

Shenzhen Zhongheng Huafa Co., Ltd.

First Quarterly Report 2016

April 2016

Section I. Important Notes

Board of Directors and the Supervisory Committee of Shenzhen Zhongheng Huafa Co., Ltd (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

All Directors are attended the Board Meeting for Quarterly Report deliberation. Li Zhongqiu, person in charge of the Company, Yang Bin, person in charger of accounting works and Wu Ai'jie, person in charger of accounting organ (accounting officer) hereby confirm that the Financial Statement of this Quarterly Report is authentic, accurate and complete.

Section II. Main financial data and changes of shareholders

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	Current period	At the same period of last year	Changes of this period over same period of last year
Operating income (RMB)	137,699,187.33	117,513,081.51	17.18%
Net profit attributable to shareholders of the listed company(RMB)	469,935.69	511,851.85	-8.19%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	137,244.07	174,494.55	-21.35%
Net cash flow arising from operating activities(RMB)	-46,008,442.75	-2,165,279.32	-2,024.83%
Basic earnings per share (RMB/Share)	0.0017	0.0018	-5.56%
Diluted earnings per share (RMB/Share)	0.0017	0.0018	-5.56%
Weighted average ROE	0.15%	0.18%	-0.03%
	At the end of the reporting period	At the end of last year	Changes of this period-end over same period-end of last year
Total assets (RMB)	605,739,967.74	1,155,089,236.67	-47.56%
Net assets attributable to shareholder of listed company (RMB)	315,350,364.56	314,880,428.87	0.15%

Items and amount of non-recurring gains and losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-18,924.00	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	300,000.00	

Other non-operating income and expenditure except for the aforementioned items	162,529.50	
Less: impact on income tax	110,913.88	
Total	332,691.62	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

II. Total number of shareholders at the end of this report period and top ten shareholders

1. Total number of common shareholders at the end of this report period and top ten common shareholders

In shares

Total common stock shareholders in reporting period-end		36,061	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0		
Top ten shareholders						
Shareholder's name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Wuhan Zhongheng Group	Domestic non-state-owned legal person	41.14%	116,489,894	116,489,894	Pledged	116,489,894
					Frozen	0
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0
					Frozen	0
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.91%	13,900,000	0	Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0
					Frozen	0
Xu Dongdong	Domestic nature	0.60%	1,690,307	0	Pledged	0

	person				Frozen	0
Chen Jiachun	Domestic nature person	0.37%	1,045,638	0	Pledged	0
					Frozen	0
BINGHUA LIU	Overseas nature person	0.30%	839,013	0	Pledged	0
					Frozen	0
Zhu Xionghui	Domestic nature person	0.22%	629,196	0	Pledged	
					Frozen	
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	Overseas legal person	0.22%	626,888	0	Pledged	0
					Frozen	0
Zhu Ming	Domestic nature person	0.22%	611,348	0	Pledged	0
					Frozen	0
Top ten shareholders with unrestricted shares held						
Shareholder's name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
SEG (HONG KONG) CO., LTD.	116,489,894	Domestically listed foreign shares	116,489,894			
GOOD HOPE CORNER INVESTMENTS LTD	16,569,560	Domestically listed foreign shares	16,569,560			
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	5,355,249	Domestically listed foreign shares	5,355,249			
Xu Dongdong	1,690,307	RMB common share	1,690,307			
Chen Jiachun	1,045,638	RMB common share	1,045,638			
BINGHUA LIU	839,013	Domestically listed foreign shares	839,013			
Zhu Xionghui	629,196	Domestically listed foreign shares	629,196			
Shenwan Hongyuan Securities (Hongkong) Co., Ltd.	626,888	Domestically listed foreign	626,888			

		shares	
Zhu Ming	611,348	Domestically listed foreign shares	611,348
Wang Jianxin	590,000	RMB common share	590,000
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. neither bears associated relationship with other shareholders, nor belongs to the consistent actor that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. The Company neither knew whether there exists associated relationship among the other tradable shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		
Explanation on top 10 common shareholders involving margin business (if applicable)	N/A		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Total shareholders with preferred stock held and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√Applicable □Not applicable

