

Tsann Kuen (China) Enterprise Co., Ltd.

Report for the First Quarter of 2017

April 2017

Section I Important Statements

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Tsann Kuen (China) Enterprise Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

Mr. Pan Zhirong, company principal, and Mr. Feng Zhiqing, head of the accounting work & the accounting division (head of accounting) jointly declare that the financial statements carried in this report are factual, accurate and complete.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II Company Profile

I Key financial results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes No

Unit: RMB

Item	January-March 2017	January-March 2016	+/-%
Operating revenues	454,378,577.36	400,158,372.95	13.55
Net profit attributable to shareholders of the Company	6,800,900.65	6,272,704.45	8.42
Net profit attributable to shareholders of the Company before exceptional profit and loss	5,620,130.15	4,561,371.13	23.21
Net operating cash flow	3,169,455.03	-21,744,915.13	114.58
Basic earnings per share (RMB/share)	0.04	0.03	33.33
Diluted earnings per share (RMB/share)	0.04	0.03	33.33
Weighted average return on equity (%)	1.10	1.11	-0.01
Item	31 March 2017	31 December 2016	+/-%
Total assets	1,602,588,567.75	1,697,533,004.99	-5.59
Net assets attributable to shareholders of the Company	617,816,036.41	610,856,271.31	1.14

Total share capital up to the former trading date before the disclosure:

Total share capital up to the former trading date before the disclosure (share)	185,391,680
Fully diluted EPS calculated by the newest share capital (RMB/share)	0.04

Exceptional profit and loss

Applicable Not applicable

Unit: RMB

Item	January-March 2017	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	166,095.78	

Item	January-March 2017	Note
Tax rebates, reductions and exemptions due to approval beyond authority or the lack of official approval documents		
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	516,075.00	
Capital occupation charges on non-financial enterprises that are charged to the profit/loss for the Reporting Period		
Profit due to the situation where investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of identifiable net assets of investees when making investments		
Profit/loss on non-monetary asset swap		
Profit/loss on entrusting others with investments or asset management		
Asset impairment provisions due to acts of God such as natural disasters		
Profit/loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Profit/loss on the part over the fair value due to transactions with distinctly unfair prices		
Reporting Period net profit/loss of subsidiaries acquired through business mergers under the same control from period-beginnings to merger dates		
Profit/loss on contingencies irrelevant to the Company's normal business activities		
Profit/loss on fair value changes of transactional financial assets and liabilities & investment profit on disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effectively hedging business related to normal business operations of the Company	213,698.63	Earnings from wealth management products
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately		
Profit/loss on entrusted loans		
Profit/loss on fair value changes in investing properties of which the subsequent measurement is carried out adopting the fair value method		
Effect on Reporting Period profit/loss when a one-off adjustment is made to Reporting Period profit/Loss according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operations		

Item	January-March 2017	Note
Non-operating income and expense other than the above	950,457.93	
Other profit/loss that meet the definition of exceptional profit/loss		
Less: Income tax effects	238,677.92	
Minority interests effects (after tax)	426,878.92	
Total	1,180,770.50	

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

Applicable Not applicable

II Total number of shareholders at the period-end and shareholdings of top ten shareholders

1. Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end		17,526	Total number of preference shareholders with resumed voting rights at the period-end (if any)		0	
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
FORDCHEE DEVELOPMENT LIMITED	Foreign corporation	29.10%	53,940,530	0	N/A	0
EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.09%	24,268,840	0	N/A	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	5.74%	10,646,857	0	N/A	0
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596	0	N/A	0
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	1.12%	2,079,750	0	N/A	0

