

**Shenzhen Zhongheng Huafa Co., Ltd.**  
**THE THIRD QUARTERLY REPORT FOR 2016**

**October 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 hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.**

**All directors of the Company are attended the Meeting for quarterly report deliberation.**

**Principal of the Company Li Zhongqiu, Person in Charge of Accounting Works Yang Bin and Person in Charge of Accounting Organ (Accounting Officer) Wu Aijie hereby confirm that the Financial Report of the Third Quarterly Report is authentic, accurate and complete.**

## Section II. Main accounting data and changes of shareholders

### I. Main accounting data and index

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-end	Period-end of last year	Increase/decrease	
Total assets(RMB)	604,731,675.16	1,155,089,236.67	-47.65%	
Net assets attributable to shareholders of listed company (RMB)	316,219,559.36	311,406,562.20	1.55%	
	Current period	Increase/decrease in comparison with same period of last year	Year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	147,394,897.89	4.77%	456,933,423.45	17.34%
Net profit attributable to shareholders of the listed company (RMB)	-2,763,587.66	-147.51%	4,509,368.56	-77.45%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	-3,187,589.84	80.66%	2,994,883.68	112.12%
Net cash flow arising from operating activities(RMB)	--	--	-71,069,383.24	-247.88%
Basic earnings per share (RMB/Share)	-0.0098	-147.80%	0.0159	-77.48%
Diluted earnings per share (RMB/Share)	-0.0098	-147.80%	0.0159	-77.48%
Weighted average ROE	-0.87%	-2.82%	1.44%	-5.42%

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	94,452.65	

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)	1,356,969.00	
Other non-operating income and expenditure except for the aforementioned items	569,325.42	
Less: impact on income tax	506,262.19	
Total	1,514,484.88	--

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. Statement of the total shareholders and shares-held of top ten shareholders at end of the Period

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

In Share

Total common stock shareholders in reporting period-end		27,904	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Top ten shareholders						
Shareholders	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 New Science & Technology Industrial Group Co., Ltd.	Domestic non-state-owned legal person	41.14%	116,489,894		Pledged	
					Frozen	116,489,894
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560		Pledged	0
					Frozen	0

GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.91%	13,900,000		Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249		Pledged	0
					Frozen	0
Xu Dongdong	Domestic nature person	0.60%	1,690,307		Pledged	0
					Frozen	0
Jiang Liangwu	Domestic nature person	0.37%	1,059,800		Pledged	0
					Frozen	0
BINGHUA LIU	Overseas nature person	0.30%	840,113		Pledged	0
					Frozen	0
Yang Yang	Domestic nature person	0.25%	706,052		Pledged	0
					Frozen	0
Zhu Xionghui	Domestic nature person	0.24%	667,180		Pledged	0
					Frozen	0
Zhong Jiachao	Domestic nature person	0.22%	630,000		Pledged	0
					Frozen	0

Particular about top ten shareholders with un-restrict shares held

Shareholders	Amount of un-restrict shares held	Type of shares	
		Type	Amount
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	116,489,894	RMB ordinary shares	116,489,894
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560
GOOD HOPE CORNER INVESTMENTS LTD	13,900,000	Domestically listed foreign shares	13,900,000
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	5,355,249	Domestically listed foreign shares	5,355,249
Xu Dongdong	1,690,307	RMB ordinary shares	1,690,307

Jiang Liangwu	1,059,800	RMB ordinary shares	1,059,800
BINGHUA LIU	840,113	Domestically listed foreign shares	840,113
Yang Yang	706,052	RMB ordinary shares	706,052
Zhu Xionghui	667,180	Domestically listed foreign shares	667,180
Zhong Jiachao	630,000	RMB ordinary shares	630,000
Explanation on associated relationship among the top ten shareholders or consistent action	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 shareholders involving margin business about top ten common shareholders (if applicable)	In top ten common shareholders, Zhou Ningyan holds 1,200,000 shares of the Company, among which, 1,200,000 shares are held through the credit account, representing 100% of the total shares held, and takes 0.42% of the total shares of the Company		

