



# **Changchai Company, Limited**

## **The Report for the First Quarter of 2017**

**April 2017**

## **Section I Important Statements**

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Changchai Company, Limited (hereinafter referred to as “the Company”) warrant that the information carried in 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 have attended the board session for reviewing this report.

Shi Xinkun, company principal, Zhang Xin, chief of the accounting work, and Jiang He, chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed 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 Financial Results and Changes in Shareholders

### I 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

	January-March 2017	January-March 2016	+/-%
Operating revenues (RMB)	723,164,530.66	654,517,225.08	10.49%
Net profit attributable to shareholders of the Company (RMB)	34,991,536.70	24,282,056.99	44.10%
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	14,440,682.83	24,946,954.15	-42.11%
Net operating cash flow (RMB)	-52,599,067.83	-5,947,696.22	—
Basic earnings per share (RMB/share)	0.06	0.04	50.00%
Diluted earnings per share (RMB/share)	0.06	0.04	50.00%
Weighted average return on equity (%)	1.48%	1.22%	0.26%
	31 March 2017	31 December 2016	+/-%
Total assets (RMB)	3,924,083,844.86	3,724,857,266.71	5.35%
Net assets attributable to shareholders of the Company (RMB)	2,392,797,929.62	2,323,712,892.92	2.97%

Exceptional profit and loss

Applicable  Inapplicable

Unit: RMB

Item	January-March 2017	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	621,715.50	
Government subsidies charged to the profit/loss for this 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)	334,893.41	
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	22,756,742.66	The equity ownership transfer on the Company's acquisition of Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. (Changchai Robin) was completed in 20 January

		2017, since when Changchai Robin has been included into the consolidation scope of the Company. For the transaction price of the said equity acquisition was lower than the evaluated price, the said deal generated an income of RMB22,756,742.66.
Profit/loss on fair value changes of transactional financial assets and liabilities & investment income from disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to routine operations of the Company	107,098.26	
Non-operating income and expense other than the above	-3,609,136.60	
Less: Corporate income tax effects	-318,449.38	
Minority interests effects (after tax)	-21,091.26	
Total	20,550,853.87	--

Explain the reasons if the Company classifies 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 classifies any exceptional profit/loss item mentioned in the said explanatory announcement as recurrent profit/loss

Applicable  Not applicable

No such cases in the Reporting Period.

## 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	50,464	Total number of preference shareholders with resumed voting rights at the period-end	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
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	On behalf of the government	30.43%	170,845,236			
Bosera Value Growth Fund	Other	2.51%	14,100,000			

China Construction Bank-Bosera Value Growth No. 2 Fund	Other	0.96%	5,400,000			
KGI Asia Limited	Foreign corporation	0.59%	3,294,845			
Beijing Shen Zhou Mu Investment Fund Management Ltd.—Hongyan Shen Zhou Mu Fund	Other	0.48%	2,710,495			
Guo Dong Ze Quan Investment Management Co., Ltd.—Ze Quan Wealth Manager Securities Investment Fund No. 2	Other	0.36%	2,006,800			
Zhong Ou Asset Management-Bank of China-Ping An Life Insurance-Zhong Ou Asset Management - Ping An Life Insurance Entrusted Investment No. 1 Asset Management Plan	Other	0.34%	1,899,930			
Vanguard Total International Stock Index Fund	Foreign corporation	0.29%	1,626,592			
Tibet Shen Zhou Mu Fund Management Co., Ltd.—Tianlu Securities Investment Private Fund No. 1	Other	0.29%	1,613,081			
Huang Guoliang	Domestic individual	0.27%	1,528,891			
Shareholdings of top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held	Variety of shares				
		Variety	Number			
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	170,845,236	RMB ordinary shares	170,845,236			
Bosera Value Growth Fund	14,100,000	RMB ordinary shares	14,100,000			
China Construction Bank-Bosera Value Growth No. 2 Fund	5,400,000	RMB ordinary shares	5,400,000			
KGI Asia Limited	3,294,845	Domestically listed foreign shares	3,294,845			
Beijing Shen Zhou Mu Investment Fund Management Ltd.—Hongyan Shen Zhou Mu Fund	2,710,495	RMB ordinary shares	2,710,495			
Guo Dong Ze Quan Investment Management Co., Ltd.—Ze Quan Wealth	2,006,800	RMB ordinary shares	2,006,800			

