425,447	2,889,211,621
Non-current liabilities:		
Non-current bank loans	993,000,000	462,590,000
Deferred income	31,965,889	36,700,407
Other non-current liabilities	94,093,183	93,199,283
Total non-current liabilities	1,119,059,072	592,489,690
Total liabilities	4,414,484,519	3,481,701,311
Shareholders' equity:		
Share capital	757,905,108	682,114,598
Capital reserve	3,368,644,794	1,550,098,130
Other comprehensive income	18,192,162	60,685,225
Surplus reserve	402,047,041	402,047,041
Retained earnings	3,152,915,543	2,218,630,343
Total equity	7,699,704,648	4,913,575,337
Total liabilities and shareholders' equity	12,114,189,167	8,395,276,648

Legal representative
of the Company:
Ma Jie

The person in charge
of accounting affairs:
Zhuang Dan

The head of the
accounting department:
Liang Guanning

Consolidated Income Statement
For the nine months ended 30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

	For the three months ended 30 September 2018 (July-Sep) (Unaudited)	For the three months ended 30 September 2017 (July-Sep) (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
Items				
I. Revenue	2,892,601,784	2,759,634,628	8,524,498,413	7,404,918,023
Less: Cost of sales	2,061,633,918	2,023,696,725	6,104,309,639	5,429,720,516
Taxes and surcharges	10,501,775	16,971,390	41,721,011	47,887,359
Selling expenses	91,134,327	85,670,876	259,686,248	211,740,292
Administrative expenses	165,510,377	138,573,324	478,980,505	424,978,228
R&D expenses	126,004,426	85,010,116	295,963,420	241,743,199
Financial expenses	6,802,748	29,647,987	37,783,829	66,040,204
Including: Interest expenses	11,788,377	16,745,315	31,868,342	48,857,799
Interest revenue	(4,949,851)	(6,534,511)	(14,457,285)	(12,284,090)
Impairment losses	5,766,612	(1,138,506)	33,087,114	29,644,923
Credit losses	11,602,871	—	32,501,243	—
Add: Other income	4,591,929	6,968,333	17,279,174	11,544,000
Investment income	59,713,972	49,372,643	148,775,031	120,788,204
Including: Income from investment in associates and joint ventures	59,175,773	39,543,188	147,103,764	110,265,282
Gains from changes in fair value	92,734	168,102	549,573	263,509
Losses from asset disposals	(395,521)	(1,215,853)	(1,534,798)	(3,125,223)
II. Operating profit	477,647,844	436,495,941	1,405,534,384	1,082,633,792
Add: Non-operating income	262,551	2,946,755	1,451,114	3,898,833
Less: Non-operating expenses	327,829	39,788	819,222	809,269
III. Profit before taxation	477,582,566	439,402,908	1,406,166,276	1,085,723,356
Less: Income tax	52,095,674	68,773,655	166,448,345	161,924,301

Items	For the three months ended 30 September 2018 (July-Sep) (Unaudited)	For the three months ended 30 September 2017 (July-Sep) (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
IV. Profit for the period	425,486,892	370,629,253	1,239,717,931	923,799,055
(1) Classified by continuity				
1. Profit for the period of continuing operations	425,486,892	370,629,253	1,239,717,931	923,799,055
2. Profit for the period of discontinued operations	—	—	—	—
(2) Classified by ownership				
1. Profit for the period attributable to equity shareholders of the Company	428,456,314	369,592,451	1,237,139,624	930,116,503
2. Non-controlling interests	(2,969,422)	1,036,802	2,578,307	(6,317,448)
V. Other comprehensive income, net of tax	(6,579,400)	(13,039,189)	(54,690,616)	(21,281,810)
Other comprehensive income (net of tax) attributable to shareholders of the Company	(6,774,575)	(9,552,759)	(50,525,083)	(17,714,181)
(1) Items that can not be reclassified subsequently to profit or loss	(7,425,232)	—	(40,532,570)	
1.Changes in fair value of investments in other equity instruments	(7,425,232)	—	(40,532,570)	—
(2) Items that may be reclassified subsequently to profit or loss	650,657	(9,552,759)	(9,992,513)	(17,714,181)
1. Gains or losses arising from changes in fair value of available-for-sale financial assets	—	1,244,462	—	(6,610,382)
2.Exchange differences on translation of financial statements of overseas subsidiaries	650,657	(10,797,221)	(9,992,513)	(11,103,799)
Other comprehensive income (net of tax) attributable to non-controlling interests	195,175	(3,486,430)	(4,165,533)	(3,567,629)