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

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period

## 2. Total of shareholders with preferred stock held and the top ten shareholdings

Applicable  Not applicable

## Section III. Important events

### I. Particular about major changes from items of main accounting statements and financial indexes as well as reasons

√ Applicable    □ Not applicable

Item	2016-9-30	2016-1-1	Y-o-y changes	Reasons
Monetary Fund	42,368,202.33	662,115,464.19	-93.60%	Repaid long-term loans in current period
Note receivable	30,520,333.14	54,346,509.74	-43.84%	Endorsement-for-transfer of notes increased in the period
Account receivable	186,745,632.65	109,965,992.14	69.82%	Account receivable increased due to the peak season
Interest receivable	-	1,838,752.40	-100.00%	Interest receivable at year-begin received in the period
Other receivable	22,705,383.18	9,411,791.40	141.24%	Rents for investment has not been collected in the period
Inventory	36,327,256.72	27,132,125.91	33.89%	Inventory increased due to the peak season
Deferred tax assets	8,694,221.49	6,400,271.29	35.84%	Deductible losses occurred in the Period
Short term loan	161,192,303.22	119,479,107.41	34.91%	Short-term loans increased in the Period
Notes payable	14,320,045.41	53,614,420.20	-73.29%	Endorsement-for-transfer of notes increased in the period
Account received in advance	2,444,670.02	1,147,469.52	113.05%	Utilities received in advance in the Period increased
Long term loan	-	554,700,000.00	-100.00%	Long-term loans are paid to the Bank in the Period
Item	Jan. to Sept. 2016	Jan. to Sept. 2015	Y-o-y changes	Reasons
Business taxes and additional	2,543,023.16	4,920,188.37	-48.31%	Tax and additional from the property rental decreased due to the replace the business tax with VAT
Financial expenses	4,602,555.08	43,199,943.80	-89.35%	Bank loans decreased in the Period
Investment gains	-	42,833,976.84	-100.00%	Earnings from financial products in prior period
Non-business expenditure	67,871.14	313,562.80	-78.35%	There were overdue fine of export VAT in last period
Income tax expenses	1,532,808.42	79,073.46	1838.46%	There were deductible losses of un-recognized deferred income tax assets in last period
Item	Jan. to Sept. 2016	Jan. to Sept. 2015	Y-o-y changes	Reasons

Cash received relating to other operating activities	7,503,048.25	104,728,770.98	-92.84%	The come-and-go money between companies are collected in last period
Cash paid for relating to other operating activities	39,836,581.63	22,027,295.69	80.85%	The come-and-go money between companies paid increased over that of last period
Cash received from investment	-	500,000,000.00	-100.00%	Financing product was redeem in last period
Cash received from investment gains	-	42,833,333.35	-100.00%	Earnings from financial products in prior period
Net cash received from disposal of fixed assets, intangible assets and other long-term assts	202,772.00	20,000.00	913.86%	Dispose fixed assets and take back funds in current period
Cash paid for purchasing fixed assets, intangible assets and other long-term assts	4,739,000.50	14,542,977.61	-67.41%	Purchasing Xingfuhai shops in last period
Cash paid for relating to other investment activities	-	500,099,356.51	-100.00%	Come-and-go money for old change are paid in last period
Cash received from loans	183,246,761.70	273,598,564.67	-33.02%	Loans have reduced in current period
Cash paid for debt payment	696,946,397.73	303,673,954.40	129.50%	Pay long-term loans in advance in current period
Cash paid for distribution of dividend, profit or interest payment	7,028,536.77	39,318,168.08	-82.12%	Loans have reduced in current period
Cash paid for relating to other financing activities	2,185,000.00	-		The management charge of bank assets and loan guarantee are paid in the period
Impact on cash or cash equivalent from change of foreign exchange	-384,943.38	31,906.89	1306.46%	Exchange rate fluctuation

## II. Progress of significant events, their influences, and analysis and explanation of their 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”).

On 12 September 2016, the Company and Wuhan Zhongheng Group received a Notice of No. SHEN DP20160334 Arbitration (HNGZSS[2016] No.D4715) from South China International Economic and Trade Arbitration Commission. The Arbitration Commission of South China has accepted the arbitration application from Shenzhen Vanke, which is applies for the disputes in aspect of the “Cooperative Venture Contract of Old Urban Transformation for the Huafa Industry Zone in Gongming Street, Guangming New District” signed on 21 August 2015 with the Company and Wuhan Zhongheng Group. Found more in Arbitration and Lawsuit of the Company Involved and Promotion of the Urban Renewal of “Huafa Area in Gongming Street, Guangming New District of Shenzhen, and Progress of Related Transactions” released on Juchao Website (<http://www.cninfo.com.cn/>) dated 14 September 2016.