Manager Securities Investment Fund No. 2			
Zhong Ou Asset Management-Bank of China-Ping An Life Insurance- Zhong Ou Asset Management - Ping An Life Insurance Entrusted Investment No. 1 Asset Management Plan	1,899,930	RMB ordinary shares	1,899,930
Vanguard Total International Stock Index Fund	1,626,592	Domestically listed foreign shares	1,626,592
Tibet Shen Zhou Mu Fund Management Co., Ltd.—Tianlu Securities Investment Private Fund No. 1	1,613,081	RMB ordinary shares	1,613,081
Huang Guoliang	1,528,891	Domestically listed foreign shares	1,528,891
Related or acting-in-concert parties among the above shareholders	It is unknown whether there was any associated relationship among the top ten tradable shareholders and among the top ten shareholders not subject to trading moratorium, or whether they are persons acting in concert as described by Measures for the Administrative of Disclosure of Shareholder Equity Changes.		
Top ten common shareholders conducting securities margin trading	Shareholder Beijing Shen Zhou Mu Investment Fund Management Ltd.—Hongyan Shen Zhou Mu Fund held a total of 968,100 shares in the Company, representing a stake of 0.17%, through the client account of collateral securities for margin trading of Southwest Securities Co., Ltd.		

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

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

1. Accounts receivable increased by RMB306,206,478.47 (85.23%) from the opening amount mainly because the Company properly allowed customers' buying on credit according to its production and operation characteristics in the first quarter to expand its market space, and the percentage of multi-cylinder engines in the total sales increased (longer payment days for these customers for they mostly procure multi-cylinder engines as a component).
2. Other accounts receivable increased by RMB16,648,375.49 (399.66%) from the opening amount mainly because of the temporary lendings from subsidiary Housheng Investment to Xuzhou East China Casting General Factory, etc.
3. Long-term equity investments decreased by RMB21,006,230.03 (100%) from the opening amount mainly because wholly-owned subsidiary Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. (Changchai Robin) were included in the consolidation scope for the Reporting Period, while it was measured as a long-term equity investment in a joint stock company in the same period of last year.
4. Construction in progress decreased by RMB34,954,074.17 (38.93%) from the opening amount mainly because the multi-cylinder engine improvement project phase II partly became fixed assets.
5. Notes payable increased by RMB94,940,000.00 (34.39%) from the opening amount mainly because notes were adopted more often in the settlement with suppliers.
6. Payroll payable decreased by RMB25,813,507.52 (44.09%) from the opening amount mainly because some of the salary and bonus provisions made last year were paid in the Reporting Period.
7. Taxes and surtaxes increased by RMB2,290,705.23 (1550.36%) from the same period of last year mainly because of the taxes and surtaxes of the newly consolidated Changchai Robin.
8. Asset impairment loss decreased by RMB7,152,145.26 (100%) from the same period of last year mainly because provisions were made for the impairment of accounts receivable for in the same period of last year while there were no such cases in the Reporting Period.
9. Investment income increased by RMB1,269,812.54 (134.34%) from the same period of last year mainly because in the consolidation of Changchai Robin, the equity investment was re-measured as per its fair value on the acquisition day and the difference between its fair value and book value was charged to the current investment income.
10. Non-operating revenues increased by RMB20,660,013.67 (2098.62%) from the same period of last year mainly because the Company acquired the equity interests of Changchai Robin at a discount and the income from

the consolidation was charged to the current non-operating revenues.

11. Non-operating expense increased by RMB1,515,240.19 (71.04%) from the same period of last year mainly because of the loss on disposal of bad inventories.

12. Corporate income tax decreased by RMB2,368,517.96 (47.86%) from the same period of last year mainly because of the decreased profit of the Company as a parent company.

13. Net profit attributable to the owners of the Company as a parent company increased by RMB10,709,479.71 (44.10%) from the same period of last year mainly because the Company acquired the equity interests of Changchai Robin at a price lower than the evaluated price and the income thus generated was charged to the current profit/loss.

