

Shenzhen Zhongheng Huafa Co., Ltd.

First Quarterly Report 2017

April 2017

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.

Other directors attending the Meeting for Quarterly report deliberation except for the followed.

Name of director absent	Title for absent director	Reasons for absent	Attorney
Xu jinwen	Independent director	-	Li Ding'an

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. Basic situation of the Company

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)	191,829,256.72	137,699,187.33	39.31%
Net profit attributable to shareholders of the listed company (RMB)	421,173.37	469,935.69	-10.38%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-36,964.59	137,244.07	-126.93%
Net cash flow arising from operating activities (RMB)	-18,501,959.59	-46,008,442.75	-
Basic earnings per share (RMB/Share)	0.0015	0.0017	-11.76%
Diluted earnings per share (RMB/Share)	0.0015	0.0017	-11.76%
Weighted average ROE	0.13%	0.15%	0.02 percentage points down
	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)	646,900,273.22	632,475,542.40	2.28%
Net assets attributable to shareholder of listed company (RMB)	320,119,742.00	319,698,568.63	0.13%

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)	-17,113.46	
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	508,500.00	

business)		
Other non-operating income and expenditure except for the aforementioned items	119,464.08	
Less: impact on income tax	152,712.66	
Total	458,137.96	--

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		23,293	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	0	Pledged	116,100,000
					Frozen	116,489,894
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	4.49%	12,700,000	0	Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0
					Frozen	0

China Construction Bank – Rongtong Internet Media Flexible Mix Stock Fund	Other	0.68%	1,933,928	0	Pledged	0
					Frozen	0
Xu Dongdong	Domestic nature person	0.60%	1,690,307	0	Pledged	0
					Frozen	0
Huang Shuqiang	Domestic nature person	0.42%	1,187,166	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas nature person	0.37%	1,059,702	0	Pledged	
					Frozen	
Zhong Jiachao	Domestic nature person	0.32%	910,000	0	Pledged	0
					Frozen	0
China Resources TUSC Trust Co., Ltd. – Yali Hangshengyuyan No.1 Trust Fund	Other	0.31%	866,610	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			
Wuhan Zhongheng Group	116,489,894	RMB common share	116,489,894			
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560			
GOOD HOPE CORNER INVESTMENTS LTD	12,700,000	Domestically listed foreign shares	12,700,000			
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	5,355,249	Domestically listed foreign shares	5,355,249			
China Construction Bank – Rongtong Internet Media Flexible Mix Stock Fund	1,933,928	RMB common share	1,933,928			
Xu Dongdong	1,690,307	RMB common share	1,690,307			
Huang Shuqiang	1,187,166	RMB common	1,187,166			

		share	
LI SHERYN ZHAN MING	1,059,702	Domestically listed foreign shares	1,059,702
Zhong Jiachao	910,000	RMB common share	910,000
China Resources TUSC Trust Co., Ltd. – Yali Hangshengyuyan No.1 Trust Fund	866,610	RMB common share	866,610
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	2017-3-31	2017-1-1	Y-o-y changes	Reasons of changes
Monetary Fund	53,884,127.38	93,332,709.81	-42.27%	Season of sales
Accounts receivable	191,400,138.81	139,808,058.20	36.90%	Season of sales
Account paid in advance	18,238,710.30	13,075,721.93	39.49%	Season of sales
Other receivables	13,879,679.99	3,934,376.89	252.78%	Rental from Jingfang Investment received in the Period
Account received in advance	413,260.84	48,846.60	746.04%	Utilities received in advance increased in the period
Item	Jan.-March of 2017	Jan.-March of 2016	Y-o-y changes	Reasons of changes
Operating income	191,829,256.72	137,699,187.33	39.31%	Industrial production sales increased from a year eariler
Operating cost	172,648,617.84	117,411,777.37	47.05%	Cost increased due to the growth in saels
Sales expenses	3,335,114.13	2,441,634.16	36.59%	Sales increased over that of last period
Financial expenses	2,759,446.38	2,052,788.71	34.42%	Loans increased over that of last period
Assets impairment loss	-93,425.39	-		Part of the account receivable which with bad debts accrual are colelcted in the period
Non-operation expenditure	17,385.19	58,974.00	-70.52%	There was a reparations and losses of fixed assets dipsoal occurred last period
Income tax expense	187,571.79	135,870.76	38.05%	Impairment loss are switch back and recognized as deferred income tax expenses
Item	Jan.-March of 2017	Jan.-March of 2016	Y-o-y changes	Reasons of changes
Cash received from selling commodities and providing labor services	117,280,399.55	47,762,468.58	145.55%	More sales in the Period
Cash received with other operation activity concerned	1,310,630.85	631,813.14	107.44%	Intercourse funds received in the Period increased over that of last period