(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](http://www.cninfo.com.cn/)) dated 20 March and 20 May 2015. For guarantee a persistently, efficiently and smoothly running of the privately offering of A-share, being deliberated and approved by the first extraordinary shareholders general meeting of 2016, prolong the period of validity of the resolution to 12 months. Found more in the announcement released on Juchao Website ([www.cninfo.com.cn](http://www.cninfo.com.cn/)) dated 18 May 2016.

(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](http://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](http://www.cninfo.com.cn/) on January 19, 2016. The “Administrative Punishment Decision Notice in Advance ” [2016] No.6 was received by the Company from

Shenzhen regulatory authority of CSRC on 18 September 2016. Shenzhen regulatory authority of CSRC making the follow decisions as: ordered the Company to make corrections and given a warning, and impose a fine of 400,000 Yuan; issue a warning to Li Zhongqiu, and impose a fine of 250,000 Yuan; issue a warning to Chen Zhigang and impose a fine of 80,000 Yuan; issue a warning to Tang Ganyu and impose a fine of 50,000 Yuan; issue a warning to Weng Xiaojue and Cao Li and impose a fine of 30,000 Yuan. Founne more in “Notice of Receiving an Administrative Punishment Decision Notice in Advance from CSRC” released on Juchao Website dated 19 September 2016. The Company did not received a notice of a penalty decision up to 30 September 2016.

(V) The 8th BOD was expired in August 2016. The Proposal of General Election of the Board was deliberated and approved by the 10<sup>th</sup> session of 8<sup>th</sup> BOD held on 29 August 2016, the first extraordinary meeting of 2016 held on 7 September 2016 and the second extraordinary general meeting of 2016 held on 19 September 2016. And Li Zhongqiu, Li Yongping, Yang Bin, Li Ding’an, Xu Jinwen and Zhang Zhaoguo were elected as the directors of the 9<sup>th</sup> BOD of the Company. Holding a first meeting of 9<sup>th</sup> BOD on 7 September 2016 for deliberated proposals of Election of the Chairman of the Board and Members of the Committee under the 9<sup>th</sup> BOD, and completed the general election of the Board.

The 8th Supervisory Committee of the Company was expired in August 2016. The Proposal of General Election of Supervisory was deliberated and approved by the 10<sup>th</sup> session of 8<sup>th</sup> Supervisory Committee held on 29 August 2016 and the second extraordinary general meeting of 2016 held on 19 September 2016. And Huang Yanbo and Chen Qin were elected as the supervisor of the 9<sup>th</sup> Supervisory Committee of the Company. Geng Qu was elected as the supervisor of workers of the 9<sup>th</sup> supervisory committee by the congress of workers. On 7 September, the Proposal of General Election of Chairman of Supervisory Committee was deliberated and approved by the first meeting of 9<sup>th</sup> supervisory committee, and Huang Yanbo was elected as the Chairman of supervisory committee.

(VI) Among the shares held by controlling shareholder Wuhan Zhongheng Group, Shenzhen Intermediate Peoples Court judicial freeze the 116,489,894 shares (un-restricted shares) by 2016 Yue 03 CB No.53 from 27 September 2016 to 26 September 2018, the property preservation apply by Shenzhen Vanke Real Estate Co., Ltd. for arbitration case. Please refer to the Notice released by the Company on Juchao Website (www.cninfo.com.cn) dated 26 October 2016.

**III. Commitments that the company, shareholders, actual controller, purchaser, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of 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	Wuhan		The	2007-03-29	Implement	Normally

acquisition or equity change	Zhongheng Group		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		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	2007-03-29	Implement since 12 April 2007 throughout the year	Normally implementing

			<p>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</p>			
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			damage the legal interest of Shen Huafa and its shareholders through related transactions			
	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	Normally implementing
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders						
Perform the commitment promptly or not	Yes					
If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	N/A					

#### IV. Estimation of operation performance for year of 2016

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable  Not applicable

#### V. Particular about security investment

Applicable  Not applicable

The Company had no security investment in Period.