14. Net cash flows from operating activities decreased by RMB46,651,371.61 from the same period of last year mainly because of the increased accounts receivable.

15. Net cash received from disposal of fixed assets, intangible assets and other long-term assets increased by RMB436,223.44 (2011.17%) from the same period of last year mainly because subsidiary Chuangzhou Changchai Benniu Diesel Engine Fittings Co., Ltd. received cash for disposal of some fixed assets.

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

√ Applicable   □ Not applicable

The Company held the interim meeting of board of directors on 26 Aug. 2016. The meeting reviewed and approved the Proposal about Receiving 67% of Stock Rights of Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. Held by Fuji Heavy Industries Ltd.. After merger is completed, the Company will hold 100% of stock rights of Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. and Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. will be transferred to domestic enterprise from Sino-Foreign joint venture. Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. completed the industrial and commercial registration of alteration related to stock rights transfer and got Business License changed by Market Supervision Commission of Changzhou National High-Tech Industrial Development Area (New North Area) on 20 Jan. 2017. The registered capital is RMB 37,250,000, scope of business comprises small general gasoline engine and concerned equipment (including agricultural machinery, engineering machinery, water pump unit and small generator unit); production, processing, research, development, sales, technical consultation of relevant components and spare parts. Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. will be added into the scope of consolidated statements of the Company since 20 January 2017. For the transaction price was lower than the evaluated price, an income of RMB22,756,742.66 was generated in this transaction, which was respectively charged to the current investment income and non-operating revenues.

Summary of significant event	Disclosure date	Related announcement No.
Acquisition of a 67% stake of Changzhou Fuji Changchai Robin Gasoline Engine Co., Ltd. held by the Japan-based Fuji Heavy Industries Ltd.	08/30/2016	2016-016
Equity ownership transfer completed for the acquisition of a 67% stake of Changzhou Fuji	01/24/2017	2017-001



Changchai Robin Gasoline Engine Co., Ltd. held by the Japan-based Fuji Heavy Industries Ltd.		
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### III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

Applicable  Not applicable

### IV Operating result forecast for January-June 2017

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-beginning to the end of the next reporting period according to prediction, as well as explanations on the reasons:

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

No such cases in the Reporting Period.

### 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
6 Jan.2017	Other	Individual	List of the progress of the state-owned enterprise reform of the Company
7 Jan.2017	Other	Individual	Future development strategies of the Company
17 Jan.2017	Other	Individual	Operation of the Company
28 Feb.2017	Other	Individual	Operation of the Company
30 Mar.2017	Other	Individual	List of the Company's future plan

### VIII Illegal provision of guarantees for external parties

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

No such cases in the Reporting Period.

## Section IV Financial Statements

### I Financial statements

#### 1. Consolidated balance sheet

Prepared by Changchai Company, Limited

31 March 2017

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	590,065,733.85	670,703,802.02
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	394,312,939.65	501,070,279.01
Accounts receivable	665,486,300.16	359,279,821.69
Accounts paid in advance	18,405,967.79	15,483,475.43
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividends receivable		
Other accounts receivable	20,814,050.11	4,165,674.62
Financial assets purchased under agreement to resell		
Inventories	520,327,724.26	494,046,458.44
Assets held for sale		
Non-current assets due within one year		
Other current assets	27,661,939.04	39,669,983.12
Total current assets	2,237,074,654.86	2,084,419,494.33
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	860,182,500.00	820,072,500.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		21,006,230.03
Investment property	54,520,604.03	55,072,689.23
Fixed assets	606,228,014.67	553,678,938.87
Construction in progress	54,826,973.04	89,781,047.21
Engineering materials		
Disposal of fixed assets		