SHENWAN HONGYUAN SECURITIES (HK) CO., LTD.	Foreign corporation	1.06%	1,956,752	0	N/A	0
CHEN YONGQUAN	Domestic individual	1.02%	1,889,019	0	N/A	0
CHEN YONGQING	Foreign individual	0.79%	1,458,349	0	N/A	0
CHEN LIJUAN	Foreign individual	0.71%	1,308,017	0	N/A	0
DING XIAOLUN	Domestic individual	0.58%	1,082,300	0	N/A	0
Shareholdings of top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held	Variety of shares				
		Variety	Number			
FORDCHEE DEVELOPMENT LIMITED	53,940,530	Domestically listed foreign shares	53,940,530			
EUPA INDUSTRY CORPORATION LIMITED	24,268,840	Domestically listed foreign shares	24,268,840			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	10,646,857	Domestically listed foreign shares	10,646,857			
FILLMAN INVESTMENTS LIMITED	4,621,596	Domestically listed foreign shares	4,621,596			
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	2,079,750	Domestically listed foreign shares	2,079,750			
SHENWAN HONGYUAN SECURITIES (HK) CO., LTD.	1,956,752	Domestically listed foreign shares	1,956,752			
CHEN YONGQUAN	1,889,019	Domestically listed foreign shares	1,889,019			
CHEN YONGQING	1,458,349	Domestically listed foreign shares	1,458,349			
CHEN LIJUAN	1,308,017	Domestically listed foreign shares	1,308,017			
DING XIAOLUN	1,082,300	Domestically listed foreign shares	1,082,300			
Related or acting-in-concert parties among the above shareholders	The first, the second and the fourth largest shareholders are the Company's corporate controlling shareholders. It is unknown to the Company whether there exists associated relationship among the shareholders above or they are acting-in-concert entities as stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.					

Did any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea No

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No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top ten of them

Applicable Not applicable

Section III Significant Events

I Changes in major accounting statement items and financial indicators for the Reporting Period, as well as reasons for such changes

√ Applicable □ Not applicable

Unit: RMB

Item	31 March 2017	31 December 2016	+/-%	Main reason for change
Interest receivable	657,962.20	5,519.56	11,820.56	Term deposits increased and the accrued interest increased accordingly
Other current assets	301,329,722.22	139,354,484.01	116.23	Wealth management products of RMB150 million were purchased.
Construction in progress	400,542.52	269,633.08	48.55	Increase in ongoing construction
Other non-current assets	862,311.27	1,248,273.23	-30.92	Examination and acceptance of molds
Short-term borrowings	25,113,452.00	0.00	100.00	Export invoice financing.
Notes payable	13,054,224.84	23,251,704.93	-43.86	Maturity of notes payable
Taxes and fares payable	8,040,623.71	16,965,068.11	-52.60	Payment of corporate income tax

Item	January-March 2017	January-March 2016	+/-%	Main reason for change
Taxes and surtaxes	3,337,174.29	2,421,468.97	37.82	Reclassification of some administrative expenses into this item
Finance costs	1,738,365.97	-259,634.93	-769.54	Unrealized evaluated exchange loss
Asset impairment loss	-1,181,070.83	1,087,300.12	-208.62	Reversal of bad-debt provisions due to collection of payments from customers
Gains on fair value changes	0.00	5,095,350.00	-100.00	No forward forex contracts for the current period
Returns on investment	213,698.63	-1,003,403.59	121.30	Loss on delivered forward forex contracts in the same period of last year
Non-operating revenue	1,689,529.16	1,204,888.70	40.22	Insurance payments for wind damages
Non-operating expense	56,900.45	7,548.59	653.79	Donations to students in need
Corporate income tax	3,622,669.95	1,860,460.96	94.72	Increase in profit
Net operating cash flow	3,169,455.03	-21,744,915.13	114.58	Receivables from customers due at the end of last year were collected in the current period
Net investment cash flow	-300,417,252.45	-180,176,787.85	-66.73	Increased outflow of restricted term deposits
Net financing cash flow	21,832,513.50	-11,622,330.69	287.85	Export invoice financing and borrowings from related parties increased

II Progress of significant events and analysis & explanations on their influence and solutions