#### VI. Particulars about derivatives investment

Applicable  Not applicable

The Company had no derivatives investment in Period.

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

Applicable  Not applicable

Date	Method	Type of investors	Basic situation index of investigation
1 July to 30 September Of 2016	Telephone communication	Individual	Operation situation of the Company, assets status and process of city update projects

#### 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. Consolidated Balance Sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD

2016-09-30

In RMB

Items	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	42,368,202.33	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	30,520,333.14	54,346,509.74
Accounts receivable	186,745,632.65	109,965,992.14
Accounts paid in advance	3,750,490.99	3,092,021.10
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		1,838,752.40
Dividend receivable		
Other receivables	22,705,383.18	9,411,791.40
Purchase restituted finance asset		
Inventories	36,327,256.72	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	415,274,770.70	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	29,100,234.91	30,019,906.66
Fixed assets	105,534,839.51	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	45,251,669.45	46,372,390.49
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	221,583.10	274,758.16
Deferred income tax asset	8,694,221.49	6,400,271.29
Other non-current asset		
Total non-current asset	189,456,904.46	194,329,108.10
Total assets	604,731,675.16	1,155,089,236.67
Current liabilities:		
Short-term loans	161,192,303.22	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	14,320,045.41	53,614,420.20
Accounts payable	63,634,565.46	54,241,655.86
Accounts received in advance	2,444,670.02	1,147,469.52
Selling financial asset of repurchase		
Commission charge and commission payable		

Wage payable	3,902,364.58	4,731,615.47
Taxes payable	17,041,783.56	20,498,295.88
Interest payable		
Dividend payable		
Other accounts payable	23,371,971.74	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	285,907,703.99	286,378,262.66
Non-current liabilities:		
Long-term loans		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	2,604,411.81	557,304,411.81
Total liabilities	288,512,115.80	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	146,587,271.50	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	-190,920,532.39	-195,429,900.95
Total owner's equity attributable to parent company	316,219,559.36	311,406,562.20
Minority interests		
Total owner's equity	316,219,559.36	311,406,562.20
Total liabilities and owner's equity	604,731,675.16	1,155,089,236.67

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

## 2. Balance Sheet of parent company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	21,140,096.03	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	5,588.32	1,005,472.83
Interest receivable		
Dividends receivable		
Other receivables	103,136,528.83	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	217,476,685.80	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	29,100,234.91	30,019,906.66
Fixed assets	4,190,345.52	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	5,024,782.83	5,133,492.12
Research and development costs		
Goodwill		
Long-term deferred expenses	204,166.60	241,666.63
Deferred income tax assets	9,498,845.74	7,204,895.54
Other non-current assets		
Total non-current assets	235,281,631.60	234,589,251.93
Total assets	452,758,317.40	929,939,840.26
Current liabilities:		
Short-term borrowings	119,900,000.00	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	2,431,047.00	735,382.00
Wage payable	840,445.22	788,575.28
Taxes payable	9,435,403.83	16,934,546.28
Interest payable		
Dividend payable		
Other accounts payable	16,969,133.35	26,415,353.86
Divided into liability held for sale		
Non-current liabilities due within 1 year		

Other current liabilities		
Total current liabilities	159,316,396.73	75,219,697.58
Non-current liabilities:		
Long-term loans		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	2,604,411.81	557,304,411.81
Total liabilities	161,920,808.54	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	146,587,271.50	146,283,642.90
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-216,302,582.89	-209,420,732.28
Total owner's equity	290,837,508.86	297,415,730.87
Total liabilities and owner's equity	452,758,317.40	929,939,840.26

### 3. Consolidated Profit Statement (this report period)

In RMB

Item	Current Period	Last Period
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I. Total operating income	147,394,897.89	140,688,910.96
Including: Operating income	147,394,897.89	140,688,910.96
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	151,575,227.83	149,315,806.90
Including: Operating cost	132,744,735.37	119,199,333.52
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	386,654.00	1,242,893.86
Sales expenses	2,606,106.05	2,490,619.26
Administration expenses	13,547,556.46	13,576,215.13
Financial expenses	2,290,175.95	12,806,745.13
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		13,333,333.37
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-4,180,329.94	4,706,437.43
Add: Non-operating income	569,981.70	1,899,133.76
Including: Disposal gains of non-current asset	10.94	9,774.76