Cash paid for purchasing goods and receiving labor service	103,498,045.42	50,194,862.75	106.19%	Sales increased over that of last period
Taxes paid	4,088,728.88	2,777,022.61	47.23%	VAT and enterprise income tax paid in the Peiroad are increased over that of last period
Cash \paid with other operation activity concerned	11,604,282.96	25,982,892.36	-55.34%	The intercourse funds paid are decreased over that of last period
Net cash received from disposal of fixed, intangible and other long-term assets	55,901.58	109,460.00	-48.93%	The monery from disposal of fixed assets declined
Cash received from loans	41,987,422.93	17,000,000.00	146.98%	Loans increased in the period
Cash paid for settling debts	41,098,717.81	577,300,388.73	-92.88%	Long-term loans are paid in lasat period
Cash paid for liquidating dividend, profit or interest payment	2,261,986.58	3,320,680.94	-31.88%	Interest of long-term loans are paid in last period

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”).

On 12 September 2016, the Company received a “Notice of Arbitration No.: SHEN DP20160334” from SCIA, Wuhan Zhongheng Group and the Company as well as Shenzhen Vanke are applied for arbitration in respect of “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”. The arbitra court hold hearings on 12 November 2016. Progress of the case found more in “Notice of Lawsuit and Arbitration” and “Progress of Lawsuit and Arbitration ” released on juchao website (www.cninfo.com.cn) dated 14 September 2016, 1 November 2016, 16 November 2016 and 24 March 2017 respectively.

(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, it shall submit for approval and implement after verify by CSRC

(III) Our controlling shareholder Wuhan Zhongheng Group holds 116,489,894 shares of the Company, accounting for 41.14% of total share capital. As for involving the arbitration case of “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, the above shares were judicially sealed on 27 September 2016 for creditor’s application for property preservation. Details are set out in the announcement published at Juchao information website (www.cninfo.com.cn) on 27 October 2017.

(IV) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. Wuhan Zhongheng Group deferred the repurchase business day to 30 June 2017. on 1 Feb. 2016, Wuhan Zhongheng Group pladge the 27,349,953 shares held to China Merchants Securities Assets Co., Ltd. with

due date of 31 December 2016. and also deferring the repurchase business, same as the pledge release. Found more in notice released on Juchao Website (www.cninfo.com.cn) date 17 Jan. 2019.

(V) The company received the notice about registering and investigating from China Securities Regulatory Commission on January 18, 2016, who decided to register and investigate the company on suspicion of illegal information disclosure. On September 18, 2016, the company received the "Prior Notice of Administrative Penalty" ([2016] No.6) from Shenzhen Regulatory Bureau of China Securities Regulatory Commission. On December 22, 2016, the company received the "Written Decision of Administrative Penalty" ([2016] No. 7) from Shenzhen Regulatory Bureau of China Securities Regulatory Commission. See details on the "Notice on Receiving Written Decision of Administrative Penalty from CSRC" the company published at www.cninfo.com.cn on December 23, 2016. On January 5, 2017, the company received the "Notice on Giving Public Censure and Punishment to Shenzhen Zhongheng Hwafa Co., Ltd. and the Relevant Parties" from the Shenzhen Stock Exchange, see details on the notice published at www.cninfo.com.cn on January 6, 2017.

(VI) On March 21, 2014, Huafa Property and Shenzhen Jifang Investment Co., Ltd. (hereinafter referred to as "Jifang Investment") signed the "Shenzhen Housing Leasing Contract" and the "Supplemental Agreement on Leasing Contract", which were canceled on February 5, 2016. As Jifang Investment occupied the site, and defaulted rent, management fee and water and electricity bills in the long term, in order to safeguard the legitimate rights and interests, Huafa Property submitted a request for arbitration to Shenzhen Arbitration Commission on March 8, 2016, and received the(2016) SZCZ No. 346 ruling paper from Shenzhen Arbitration Commission in November 2016 which ruled Huafa Property won the lawsuit and currently has entered the enforcement procedures. See details on the notice published at www.cninfo.com.cn by the company on November 8, 2016.