√ Applicable □ Not applicable

Contingencies

(1) The subsidiary of the Company - TsannKuen China (Shanghai) Enterprise Co., Ltd. (hereafter, TKS) signed the PlantLeasing contract with Shanghai Liangxin Industrial Co., Ltd. (hereafter, SHLX) at November 2007, and leased the plant (including plant affiliated land, ground buildings and related ancillary equipment, etc) located in No. 4407 Caoan Road Jiading District, Shanghai to SHLX. The real estate certificate of leasehold is Hu FangdiJiaZi (2006) No. 011945, the lease period is from November 2007 to November 2019, the purpose to the lessee for the use of legitimate factory and storage. The provisions of contract point out if the lessee need to build plant because of production should to obtain government and relevant authorities' agreements. Except to confiscate the deposit, the lessor can terminate the contract and does not have to undertake any responsibility if the lessee sublease the leasehold, make improvement or addition to the leasehold without to obtain the written consent from lessor.

TKS submitted the civil action to Shanghai Jiading District People's Court by cause of action "the lessee SHLX decorated and subleased the leasehold to Shanghai HujiaFruit Sales Limited Company (hereafter, SHHJ) without to obtain the written consent from lessor" on 28 October 2015, and required early termination of the Plant Leasing contract with SHLX, and required SHHJ to terminate construction and to re-pristinate the leasehold.

Up to the end of the reporting date, the civil action is still in process.

Shanghai Jiading District People's Court on the Shanghai TsannKuen and SHLX disputes to make civil judgments ((2015) Jia Min San (Min) ChuZi No.1640) on 23 November 2016: 1) the two sides release the contract on 12 November 2015. 2) SHLX should to return to TKS of the site and buildings, dormitory, etc on No. 4407 CaoAn Road to Shanghai be effective within 20 days.

Shanghai Jiading District People's Court on the Shanghai TsannKuen and SHHJ dispute made ((2015) Jia Min Er (Shang) the ChuZi No.2661) civil judgment on 20 November 2016: the decision to support TKS, and the SHHJ shall immediately stop the infringement within ten days after the judgment of the court is effective, stop the construction and restore the original appearance of the site.

SHLX and SHHJ are not satisfied with the verdict, and appeal to the Shanghai Second Intermediate People's Court. Shanghai Second Intermediate People's Court made the ruling by (2016) Shanghai 02 MinZhong No. 10426 on 12 January 2017: dismissed the SHLX appeal to maintain the Shanghai Jiading District People's Court on the TKS and SHLX lease contract (2015) Jia Min San (Min) the ChuZi No.1640 civil judgment; as of the date of this report, TKS and SHHJ dispute is under trial.

(2) As MTN Products, Inc. / Water Solutions (Hong Kong) Ltd ("MTN / WSL") did not pay the relevant payment in time and fulfill the order according to the contract, the subsidiary of the Company, TsannKuen (Zhangzhou) Enterprise Co., Ltd. submitted the indictment to the SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES on November 23 2017 sued MTN / WSL for payment of USD707,522.92 and USD1,402,940 for reserve losses, totaling USD2,110,462.92. As of the date of this report, the case is still pending.

(3) As Philips Lighting (China) Investment Co., Ltd. ("Philips Lighting") did not pay the relevant payment in accordance with the relevant agreement, the Company's subsidiary TsannKuen (Zhangzhou) Enterprise Co., Ltd., submitted the indictment on 23 November 2016 to Longhai City People's Court, request the payment of CNY2,499,658.4. As of the date of this report, the case is

still pending.

(4) TSANN KUEN (CHINA) ENTERPRISE CO., LTD. (therefore "TKC") and Tian Yuan (Xiamen) Asset Management Co., Ltd. (therefore "Tianyuan") signed the "Land Lease Contract (Northwest Corner)" and "Housing Lease Contract (North Building)" on 26 June 2013, signed the "Land Lease Contract (southeast corner)", "Housing Lease Contract (Huarong Road 23)" (part of the house) on 29 July 2013. TKC leased the part of the land and house on Xinglong Road 88 to Tianyuan for business activities, part of the site and housing leased to Tian Yuan company for business activities.