Productive living assets		
Oil-gas assets		
Intangible assets	110,339,868.84	99,915,137.62
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	911,229.42	911,229.42
Other non-current assets		
Total non-current assets	1,687,009,190.00	1,640,437,772.38
Total assets	3,924,083,844.86	3,724,857,266.71
Current liabilities:		
Short-term borrowings	10,000,000.00	10,000,000.00
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	371,030,000.00	276,090,000.00
Accounts payable	647,761,541.78	605,424,726.65
Accounts received in advance	38,941,932.90	40,890,620.69
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	32,736,401.38	58,549,908.90
Taxes and fares payable	8,564,501.78	9,622,332.76
Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Other accounts payable	216,998,277.10	204,446,810.56
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	3,708,282.30	2,454,381.75
Total current liabilities	1,333,632,371.07	1,211,370,215.14
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		

Long-term accounts payable		
Long-term payroll payable		
Special payables		
Estimated liabilities		
Deferred income	60,791,138.67	61,057,232.08
Deferred income tax liabilities	117,820,645.60	109,949,700.00
Other non-current liabilities		
Total non-current liabilities	178,611,784.27	171,006,932.08
Total liabilities	1,512,244,155.34	1,382,377,147.22
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	164,328,665.43	164,328,665.43
Less: Treasury stock		
Other composite income	657,141,800.00	623,048,300.00
Special reserves	11,715,417.22	11,715,417.22
Surplus reserves	311,880,248.88	311,880,248.88
Provisions for general risks		
Retained profit	686,357,472.09	651,365,935.39
Total equity attributable to owners of the Company	2,392,797,929.62	2,323,712,892.92
Minority interests	19,041,759.90	18,767,226.57
Total owners' equity	2,411,839,689.52	2,342,480,119.49
Total liabilities and owners' equity	3,924,083,844.86	3,724,857,266.71

Legal representative: Shi Xinkun

Chief of the accounting work: Zhang Xin

Chief of the accounting organ: Jiang He

**2. Balance sheet of the Company**

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	554,544,004.51	637,109,762.94
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	392,372,939.65	500,870,279.01
Accounts receivable	600,251,531.05	308,800,670.90
Accounts paid in advance	10,226,238.06	9,845,904.32
Interest receivable		
Dividend receivable		
Other accounts receivable	7,141,085.92	3,694,673.93
Inventories	410,610,394.30	430,345,089.36
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	9,039,729.92	24,225,031.87
Total current assets	1,984,185,923.41	1,914,891,412.33
Non-current assets:		
Available-for-sale financial assets	852,982,500.00	812,872,500.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	231,752,730.03	205,472,730.03
Investing real estate	54,520,604.03	55,072,689.23
Fixed assets	494,028,360.73	450,042,747.40
Construction in progress	54,826,973.04	89,781,047.21
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	77,403,750.77	78,558,644.37
R&D expense		
Goodwill		
Long-term deferred expenses		

Deferred income tax assets	911,229.42	911,229.42
Other non-current assets		
Total of non-current assets	1,766,426,148.02	1,692,711,587.66
Total assets	3,750,612,071.43	3,607,602,999.99
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	344,060,000.00	251,220,000.00
Accounts payable	615,132,779.98	596,734,009.07
Accounts received in advance	36,662,521.72	37,250,941.51
Payroll payable	27,958,477.04	52,498,428.10
Tax payable	5,268,179.99	6,587,374.37
Interest payable		
Dividend payable	3,243,179.97	3,243,179.97
Other accounts payable	203,246,895.81	194,596,980.96
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,235,572,034.51	1,142,130,913.98
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	60,791,138.67	61,057,232.08
Deferred income tax liabilities	115,966,200.00	109,949,700.00
Other non-current liabilities		
Total non-current liabilities	176,757,338.67	171,006,932.08
Total liabilities	1,412,329,373.18	1,313,137,846.06

Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	183,071,147.70	183,071,147.70
Less: Treasury stock		
Other comprehensive income	657,141,800.00	623,048,300.00
Specific reserves	11,715,417.22	11,715,417.22
Surplus reserves	311,880,248.88	311,880,248.88
Retained profits	613,099,758.45	603,375,714.13
Total owners' equity	2,338,282,698.25	2,294,465,153.93
Total liabilities and owners' equity	3,750,612,071.43	3,607,602,999.99