Item	2016-3-31	2016-1-1	y-o-y changes +,-	Reasons of changes
Monetary Fund	38,467,905.09	662,115,464.19	-94.19%	Repaid long-term loans in current period
Notes receivable	44,248,375.42	54,346,509.74	-18.58%	
Accounts receivable	184,246,017.10	109,965,992.14	67.55%	Products sales have increased compared with the corresponding period, and account receivable increases accordingly
Account paid in advance	2,840,186.04	3,092,021.10	-8.14%	
Other receivables	14,672,154.20	9,411,791.40	55.89%	The uncollected investment rent in current period has increased
Notes payable	26,011,821.83	53,614,420.20	-51.48%	The current clearing has reduced
Accounts payable	99,638,650.74	54,241,655.86	83.69%	Products sales have increased compared with the corresponding period, and account receivable increases accordingly
Account received in advance	899,036.90	1,147,469.52	-21.65%	
Staff salary payable	2,860,329.75	4,731,615.47	-39.55%	Some annual performance bonus has been paid in current period
Item	Jan.-March of 2016	Jan.-March of 2015	y-o-y changes +,-	Reasons of changes
Operating income	137,699,187.33	117,513,081.51	17.18%	
Operating cost	117,411,777.37	100,468,187.06	16.86%	
Financial expenses	2,052,788.71	15,996,684.73	-87.17%	Loans have reduced in current period

Investment income	-	14,166,666.65	-100.00%	Earnings from financial products in prior period
Non-operation income	502,579.50	449,809.74	11.73%	
Non-operation expenditure	58,974.00	-		Reparations has occurred and loss on capital assets has been handled in current period
Income tax expense	135,870.76	80,819.86	68.12%	Deferred income tax expenses have occurred in current period
Item	Jan.-March of 2016	Jan.-March of 2015	y-o-y changes +,-	Reasons of changes
Cash received from selling commodities and providing labor services	47,762,468.58	73,840,710.41	-35.32%	The returned money in current period has reduced compared with the prior period
Cash received with other operation activity concerned	631,813.14	4,770,785.70	-86.76%	The received cash deposit has reduced
Cash paid for purchasing goods and receiving labor service	50,194,862.75	50,131,294.35	0.13%	
Taxes paid	2,777,022.61	6,143,111.81	-54.79%	The paid added-value tax and its additional tax have reduced
Cash received from investment income	-	14,166,666.65		Earnings from financial products in prior period
Net cash received from disposal of fixed, intangible and other long-term assets	109,460.00	-		Dispose fixed assets and take back funds in current period
Cash paid for purchasing fixed, intangible and other long-term assets	2,554,737.50	429,507.11	494.81%	Prepayment for purchase of vehicle in current period
Cash received from loans	17,000,000.00	71,722,818.99	-76.30%	Loans have reduced in current period
Cash paid for settling debts	577,300,388.73	75,721,462.10	662.40%	Pay some long-term loans in advance in current period
Cash paid for liquidating dividend, profit or interest payment	3,320,680.94	12,980,056.04	-74.42%	Loans have reduced in current period

Influence on cash and cash equivalent due to fluctuation in exchange rate	-196,770.26	37,290.33	627.67%	Fluctuation of exchange rate
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II. Analysis and explanation of significant events and their influence and solutions

√ Applicable Not applicable

(I) The Company signed Asset Exchange Contract with Wuhan Zhongheng Group on 29 April 2009 (details were referred to in the announcement dated 30 April 2009), and pursuant to the contract, since part of the assets of the Company (namely two parcel of industrial lands located at Huafa road, Gongming town, Guangming new district, Shenzhen (the property certificate No. were SFDZ No.7226760 and SFDZ No.7226763, No. of parcels were A627-005 and A627-007, and the aggregate area was 48,200 sq.m) were the lands listed in the first batch of plan for 2010 Shenzhen urbanization unit planning preparation plan. For promotion of such urbanization project and joint cooperation, the Company has not completed the transfer procedures in respect of the aforesaid land.