As Tianyuan did not pay the rent in accordance with the contract in time and unauthorized use of the leased property, TKC filed a lawsuit in Xiamen Huli District People's Court to pay the relevant rent. As of the date of this report, the case is still pending.

III Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, unfulfilled in this reporting period

√ Applicable □ Not applicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes						
Commitments made upon the assets replacement						
Commitments made upon first issuance or refinance						
Commitment on equity incentive						
Other commitments made to minority shareholders	FILLMAN INVESTMENTS LIMITED	Commitment on shareholding increase	Based on the confidence on the continuous and stable development of the Company, it committed to increase the shareholding if the Company's stock price lower than HKD2.40 per share after the implementation of the shares contraction and trading resumption, and it would increase no more than 2% shares (i.e. 3.7078 million shares) of the total shares issued by the Company within one year since the date of initial shareholding increase. If the plan on increasing holding 2% shares of the total shares is completed, if the stock price hasn't reached the target price, it will perform relevant approval procedures, and propose to CSRC on continuous	28 Dec. 2012	Within one year since the date of initial shareholding increase	The Company's stocks resumed trading on 31 Dec. 2012, but the Company's stock price hasn't met the condition for shareholding increase since the date of trading resumption, FILLMAN Investment Limited hasn't implemented the shareholding increase plan.

			implementation of shareholding increase by exemption of offering.			
Executed on time or not	Yes					
The specific reasons and next work plan should be explained in detail if there are any commitments unfulfilled in this reporting period	No					

No such cases in the reporting period.

IV Operating result forecast for January-June 2017

Forecast of a possible deficit or considerable YoY change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation of why:

Applicable Not applicable

V Securities investments

Applicable Not applicable

No such cases in the Reporting Period.

VI Investments in derivative financial instruments

Applicable Not applicable

VII Visits paid to the Company in the Reporting Period for purposes of research, communication, interview, etc.

Applicable Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
2017-02-14	Telephone communication	Individual	Inquiry the reform of B share
2017-03-29	Telephone communication	Individual	Inquiry the reform of B share

VIII Illegal provision of guarantees for external parties

Applicable Not applicable

IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

Applicable Not applicable

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	Closing amount	Opening amount
Current assets:		
Monetary funds	596,497,341.54	749,497,115.33
Settlement reserves		
Lendings to banks and other financial institutions		
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	1,431,394.60	1,341,076.70
Accounts receivable	226,660,388.19	273,086,616.38
Accounts paid in advance	7,056,914.13	6,964,904.97
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	657,962.20	5,519.56
Dividends receivable	0	0
Other accounts receivable	31,881,457.68	40,381,756.08
Financial assets purchased under agreement to resell		
Inventories	176,145,818.10	223,569,121.90
Assets held for sale		
Non-current assets due within one year		
Other current assets	301,329,722.22	139,354,484.01
Total current assets	1,341,660,998.66	1,434,200,594.93
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	40,000.00	40,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		
Investment property	41,561,417.60	42,158,120.51

Item	Closing amount	Opening amount
Fixed assets	172,474,479.19	174,529,010.36
Construction in progress	400,542.52	269,633.08
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	25,341,401.33	23,840,277.12
R&D expense		
Goodwill		
Long-term deferred expenses	3,774,425.54	4,142,242.19
Deferred income tax assets	16,472,991.64	17,104,853.57
Other non-current assets	862,311.27	1,248,273.23
Total non-current assets	260,927,569.09	263,332,410.06
Total assets	1,602,588,567.75	1,697,533,004.99
Current liabilities:		
Short-term borrowings	25,113,452.00	
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Loans from banks and other financial institutions		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable	13,054,224.84	23,251,704.93
Accounts payable	486,639,219.70	589,418,458.93
Accounts received in advance	13,174,393.00	11,187,023.96
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	36,248,702.09	45,671,498.70
Taxes and fares payable	8,040,623.71	16,965,068.11
Interest payable	5,584.36	
Dividends payable		
Other accounts payable	69,366,360.55	58,411,663.19
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		