Summary of important issues	Disclosure date	Interim report disclosure index
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III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

Applicable Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

IV. Predict of the business performance from January to June 2017

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
Jan.1,2017- Mar.31, 2017	Telephone communication	Individual	N/A

VIII. 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

2017-03-31

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	53,884,127.38	93,332,709.81
Settlement provisions		
Capital lent		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	51,766,054.74	52,663,100.89
Accounts receivable	191,400,138.81	139,808,058.20
Accounts paid in advance	18,238,719.30	13,075,721.93
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	13,879,679.99	3,934,376.89
Purchase restituted finance asset		
Inventories	36,705,727.01	46,902,384.80
Divided into assets held for sale		
Non-current asset due within one year	6,966.48	12,191.49
Other current assets		
Total current assets	365,881,413.71	349,728,544.01
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	53,711,255.43	54,145,225.02
Fixed assets	80,659,967.77	81,544,707.02
Construction in progress	654,356.00	654,356.00
Engineering material		
Disposal of fixed asset	92,857,471.69	92,857,471.69
Productive biological asset		
Oil and gas asset		
Intangible assets	44,504,522.09	44,878,095.77
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	179,166.58	191,666.59
Deferred income tax asset	8,452,119.95	8,475,476.30
Other non-current asset		
Total non-current asset	281,018,859.51	282,746,998.39
Total assets	646,900,273.22	632,475,542.40
Current liabilities:		
Short-term loans	182,023,429.45	181,210,467.81
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	18,743,272.33	16,714,584.01
Accounts payable	79,144,637.37	73,714,424.77
Accounts received in advance	413,260.84	48,846.60
Selling financial asset of repurchase		
Commission charge and		

commission payable		
Wage payable	3,314,559.18	4,542,531.22
Taxes payable	19,409,276.16	16,768,030.70
Interest payable	123,641.69	123,641.69
Dividend payable		
Other accounts payable	21,004,042.39	17,050,035.16
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	324,176,119.41	310,172,561.96
Non-current liabilities:		
Long-term loans		
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	2,604,411.81
Total liabilities	326,780,531.22	312,776,973.77
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	146,587,271.50
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	-187,020,349.75	-187,441,523.12
Total owner's equity attributable to parent company	320,119,742.00	319,698,568.63
Minority interests		
Total owner's equity	320,119,742.00	319,698,568.63
Total liabilities and owner's equity	646,900,273.22	632,475,542.40

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	13,178,136.00	10,375,152.87
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable		
Accounts receivable		
Account paid in advance	2,500,000.00	2,500,000.00
Interest receivable		
Dividends receivable		
Other receivables	112,536,011.65	114,067,051.57
Inventories	14,806.50	14,806.50
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets		
Total current assets	128,228,954.15	126,957,010.94

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	28,492,815.85	28,796,525.38
Fixed assets	6,260,436.42	6,491,983.71
Construction in progress	654,356.00	654,356.00
Project materials		
Disposal of fixed assets	92,857,471.69	92,857,471.69
Productive biological assets		
Oil and natural gas assets		
Intangible assets	4,952,309.97	4,988,546.40
Research and development costs		
Goodwill		
Long-term deferred expenses	179,166.58	191,666.59
Deferred income tax assets	9,194,186.97	9,217,543.32
Other non-current assets		
Total non-current assets	329,199,643.48	329,806,993.09
Total assets	457,428,597.63	456,764,004.03
Current liabilities:		
Short-term borrowings	120,000,000.00	120,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Accounts payable	10,745,840.16	10,745,840.16
Accounts received in advance	312,671.00	44,162.00
Wage payable	875,025.18	857,735.20
Taxes payable	10,278,059.30	10,094,737.11
Interest payable		
Dividend payable		
Other accounts payable	13,454,661.09	13,383,939.40

Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	155,666,256.73	155,126,413.87
Non-current liabilities:		
Long-term loans		
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	2,604,411.81
Total liabilities	158,270,668.54	157,730,825.68
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	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-207,982,162.66	-208,106,913.40
Total owner's equity	299,157,929.09	299,033,178.35
Total liabilities and owner's equity	457,428,597.63	456,764,004.03

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	191,829,256.72	137,699,187.33
Including: Operating income	191,829,256.72	137,699,187.33
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	191,831,362.18	137,536,986.38
Including: Operating cost	172,648,617.84	117,411,777.37
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	1,491,954.21	1,694,769.37
Sales expenses	3,335,114.13	2,441,634.16
Administration expenses	11,689,655.01	13,936,016.77
Financial expenses	2,759,446.38	2,052,788.71
Losses of devaluation of asset	-93,425.39	
Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-2,105.46	162,200.95