The Company convoked the first extraordinary meeting of the Board in 2015 on February 16, 2015 and the first extraordinary general meeting of the Board in 2015 on March 4, 2015, which considered and approved the “Motion on promoting and implementing the urban renewal project for the renewal units of Huafa area at Gongming street, Guangming new district, Shenzhen”, specified that the Company and Wuhan Zhongheng Group shall obtain the corresponding compensatory consideration for removal from the respectively owned project plots and the respectively contributed and constructed above-ground buildings before the land development, it is estimated that the compensatory consideration obtained by the Company accounts for 50.5% of the total consideration and Wuhan Zhongheng Group accounts for 49.5% by calculation.

The fifth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting held on July 2, 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’” and “Proposal on submitting stockholders' meeting to authorize the board of directors to fully handle the matters related to the project promotion and implementation of urban renewal of Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”. The company has signed the “Agreement on the cooperation framework of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Agreement on the cooperation framework of reconstruction project at Huafa, Gongming”, “Agreement on the removal compensation for urban renewal project at Huafa, Gong Ming Street, Guangming New District” and “Cooperation agreement on urban renewal project at Huafa, Gongming” with Shenzhen Qianhai Zhongzheng Urban Development Management Co., Ltd. (hereinafter referred to as “Qianhai Zhongzheng”), Shenzhen Zhongzheng Yutian Land Co., Ltd. (hereinafter referred to as “Zhongzheng Yutian”) and Wuhan Zhongheng Group. The company’s seventh meeting of the eighth board of directors has considered and adopted the “Proposal on terminating the contract on urban renewal project at ‘Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’ of Shenzhen Qianhai Zhongzheng Urban Development Management Co., Ltd.”, the company has signed “Agreement on terminating the contract on urban renewal project at Huafa, Gongming” with Qianhai Zhongzheng, Zhongzheng Yutian and Wuhan Zhongheng Group, the relevant agreements signed at earlier stage are no longer legally binding to any party.

The sixth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting held on September 11, 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’”, the company has signed the “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Contract for the cooperative venture of reconstruction project for Huafa Industrial Park, Gong Ming Street, Guangming New District” and “Agreement on housing acquisition and removal compensation and resettlement” with Wuhan Zhongheng New Technology Industry Group Co., Ltd. (hereinafter referred to as “Wuhan Zhongheng Group”), Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Shenzhen Vanke”), and Shenzhen Vanke Guangming Real Estate Development Co., Ltd. (hereinafter referred to as “Vanke Guangming”).

Due to the official effect and implementation of the above agreements, the Company would be granted with relocation compensation of RMB500 million in cash and compensated commercial properties with GFA not less than 100,000 square meter. It is predicted for the Company to obtain corresponding income in the coming four years, which will enable it to improve its income and assets scale and ensure steady development in a long term.

(II) With purpose of further optimize the capital structure, improve financial status of the Company and providing necessary capital condition and liquidity for the upgrade of industry business transformation, specialization of the property operation and development of large-scale, the Company plans to private offering A-share. Controlling shareholder - Wuhan Zhongheng New Technology Industry Group Co., Ltd. subscribe 87.6 million shares at most in cash, fund raised no more than 599.184 million Yuan (issuance cost included) in total, the fund are raised for debt payment and supplement current capital in order to laying a solid foundation of the sustainable development of the Company. Relevant private placement of A-share has been deliberated and approved by third extraordinary meeting of 2015 of the Board and Annual General Meeting 2014, found more in notice published on Juchao Website (www.cninfo.com.cn) dated 20 March and 20 May 2015.

(III) On December 29, 2015, Wuhan Zhongheng Group has completed the procedures to relieved the registration of pledge in China Securities Depository and Clearing Corporation Limited Shenzhen Branch for the Company’s non-restricted circulating shares of 116,489,894 shares (accounting for 100% of its holding of the Company’s shares, and 41.14% of the company’s general capital) that have been pledged to China CITIC Bank Corporation Limited Wuhan Branch, and handled the procedures for the registration of pledge in China Merchants Securities Co. Ltd. for 116,100,000 shares (accounting for 41% of the company’s general capital) of them in twice on December 31, 2015 and February 1, 2016, please see detailed on the announcement released on www.cninfo.com.cn on January 13, 2016 and February 19.