Item	Closing amount	Opening amount
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	651,642,560.25	744,905,417.82
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	187,928.74	187,928.74
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	757,646.03	761,461.43
Other non-current liabilities		
Total non-current liabilities	945,574.77	949,390.17
Total liabilities	652,588,135.02	745,854,807.99
Owners' equity:		
Share capital	185,391,680.00	185,391,680.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	296,808,965.79	296,808,965.79
Less: Treasury stock		
Other composite income	8,650,766.89	8,491,902.45
Special reserves		
Surplus reserves	29,946,218.17	29,946,218.17
Provisions for general risks		
Retained profit	97,018,405.56	90,217,504.90
Total equity attributable to owners of the Company	617,816,036.41	610,856,271.31
Minority interests	332,184,396.32	340,821,925.69
Total owners' equity	950,000,432.73	951,678,197.00
Total liabilities and owners' equity	1,602,588,567.75	1,697,533,004.99

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	32,336,061.24	6,668,219.24
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	1,431,394.60	1,341,076.70
Accounts receivable	15,088,091.62	30,084,632.38
Accounts paid in advance	327,764.32	224,212.39
Interest receivable		
Dividends receivable		
Other accounts receivable	444,963.00	539,684.23
Inventories	11,781,559.47	13,862,241.50
Assets held for sale		
Non-current assets due within one year		
Other current assets	465,034.74	404,776.38
Total current assets	61,874,868.99	53,124,842.82
Non-current assets:		
Available-for-sale financial assets	40,000.00	40,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	922,914,701.56	922,914,701.56
Investment property	34,940,863.73	35,720,961.41
Fixed assets	1,884,173.89	1,985,546.98
Construction in progress	92,135.92	
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	76,499.99	83,249.99
R&D expense		
Goodwill		
Long-term deferred expenses	56,866.39	69,866.41
Deferred income tax assets	1,644,691.21	1,910,906.98
Other non-current assets		
Total non-current assets	961,649,932.69	962,725,233.33
Total assets	1,023,524,801.68	1,015,850,076.15
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable		
Accounts payable	59,737,978.74	83,598,309.18
Accounts received in advance	2,692,385.88	930,623.95
Payroll payable	1,424,486.45	2,912,637.07
Taxes and fares payable	531,594.16	647,392.73
Interest payable		
Dividends payable		
Other accounts payable	298,661,693.99	298,567,356.74
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	363,048,139.22	386,656,319.67
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		

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Item	Closing balance	Opening balance
Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	0	0
Total liabilities	363,048,139.22	386,656,319.67
Owners' equity:		
Share capital	185,391,680.00	185,391,680.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	271,490,289.82	271,490,289.82
Less: Treasury stock		
Other composite income		
Special reserves		
Surplus reserves	29,946,218.17	29,946,218.17
Retained profit	173,648,474.47	142,365,568.49
Total owners' equity	660,476,662.46	629,193,756.48
Total liabilities and owners' equity	1,023,524,801.68	1,015,850,076.15

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

3. Consolidated income statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	454,378,577.36	400,158,372.95
Including: Sales income	454,378,577.36	400,158,372.95
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs	444,388,401.44	395,648,344.39
Including: Cost of sales	387,349,957.02	332,766,010.74
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserves		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	3,337,174.29	2,421,468.97
Selling expenses	17,801,039.57	21,222,925.10
Administrative expenses	35,342,935.42	38,410,274.39
Financial costs	1,738,365.97	-259,634.93
Asset impairment loss	-1,181,070.83	1,087,300.12
Add: Profit/loss on fair value changes (“-” means loss)		5,095,350.00
Profit/loss on investment (“-” means loss)	213,698.63	-1,003,403.59
Including: Share of profit in associates and joint ventures		
Foreign exchange profit (“-” means loss)		
3. Operating profit (“-” means loss)	10,203,874.55	8,601,974.97
Add: Non-operating income	1,689,529.16	1,204,888.70
Including: Profit on disposal of non-current assets	172,996.23	283,856.27
Less: Non-operating expense	56,900.45	7,548.59
Including: Loss on disposal of non-current assets	6,900.45	1,087.72
4. Total profit (“-” means loss)	11,836,503.26	9,799,315.08
Less: Corporate income tax	3,622,669.95	1,860,460.96
5. Net profit (“-” means loss)	8,213,833.31	7,938,854.12
Net profit attributable to owners of the Company	6,800,900.65	6,272,704.45
Minority shareholders’ income	1,412,932.66	1,666,149.67
6. After-tax net amount of other composite income	211,819.25	-270,466.96
After-tax net amount of other composite income attributable to owners of the Company	158,864.44	-202,850.22