Items	For the three months ended 30 September 2018 (July-Sep) (Unaudited)	For the three months ended 30 September 2017 (July-Sep) (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
VI. Total comprehensive income for the period	418,907,492	357,590,064	1,185,027,315	902,517,245
Total comprehensive income attributable to equity shareholders of the Company	421,681,739	360,039,692	1,186,614,541	912,402,322
Total comprehensive income attributable to non-controlling interests	(2,774,247)	(2,449,628)	(1,587,226)	(9,885,077)
VII. Earnings per share:				
(1) Basic earnings per share	—	—	1.76	1.36
(2) Diluted earnings per share	—	—	1.76	1.36

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

Legal representative of the Company: Ma Jie	The person in charge of accounting affairs: Zhuang Dan	The head of the accounting department: Liang Guanning
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Income Statement
For the nine months ended 30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

	For the three months ended 30 September 2018 (July-Sep) (Unaudited)	For the three months ended 30 September 2017 (July-Sep) (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
I. Revenue	3,100,170,575	3,043,490,744	9,165,718,459	8,103,627,323
Less: Cost of sales	2,499,832,090	2,544,700,863	7,382,393,110	6,523,811,621
Taxes and surcharges	8,266,319	14,864,849	35,836,306	42,584,942
Selling expenses	76,686,327	65,764,807	207,118,921	167,022,954
Administrative expenses	132,156,670	116,924,128	380,111,701	344,048,382
R&D expenses	90,072,508	46,276,634	197,288,000	169,468,722
Financial expenses	5,489,771	23,207,216	26,523,176	55,294,559
Including: Interest expenses	16,997,386	14,804,072	41,471,888	45,135,907
Interest revenue	(14,055,766)	(5,938,903)	(34,391,070)	(16,180,139)
Impairment losses	5,085,682	(5,599,744)	13,255,728	20,797,950
Credit losses	10,913,985	—	32,501,243	—
Add: Other income	3,416,710	6,056,000	10,845,210	9,007,000
Investment income	59,175,776	47,753,213	147,327,130	110,421,382
Including: Income from investment in associates and joint ventures	59,175,776	47,753,213	147,103,764	110,265,282
Gains from changes in fair value	66,198	168,102	67,104	263,509
Losses from asset disposals	(395,521)	(688,723)	(1,544,190)	(2,926,426)
II. Operating profit	333,930,386	290,640,583	1,047,385,528	897,363,658
Add: Non-operating income	500	695,853	287,382	698,677
Less: Non-operating expenses	70,000	103,268	109,534	103,268
III. Profit before taxation	333,860,886	291,233,168	1,047,563,376	897,959,067
Less: Income tax	28,988,072	31,969,963	115,436,648	104,485,976

Items	For the three months ended 30 September 2018 (July-Sep) (Unaudited)	For the three months ended 30 September 2017 (July-Sep) (Unaudited)	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
IV. Profit for the period	304,872,814	259,263,205	932,126,728	793,473,091
(1) Profit for the period of continuing operations	304,872,814	259,263,205	932,126,728	793,473,091
(2) Profit for the period of discontinued operations	—	—	—	—
V. Other comprehensive income, net of tax	(7,425,232)	—	(40,334,591)	
(1) Items that can not be reclassified subsequently to profit or loss	(7,425,232)	—	(40,334,591)	
1.Changes in fair value of investments in other equity instruments	(7,425,232)	—	(40,334,591)	—
(2) Items that may be reclassified subsequently to profit or loss	—	—	—	(7,883,579)
1. Gains or losses arising from changes in fair value of available-for-sale financial assets	—	—	—	(7,883,579)
VI. Total comprehensive income for the period	297,447,582	259,263,205	891,792,137	785,589,512