(IV) On January 18, 2016, the company received the official notice of investigation from China Securities Regulatory Commission who has decided to register and investigate the company as a suspect of illegal disclosure of information, please see details on the announcement released on www.cninfo.com.cn on January 19, 2016, and issued the “Announcement on investigation progress and risk warning” on February 25, 2016 and March 26, 2016.

III. Commitments from the Company or shareholder with over 5% share held in reporting period or continues to reporting period

√Applicable □ Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share reform						
Commitments in report of acquisition or equity change	Wuhan Zhongheng Group		The enterprise and its subsidiaries will not participate directly or indirectly in operation of the business with competitive of Shen Huafa and its controlling subsidiary concerned, and not to damage the interest of the Shen Huafa and its controlling subsidiary by making use of the potential controlling-ship of the Shen Huafa either	2007-03-29	Implement since 12 April 2007 throughout the year	Implementing
	Wuhan Zhongheng Group		The enterprise and its subordinate enterprise shall avoid a related transaction as far as possible with Shen Huafa and its controlling subsidiary, as for the related dealings occurred inevitable or have reasonable cause, the enterprise promise to follow the principle of fair-ness, justice and open-ness, signed the agreement in line with the laws, perform legal program, fulfill information disclosure obligation and relevant approval procedures according to the relevant laws, regulations and "Listing Rules" of the Shenzhen Stock Exchange, guarantee not to damage the legal interest of Shen Huafa and its shareholders through related transactions	2007-03-29	Implement since 12 April 2007 throughout the year	Implementing
	Wuhan Zhongheng Group		After acquisition and assets restructuring, guarantee to have an independent staff, owns independent and completed assets, and independent in aspect of business, financial and institution from Shen Huafa	2007-03-29	Implement since 12 April 2007 throughout the year	Implementing
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive						

commitment						
Other commitments for medium and small shareholders						
Completed on time(Y/N)	Y					

IV. Predict of the business performance from January to June 2016

Warnings and reasons of the predict that the cumulative net profit from the begin of the year to the end of next report period may be loss or have great changes comparing with the same period of last year

Applicable Not applicable

V. Securities Investment

Applicable Not applicable

No security investment in the Period.

VI. Derivative investment

Applicable Not applicable

No derivative investment in the Period.

VII. Registration form for receiving research, communication and interview in the report period

Applicable Not applicable

Date	Method	Type of investors	Basic situation index of investigation
2016-01-01	Telephone communication	Individual	N/A

VII. Guarantee outside against the regulation

Applicable Not applicable

The Company has no external security against the rules in the Period.

IX. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

There are no controlling shareholders' and its related party's non-business capital occupying of the listed company.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by Shenzhen Zhongheng Huafa Co., Ltd

2016-04-22

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	38,467,905.09	662,115,464.19
Settlement provisions		
Capital lent		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	44,248,375.42	54,346,509.74
Accounts receivable	184,246,017.10	109,965,992.14
Accounts paid in advance	2,840,186.04	3,092,021.10
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable	1,838,752.40	1,838,752.40
Dividend receivable		
Other receivables	14,672,154.20	9,411,791.40
Purchase restituted finance asset		
Inventories	34,637,851.99	27,132,125.91
Divided into assets held for sale	92,857,471.69	92,857,471.69
Non-current asset due within one year		
Other current assets		
Total current assets	413,808,713.93	960,760,128.57
Non-current assets:		

Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property	29,709,228.97	30,019,906.66
Fixed assets	108,224,725.43	110,607,425.50
Construction in progress	654,356.00	654,356.00
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	46,002,766.81	46,372,390.49
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	257,033.14	274,758.16
Deferred income tax asset	7,083,143.46	6,400,271.29
Other non-current asset		
Total non-current asset	191,931,253.81	194,329,108.10
Total assets	605,739,967.74	1,155,089,236.67
Current liabilities:		
Short-term loans	61,100,000.00	119,479,107.41
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	26,011,821.83	53,614,420.20
Accounts payable	99,638,650.74	54,241,655.86
Accounts received in advance	899,036.90	1,147,469.52
Selling financial asset of repurchase		
Commission charge and		

commission payable		
Wage payable	2,860,329.75	4,731,615.47
Taxes payable	22,598,857.15	20,498,295.88
Interest payable		
Dividend payable		
Other accounts payable	25,350,361.67	32,665,698.32
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	234,985,191.37	282,904,395.99
Non-current liabilities:		
Long-term loans	52,800,000.00	554,700,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities	2,604,411.81	2,604,411.81
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	55,404,411.81	557,304,411.81
Total liabilities	293,863,469.85	843,682,674.47
Owner's equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		