Item	January-March 2017	January-March 2016
6.1 Other composite income that will not be reclassified into profit and loss	15,614.61	
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement	15,614.61	
6.1.2 Enjoyable share in other comprehensive income in investees that cannot be reclassified into profit and loss under the equity method		
6.2 Other composite income that will be reclassified into profit and loss	143,249.83	-202,850.22
6.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
6.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
6.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective hedging profit and loss on cash flow		
6.2.5 Foreign-currency financial statement translation difference	143,249.83	-202,850.22
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders	52,954.81	-67,616.74
7. Total composite income	8,425,652.56	7,668,387.16
Attributable to owners of the Company	6,959,765.09	6,069,854.23
Attributable to minority shareholders	1,465,887.47	1,598,532.93
8. Earnings per share		
8.1 Basic earnings per share	0.04	0.03
8.2 Diluted earnings per share	0.04	0.03

Where business mergers under the same control occurred in the Reporting Period, net profit achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the same period of last year being RMB -2,204,397.97.

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

4. Income statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	21,002,892.18	21,271,402.42
Less: Operating costs	15,142,772.24	14,745,029.67
Taxes and surtaxes	729,157.30	291,003.83
Selling expenses	2,156,628.15	2,306,282.89
Administrative expenses	2,943,317.20	3,168,759.81
Financial costs	-15,902.72	-14,206.99
Asset impairment loss	-1,150,303.33	472,593.00
Add: profit/loss on fair value changes (“-” means loss)		
Profit/loss on investment (“-” means loss)	30,310,250.78	107,582,142.80
Including: Income from investment on associates and joint ventures		
2. Operating profit (“-” means loss)	31,507,474.12	107,884,083.01
Add: Non-operating income	41,647.63	115,892.49
Including: Profit on disposal of non-current assets		
Less: Non-operating expense		
Including: Loss on disposal of non-current assets		
3. Total profit (“-” means loss)	31,549,121.75	107,999,975.50
Less: Corporate income tax	266,215.77	16,198,205.71
4. Net profit (“-” means loss)	31,282,905.98	91,801,769.79
5. After-tax net amount of other composite income		
5.1 Other composite income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Enjoyable share in other composite income in investees that cannot be reclassified into profit and loss under the equity method		
5.2 Other composite income that will be reclassified into profit and loss		
5.2.1 Enjoyable share in other composite income in investees that will be reclassified into profit and loss under the equity method		
5.2.2 Profit and loss on fair value changes of available-for-sale financial assets		
5.2.3 Profit and loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective hedging profit and loss on cash flow		
5.2.5 Foreign-currency financial statement translation difference		
5.2.6 Other		
6. Total composite income	31,282,905.98	91,801,769.79