Add: Non-operating income	628,235.81	502,579.50
Including: Disposal gains of non-current asset	271.73	
Less: Non-operating expense	17,385.19	58,974.00
Including: Disposal loss of non-current asset	17,385.19	18,924.00
IV. Total Profit (Loss is listed with “-”)	608,745.16	605,806.45
Less: Income tax expense	187,571.79	135,870.76
V. Net profit (Net loss is listed with “-”)	421,173.37	469,935.69
Net profit attributable to owner’s of parent company	421,173.37	469,935.69
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	421,173.37	469,935.69
Total comprehensive income attributable to owners of parent Company	421,173.37	469,935.69
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0015	0.0017
(ii) Diluted earnings per share	0.0015	0.0017

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	8,977,861.54	10,946,185.45
Less: Operating cost	921,292.12	1,265,151.89
Operating tax and extras	664,530.25	738,293.47
Sales expenses		
Administration expenses	5,698,725.53	8,085,384.78
Financial expenses	1,638,096.80	3,589,476.97
Losses of devaluation of asset	-93,425.39	
Add: Changing income of fair		

value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated company and joint venture		
II. Operating profit (Loss is listed with “-”)	148,642.23	-2,732,121.66
Add: Non-operating income	48,833.89	19,557.00
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 “-”)	197,476.12	-2,731,488.66
Less: Income tax expense	72,725.38	-682,872.17
IV. Net profit (Net loss is listed with “-”)	124,750.74	-2,048,616.49
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	124,750.74	-2,048,616.49
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	117,280,399.55	47,762,468.58
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	1,310,630.85	631,813.14
Subtotal of cash inflow arising from operating activities	118,591,030.40	48,394,281.72
Cash paid for purchasing commodities and receiving labor service	103,498,045.42	50,194,862.75
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	17,901,932.73	15,447,946.75
Taxes paid	4,088,728.88	2,777,022.61
Other cash paid concerning operating activities	11,604,282.96	25,982,892.36
Subtotal of cash outflow arising from operating activities	137,092,989.99	94,402,724.47
Net cash flows arising from operating activities	-18,501,959.59	-46,008,442.75
II. Cash flows arising from investing activities:		
Cash received from recovering investment		

Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	55,901.58	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	55,901.58	109,460.00
Cash paid for purchasing fixed, intangible and other long-term assets	2,406,232.31	2,554,737.50
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	2,406,232.31	2,554,737.50
Net cash flows arising from investing activities	-2,350,330.73	-2,445,277.50
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	41,987,422.93	17,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	41,987,422.93	17,000,000.00
Cash paid for settling debts	41,098,717.81	577,300,388.73
Cash paid for dividend and profit	2,261,986.58	3,320,680.94

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	43,360,704.39	580,621,069.67
Net cash flows arising from financing activities	-1,373,281.46	-563,621,069.67
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-184,437.86	-196,770.26
V. Net increase of cash and cash equivalents	-22,410,009.64	-612,271,560.18
Add: Balance of cash and cash equivalents at the period -begin	104,015,312.97	632,846,956.16
VI. Balance of cash and cash equivalents at the period -end	81,605,303.33	20,575,395.98

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	5,288,856.39	5,242,418.00
Write-back of tax received		
Other cash received concerning operating activities	20,545,629.33	1,935,226.06
Subtotal of cash inflow arising from operating activities	25,834,485.72	7,177,644.06
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	1,584,455.10	1,321,805.03
Taxes paid	904,864.06	1,290,383.14

Other cash paid concerning operating activities	17,530,909.03	18,580,217.12
Subtotal of cash outflow arising from operating activities	20,020,228.19	21,192,405.29
Net cash flows arising from operating activities	5,814,257.53	-14,014,761.23
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
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
Cash paid for purchasing fixed, intangible and other long-term assets	1,367,692.31	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	1,367,692.31	1,934,802.00
Net cash flows arising from investing activities	-1,367,692.31	-1,934,226.00
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
Cash paid for dividend and profit distributing or interest paying	1,643,625.00	2,633,311.98
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	1,643,625.00	504,533,311.98
Net cash flows arising from financing activities	-1,643,625.00	-504,533,311.98
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	42.91	90.95
V. Net increase of cash and cash equivalents	2,802,983.13	-520,482,208.26
Add: Balance of cash and cash equivalents at the period -begin	10,375,152.87	524,937,734.32
VI. Balance of cash and cash equivalents at the period -end	13,178,136.00	4,455,526.06

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.