Capital public reserve	146,283,642.90	146,283,642.90
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-154,699,293.02	-155,169,228.71
Total owner's equity attributable to parent company	315,350,364.56	314,880,428.87
Minority interests		
Total owner's equity	315,350,364.56	314,880,428.87
Total liabilities and owner's equity	605,739,967.74	1,155,089,236.67

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting organ: Wu Ai'jie

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	4,455,526.06	524,937,734.32
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable	322,194.43	322,194.43
Account paid in advance	1,559,000.00	1,005,472.83
Interest receivable		
Dividends receivable		
Other receivables	81,806,293.25	76,212,908.56
Inventories	14,806.50	14,806.50
Divided into assets held for sale	92,857,471.69	92,857,471.69
Non-current assets maturing within one year		
Other current assets		
Total current assets	181,015,291.93	695,350,588.33

Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	186,608,900.00	186,608,900.00
Investment property	29,709,228.97	30,019,906.66
Fixed assets	4,099,656.98	4,726,034.98
Construction in progress	654,356.00	654,356.00
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	5,101,205.69	5,133,492.12
Research and development costs		
Goodwill		
Long-term deferred expenses	229,166.62	241,666.63
Deferred income tax assets	7,887,767.71	7,204,895.54
Other non-current assets		
Total non-current assets	234,290,281.97	234,589,251.93
Total assets	415,305,573.90	929,939,840.26
Current liabilities:		
Short-term borrowings	19,600,000.00	19,600,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	9,740,367.33	10,745,840.16
Accounts received in advance	729,396.00	735,382.00
Wage payable	805,865.26	788,575.28
Taxes payable	16,848,877.16	16,934,546.28
Interest payable		
Dividend payable		
Other accounts payable	16,809,541.96	26,415,353.86

Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	64,534,047.71	75,219,697.58
Non-current liabilities:		
Long-term loans	52,800,000.00	554,700,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Special accounts payable		
Projected liabilities	2,604,411.81	2,604,411.81
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	55,404,411.81	557,304,411.81
Total liabilities	119,938,459.52	632,524,109.39
Owners' equity:		
Share capita	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	146,283,642.90	146,283,642.90
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-211,469,348.77	-209,420,732.28
Total owner's equity	295,367,114.38	297,415,730.87
Total liabilities and owner's equity	415,305,573.90	929,939,840.26

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	137,699,187.33	117,513,081.51
Including: Operating income	137,699,187.33	117,513,081.51
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	137,536,986.38	131,536,886.19
Including: Operating cost	117,411,777.37	100,468,187.06
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	1,694,769.37	1,029,949.88
Sales expenses	2,441,634.16	2,669,100.41
Administration expenses	13,936,016.77	11,372,964.11
Financial expenses	2,052,788.71	15,996,684.73
Losses of devaluation of asset		0.00
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		14,166,666.65
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	162,200.95	142,861.97

Add: Non-operating income	502,579.50	449,809.74
Including: Disposal gains of non-current asset		
Less: Non-operating expense	58,974.00	
Including: Disposal loss of non-current asset	18,924.00	
IV. Total Profit (Loss is listed with “-”)	605,806.45	592,671.71
Less: Income tax expense	135,870.76	80,819.86
V. Net profit (Net loss is listed with “-”)	469,935.69	511,851.85
Net profit attributable to owner’s of parent company	469,935.69	511,851.85
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		

3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	469,935.69	511,851.85
Total comprehensive income attributable to owners of parent Company	469,935.69	511,851.85
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0017	0.0018
(ii) Diluted earnings per share	0.0017	0.0018