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	491,298,063.61	446,984,396.18
Net increase in money deposits from customers and inter-bank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in funds in repurchase business		
Tax refunds received	50,899,572.11	60,112,623.06
Other operating cash received	19,055,478.67	15,979,818.57
Subtotal of operating cash inflow	561,253,114.39	523,076,837.81
Cash paid for goods and services	421,536,510.47	433,353,207.67
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and inter-bank placements		
Cash for paying claims of original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	71,049,721.91	69,738,370.16
Taxes and fares paid	16,287,373.30	7,057,054.50
Other cash payment relating to operating activities	49,210,053.68	34,673,120.61
Subtotal of operating cash outflow	558,083,659.36	544,821,752.94
Net operating cash flow	3,169,455.03	-21,744,915.13
2. Investment cash flow:		
Cash received from retraction of investments	32,729,887.43	-1,011,877.61
Cash received from return on investments	229,280.83	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,882,588.00	4,916,418.16
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities	9,819,374.14	55,400,000.00
Subtotal of investment cash inflow	44,661,130.40	59,304,540.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets	18,968,169.49	17,423,362.34

Item	January-March 2017	January-March 2016
Cash paid for investment	192,047,415.57	156,257,966.06
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investment activities	134,062,797.79	65,800,000.00
Subtotal of investment cash outflow	345,078,382.85	239,481,328.40
Net investment cash flow	-300,417,252.45	-180,176,787.85
3. Financing cash flow:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	25,036,648.00	2,202,002.00
Cash received from issuance of bonds		
Other financing cash received	6,899,282.43	
Subtotal of financing cash inflow	31,935,930.43	2,202,002.00
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	10,103,416.93	13,824,332.69
Including: dividends or profit paid by subsidiaries to minority shareholders	10,103,416.93	13,824,332.69
Other cash payments relating to financing activities		
Sub-total of financing cash outflow	10,103,416.93	13,824,332.69
Net financing cash flow	21,832,513.50	-11,622,330.69
4. Effect of foreign exchange rate changes on cash and cash equivalents	-2,285,644.08	-1,074,884.20
5. Net increase in cash and cash equivalents	-277,700,928.00	-214,618,917.87
Add: Opening balance of cash and cash equivalents	738,195,729.53	675,824,861.29
6. Closing balance of cash and cash equivalents	460,494,801.53	461,205,943.42

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	35,261,061.42	34,011,853.31
Tax refunds received		
Other operating cash received	14,251,817.18	12,639,614.14
Subtotal of operating cash inflow	49,512,878.60	46,651,467.45
Cash paid for goods and services	38,935,020.23	28,594,423.79
Cash paid to and for employees	4,595,972.16	4,962,672.42
Taxes and fares paid	1,423,553.61	1,606,283.12
Other operating cash payments	9,177,813.37	97,383,180.93
Subtotal of operating cash outflow	54,132,359.37	132,546,560.26
Net operating cash flow	-4,619,480.77	-85,895,092.81
2. Investment cash flow:		
Cash received from retraction of investments		65,000,000.00
Cash received from return on investments	30,310,250.78	41,472,998.07
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities		
Subtotal of investment cash inflow	30,310,250.78	106,472,998.07
Cash paid to acquire fixed assets, intangible assets and other long-term assets	22,950.00	13,798.00
Cash paid for investment		1,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Other investment cash payments		
Subtotal of investment cash outflow	22,950.00	1,013,798.00
Net investment cash flow	30,287,300.78	105,459,200.07
3. Financing cash flow:		
Cash received from capital contributions		
Cash received as borrowings		
Cash received from issuance of bonds		
Other financing cash received		
Subtotal of financing cash inflow		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities		

Item	January-March 2017	January-March 2016
Sub-total of financing cash outflow	0	0
Net financing cash flow	0	0
4. Effect of foreign exchange rate changes on cash and cash equivalents	21.99	-71.26
5. Net increase in cash and cash equivalents	25,667,842.00	19,564,036.00
Add: Opening balance of cash and cash equivalents	6,668,219.24	7,750,025.58
6. Closing balance of cash and cash equivalents	32,336,061.24	27,314,061.58

Legal representative: Pan Zhirong

Chief of the accounting work: Feng Zhiqing

Chief of the accounting organ: Feng Zhiqing

II Auditor's report

Is this Report audited?

Yes No

This Report is not audited.