Legal representative
of the Company:
Ma Jie

The person in charge
of accounting affairs:
Zhuang Dan

The head of the
accounting department:
Liang Guanning

Consolidated statement of Cash Flow
For the nine months ended 30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	5,280,994,537	4,845,806,506
Proceeds from other operating activities	159,044,914	104,821,973
Sub-total of cash inflows	5,440,039,451	4,950,628,479
Payment for goods and services	(4,110,429,465)	(3,366,576,652)
Payment to and for employees	(797,947,499)	(509,647,213)
Payment of various taxes	(384,382,428)	(364,873,694)
Payment for other operating activities	(297,585,428)	(205,159,024)
Sub-total of cash outflows	(5,590,344,820)	(4,446,256,583)
Net cash inflow from operating activities	(150,305,369)	504,371,896
II. Cash flows from investing activities:		
Proceeds from disposal of investments	415,982,680	443,079,897
Investments returns received	61,383,118	83,040,197
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	6,746,923	956,687
Sub-total of cash inflows	484,112,721	527,076,781
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(927,376,481)	(486,814,417)
Payment for acquisition of investments	(733,364,642)	(237,150,000)
Payment for other investing activities	(7,544,924)	—
Sub-total of cash outflows	(1,668,286,047)	(723,964,417)
Net cash inflow from investing activities	(1,184,173,326)	(196,887,636)

Items	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from absorbing investments	1,905,312,098	22,935,321
Proceeds from new bank loans	1,465,893,200	1,134,970,000
Sub-total of cash inflows	3,371,205,298	1,157,905,321
Repayments of bank loans	(856,862,164)	(1,452,807,305)
Payment for dividends, profit distributions or interest	(27,346,166)	(220,728,122)
Payment for other financing activities	(73,736,541)	—
Sub-total of cash outflows	(957,944,871)	(1,673,535,427)
Net cash inflow from financing activities	2,413,260,427	(515,630,106)
IV. Effect of exchange rate changes on cash and cash equivalents		
	8,478,519	(5,503,254)
V. Net increase in cash and cash equivalents (“()” for decreases)		
	1,087,260,251	(213,649,100)
Add: Cash and cash equivalents at the beginning of the year	1,799,513,559	1,422,575,026
VI. Cash and cash equivalents at the end of the period		
	2,886,776,810	1,208,925,926

Legal representative
of the Company:
Ma Jie

The person in charge
of accounting affairs:
Zhuang Dan

The head of the
accounting department:
Liang Guanning

Statement of Cash Flow
For the nine months ended 30 September 2018

Entity: Yangtze Optical Fibre and Cable Joint Stock Limited Company

(Expressed in RMB)

Items	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	5,281,648,430	5,949,658,955
Proceeds from other operating activities	80,796,157	82,196,837
Sub-total of cash inflows	5,362,444,587	6,031,855,792
Payment for goods and services	(4,553,185,444)	(4,888,895,348)
Payment to and for employees	(551,322,924)	(429,162,212)
Payment of various taxes	(317,472,305)	(305,704,018)
Payment for other operating activities	(470,688,614)	(193,078,950)
Sub-total of cash outflows	(5,892,669,287)	(5,816,840,528)
Net cash inflow from operating activities	(530,224,700)	215,015,264
II. Cash flows from investing activities:		
Proceeds from disposal of investments	303,918,146	345,000,000
Investments returns received	93,726,739	121,140,239
Proceeds from disposal of fixed assets, intangible assets and other long-term assets	77,900,370	115,675
Sub-total of cash inflows	475,545,255	466,255,914
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(259,491,800)	(169,915,848)
Payment for acquisition of investments	(1,099,836,698)	(324,329,836)
Sub-total of cash outflows	(1,359,328,498)	(494,245,684)
Net cash inflow from investing activities	(883,783,243)	(27,989,770)

Items	For the nine months ended 30 September 2018 (Unaudited)	For the nine months ended 30 September 2017 (Unaudited)
III. Cash flow from financing activities:		
Proceeds from absorbing investments	1,894,337,174	—
Proceeds from new bank loans	1,446,942,225	1,134,970,000
Sub-total of cash inflows	3,341,279,399	1,134,970,000
Repayments of bank loans	(856,862,164)	(1,432,658,501)
Payment for dividends, profit distributions or interest	(37,005,659)	(216,925,488)
Payment for other financing activities	(16,947,148)	—
Sub-total of cash outflows	(910,814,971)	(1,649,583,989)
Net cash inflow from financing activities	2,430,464,428	(514,613,989)
IV. Effect of exchange rate changes on cash and cash equivalents	10,955,415	(6,874,474)
V. Net increase in cash and cash equivalents (“()” for decreases)	1,027,411,900	(334,462,969)
Add: Cash and cash equivalents at the beginning of the year	1,430,201,714	1,108,385,602
VI. Cash and cash equivalents at the end of the period	2,457,613,614	773,922,633

Legal representative
of the Company:
Ma Jie

The person in charge
of accounting affairs:
Zhuang Dan

The head of the
accounting department:
Liang Guanning

4.2 Auditor's report

Applicable

Not applicable