Less: Non-operating expense	4,645.46	383.84
Including: Disposal loss of non-current asset	2,641.30	
IV. Total Profit (Loss is listed with “-”)	-3,614,993.70	6,605,187.35
Less: Income tax expense	-851,406.04	787,945.37
V. Net profit (Net loss is listed with “-”)	-2,763,587.66	5,817,241.98
Net profit attributable to owner’s of parent company	-2,763,587.66	5,817,241.98
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	-2,763,587.66	5,817,241.98
Total comprehensive income attributable to owners of parent Company	-2,763,587.66	5,817,241.98
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0098	0.0205
(ii) Diluted earnings per share	-0.0098	0.0205

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 institution: Wu Aijie

#### 4. Profit Statement of parent company (this report period)

In RMB

Item	Current Period	Last Period
I. Operating income	4,129,711.91	14,889,810.19
Less: Operating cost	1,190,205.13	3,566,116.87
Operating tax and extras	280,928.53	906,526.38
Sales expenses		
Administration expenses	7,102,730.11	8,513,341.41
Financial expenses	2,189,275.72	12,100,843.00
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")		13,333,333.37
Including: Investment income		



on affiliated company and joint venture		
II. Operating profit (Loss is listed with “-”)	-6,633,427.58	3,136,315.90
Add: Non-operating income	315,130.00	183,848.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense		
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	-6,318,297.58	3,320,163.90
Less: Income tax expense	-1,579,574.39	
IV. Net profit (Net loss is listed with “-”)	-4,738,723.19	3,320,163.90
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	-4,738,723.19	3,320,163.90
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

### 5. Consolidated profit statement (from year-begin to end of this period)

In RMB

Item	Current Period	Last Period
I. Total operating income	456,933,423.45	389,423,540.82
Including: Operating income	456,933,423.45	389,423,540.82
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	452,911,993.54	414,576,515.80
Including: Operating cost	397,033,133.61	326,662,858.89
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	2,543,023.16	4,920,188.37
Sales expenses	7,889,841.76	7,622,389.84

Administration expenses	40,843,439.93	32,171,134.90
Financial expenses	4,602,555.08	43,199,943.80
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		42,833,976.84
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	4,021,429.91	17,681,001.86
Add: Non-operating income	2,088,618.21	2,706,187.41
Including: Disposal gains of non-current asset	116,017.95	9,774.76
Less: Non-operating expense	67,871.14	313,562.80
Including: Disposal loss of non-current asset	21,565.30	
IV. Total Profit (Loss is listed with “-”)	6,042,176.98	20,073,626.47
Less: Income tax expense	1,532,808.42	79,073.46
V. Net profit (Net loss is listed with “-”)	4,509,368.56	19,994,553.01
Net profit attributable to owner’s of parent company	4,509,368.56	19,994,553.01
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	4,509,368.56	19,994,553.01
Total comprehensive income attributable to owners of parent Company	4,509,368.56	19,994,553.01
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0159	0.0706
(ii) Diluted earnings per share	0.0159	0.0706

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

**6. Profit Statement of parent company (from year-begin to end of this period)**

In RMB

Item	Current Period	Last Period
I. Operating income	25,180,025.56	41,050,984.15
Less: Operating cost	3,368,089.42	6,822,404.01
Operating tax and extras	1,378,881.37	2,561,910.04
Sales expenses		
Administration expenses	22,536,060.96	17,731,451.25
Financial expenses	7,410,539.62	37,658,777.72
Losses of devaluation of asset		
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		42,833,333.35
Including: Investment income on affiliated company and joint venture		
II. Operating profit (Loss is listed with “-”)	-9,513,545.81	19,109,774.48
Add: Non-operating income	356,669.00	341,154.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense	18,924.00	1,717.45
Including: Disposal loss of non-current asset	18,924.00	
III. Total Profit (Loss is listed with “-”)	-9,175,800.81	19,449,211.03
Less: Income tax expense	-2,293,950.20	
IV. Net profit (Net loss is listed with “-”)	-6,881,850.61	19,449,211.03
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	-6,881,850.61	19,449,211.03
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