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting organ: Wu Ai'jie

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	10,946,185.45	10,749,061.73
Less: Operating cost	1,265,151.89	1,512,747.73
Operating tax and extras	738,293.47	709,522.10
Sales expenses		0.00
Administration expenses	8,085,384.78	6,635,968.21
Financial expenses	3,589,476.97	13,284,567.16
Losses of devaluation of asset		0.00
Add: Changing income of fair		0.00

value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		14,166,666.65
Including: Investment income on affiliated company and joint venture		0.00
II. Operating profit (Loss is listed with “-”)	-2,732,121.66	2,772,923.18
Add: Non-operating income	19,557.00	38,212.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense	18,924.00	
Including: Disposal loss of non-current asset	18,924.00	
III. Total Profit (Loss is listed with “-”)	-2,731,488.66	2,811,135.18
Less: Income tax expense	-682,872.17	
IV. Net profit (Net loss is listed with “-”)	-2,048,616.49	2,811,135.18
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising		

from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-2,048,616.49	2,811,135.18
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	47,762,468.58	73,840,710.41
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		

Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		
Other cash received concerning operating activities	631,813.14	4,770,785.70
Subtotal of cash inflow arising from operating activities	48,394,281.72	78,611,496.11
Cash paid for purchasing commodities and receiving labor service	50,194,862.75	50,131,294.35
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	15,447,946.75	15,777,388.48
Taxes paid	2,777,022.61	6,143,111.81
Other cash paid concerning operating activities	25,982,892.36	8,724,980.79
Subtotal of cash outflow arising from operating activities	94,402,724.47	80,776,775.43
Net cash flows arising from operating activities	-46,008,442.75	-2,165,279.32
II. Cash flows arising from investing activities:		
Cash received from recovering investment		

Cash received from investment income		14,166,666.65
Net cash received from disposal of fixed, intangible and other long-term assets	109,460.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	109,460.00	14,166,666.65
Cash paid for purchasing fixed, intangible and other long-term assets	2,554,737.50	429,507.11
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	2,554,737.50	429,507.11
Net cash flows arising from investing activities	-2,445,277.50	13,737,159.54
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	17,000,000.00	71,722,818.99
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	17,000,000.00	71,722,818.99
Cash paid for settling debts	577,300,388.73	75,721,462.10
Cash paid for dividend and profit	3,320,680.94	12,980,056.04

distributing or interest paying		
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	580,621,069.67	88,701,518.14
Net cash flows arising from financing activities	-563,621,069.67	-16,978,699.15
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-196,770.26	37,290.33
V. Net increase of cash and cash equivalents	-612,271,560.18	-5,369,528.60
Add: Balance of cash and cash equivalents at the period -begin	632,846,956.16	22,392,147.12
VI. Balance of cash and cash equivalents at the period -end	20,575,395.98	17,022,618.52

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	5,242,418.00	8,961,743.03
Write-back of tax received		
Other cash received concerning operating activities	1,935,226.06	5,671,807.46
Subtotal of cash inflow arising from operating activities	7,177,644.06	14,633,550.49
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	1,321,805.03	1,645,849.64
Taxes paid	1,290,383.14	1,372,890.91

Other cash paid concerning operating activities	18,580,217.12	6,452,958.23
Subtotal of cash outflow arising from operating activities	21,192,405.29	9,471,698.78
Net cash flows arising from operating activities	-14,014,761.23	5,161,851.71
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		14,166,666.65
Net cash received from disposal of fixed, intangible and other long-term assets	576.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		0.00
Subtotal of cash inflow from investing activities	576.00	14,166,666.65
Cash paid for purchasing fixed, intangible and other long-term assets	1,934,802.00	
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,934,802.00	
Net cash flows arising from investing activities	-1,934,226.00	14,166,666.65
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Cash received from issuing bonds		

Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts	501,900,000.00	7,500,000.00
Cash paid for dividend and profit distributing or interest paying	2,633,311.98	12,315,530.37
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	504,533,311.98	19,815,530.37
Net cash flows arising from financing activities	-504,533,311.98	-19,815,530.37
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	90.95	4,543.43
V. Net increase of cash and cash equivalents	-520,482,208.26	-482,468.58
Add: Balance of cash and cash equivalents at the period -begin	524,937,734.32	14,802,258.59
VI. Balance of cash and cash equivalents at the period -end	4,455,526.06	14,319,790.01

II. Audit report

Whether the first quarterly report had been audited or not

Yes No

The first quarterly report of the Company had not been audited.