### 7. Consolidated Cash Flow Statement (from year-begin to end of this period)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	256,769,466.47	287,471,957.64

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	7,503,048.25	104,728,770.98
Subtotal of cash inflow arising from operating activities	264,272,514.72	392,200,728.62
Cash paid for purchasing commodities and receiving labor service	230,473,778.87	259,502,535.91
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	46,933,579.88	46,694,148.75
Taxes paid	18,097,957.58	15,916,710.01
Other cash paid concerning operating activities	39,836,581.63	22,027,295.69
Subtotal of cash outflow arising from operating activities	335,341,897.96	344,140,690.36
Net cash flows arising from operating activities	-71,069,383.24	48,060,038.26
II. Cash flows arising from investing activities:		
Cash received from recovering investment		500,000,000.00
Cash received from investment income		42,833,333.35
Net cash received from disposal of fixed, intangible and other long-term assets	202,772.00	20,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	202,772.00	542,853,333.35
Cash paid for purchasing fixed, intangible and other long-term assets	4,739,000.50	14,542,977.61
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		500,099,356.51
Subtotal of cash outflow from investing activities	4,739,000.50	514,642,334.12
Net cash flows arising from investing activities	-4,536,228.50	28,210,999.23
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	183,246,761.70	273,598,564.67
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	183,246,761.70	273,598,564.67
Cash paid for settling debts	696,946,397.73	303,673,954.40
Cash paid for dividend and profit distributing or interest paying	7,028,536.77	39,318,168.08
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	2,185,000.00	
Subtotal of cash outflow from financing activities	706,159,934.50	342,992,122.48
Net cash flows arising from financing activities	-522,913,172.80	-69,393,557.81
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-384,943.38	31,906.89
V. Net increase of cash and cash equivalents	-598,903,727.92	6,909,386.57
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	33,943,228.24	29,301,533.69

## 8. Cash Flow Statement of parent company (from year-begin to end of this period)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling	17,894,121.27	46,388,625.03

commodities and providing labor services		
Write-back of tax received		
Other cash received concerning operating activities	54,707,013.66	29,730,709.64
Subtotal of cash inflow arising from operating activities	72,601,134.93	76,119,334.67
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	3,852,201.06	4,384,404.98
Taxes paid	11,130,687.76	4,846,872.57
Other cash paid concerning operating activities	96,793,074.16	54,909,468.68
Subtotal of cash outflow arising from operating activities	111,775,962.98	64,140,746.23
Net cash flows arising from operating activities	-39,174,828.05	11,978,588.44
II. Cash flows arising from investing activities:		
Cash received from recovering investment		500,000,000.00
Cash received from investment income		42,833,333.35
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		
Subtotal of cash inflow from investing activities	576.00	542,833,333.35
Cash paid for purchasing fixed, intangible and other long-term assets	2,770,892.00	29,899.00
Cash paid for investment		
Net cash received from subsidiaries and other units		

Other cash paid concerning investing activities		500,000,000.00
Subtotal of cash outflow from investing activities	2,770,892.00	500,029,899.00
Net cash flows arising from investing activities	-2,770,316.00	42,803,434.35
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	115,000,000.00	14,700,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	115,000,000.00	14,700,000.00
Cash paid for settling debts	569,400,000.00	37,800,000.00
Cash paid for dividend and profit distributing or interest paying	5,492,585.19	35,196,829.31
Other cash paid concerning financing activities	1,960,000.00	
Subtotal of cash outflow from financing activities	576,852,585.19	72,996,829.31
Net cash flows arising from financing activities	-461,852,585.19	-58,296,829.31
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	90.95	11,437.57
V. Net increase of cash and cash equivalents	-503,797,638.29	-3,503,368.95
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	21,140,096.03	11,298,889.64

## II. Audit Report

Whether the third quarter report was audited or not

Yes No

深圳中恒华发股份有限公司 2016 年第三季度报告全文

The third quarter report of the Company has not been audited.