## 3. Consolidated income statement

Unit: RMB

Item	January-March 2017	January-March 2016
I. Operating revenues	723,164,530.66	654,517,225.08
Including: Sales income	723,164,530.66	654,517,225.08
Interest income		
Premium income		
Handling charge and commission income		
II. Operating costs	705,529,406.81	624,697,612.11
Including: Cost of sales	638,873,185.41	558,899,175.07
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	2,438,458.01	147,752.78
Selling and distribution expenses	26,191,359.28	25,269,299.51
Administrative expenses	39,069,823.45	34,596,836.45
Financial expenses	-1,043,419.34	-1,367,596.96
Asset impairment loss		7,152,145.26
Add: Gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)	2,215,049.22	945,236.68
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	19,850,173.07	30,764,849.65
Add: non-operating income	21,644,468.76	984,455.09
Including: Gains on disposal of non-current assets		
Less: non-operating expense	3,648,204.75	2,132,964.56
Including: Losses on disposal of non-current assets		
IV. Total profit (“-” means loss)	37,846,437.08	29,616,340.18



Less: Income tax expense	2,580,367.05	4,948,885.01
V. Net profit (“-” means loss)	35,266,070.03	24,667,455.17
Net profit attributable to owners of the Company	34,991,536.70	24,282,056.99
Minority shareholders’ income	274,533.33	385,398.18
VI. After-tax net amount of other comprehensive incomes	34,093,500.00	-64,322,000.00
After-tax net amount of other comprehensive incomes attributable to owners of the Company	34,093,500.00	-64,322,000.00
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses	34,093,500.00	-64,322,000.00
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets	34,093,500.00	-64,322,000.00
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	69,359,570.03	-39,654,544.83
Attributable to owners of the Company	69,085,036.70	-40,039,943.01
Attributable to minority shareholders	274,533.33	385,398.18
VIII. Earnings per share		
(I) Basic earnings per share	0.06	0.04
(II) Diluted earnings per share	0.06	0.04

Legal representative: Shi Xinkun

Chief of the accounting work: Zhang Xin

Chief of the accounting organ: Jiang He

## 4. Income statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
I. Total sales	671,067,381.57	640,749,505.25
Less: cost of sales	597,712,030.57	553,421,857.04
Business taxes and surcharges	1,852,624.69	
Distribution expenses	23,846,836.58	23,769,408.12
Administrative expenses	34,336,123.95	30,006,219.55
Financial costs	-1,346,027.09	-1,638,329.38
Impairment loss		7,152,145.26
Add: gain/(loss) from change in fair value (“-” means loss)		
Gain/(loss) from investment (“-” means loss)		509,513.02
Including: income from investment on associates and joint ventures	236,925.27	330,006.17
II. Business profit (“-” means loss)	14,665,792.87	28,547,717.68
Add: non-operating income	468,401.99	807,500.77
Including: Gains on disposal of non-current assets	6,445,439.34	
Less: non-operating expense	3,585,448.64	2,132,964.56
Including: Losses on disposal of non-current assets	179,739.42	
III. Total profit (“-” means loss)	11,548,746.22	27,222,253.89
Less: Income tax expense	1,824,701.90	4,771,744.93
IV. Net profit (“-” means loss)	9,724,044.32	22,450,508.96
V. After-tax net amount of other comprehensive incomes	269,528,625.00	-64,322,000.00
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses	269,528,625.00	-64,322,000.00
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of	269,528,625.00	-64,322,000.00

available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total comprehensive incomes	279,252,669.32	-41,871,491.04
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2017	January-March 2016
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	559,720,974.26	570,710,622.97
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of financial assets measured at fair value of which changes are recorded into current gains and losses		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	20,849,031.11	15,643,486.32
Other cash received relating to operating activities	3,910,470.17	3,992,946.72
Subtotal of cash inflows from operating activities	584,480,475.54	590,347,056.01
Cash paid for goods and services	499,393,990.54	464,404,385.99
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	98,279,534.01	100,039,282.31
Various taxes paid	13,750,299.06	11,273,422.74
Other cash payment relating to operating activities	25,655,719.76	20,577,661.19
Subtotal of cash outflows from operating activities	637,079,543.37	596,294,752.23
Net cash flows from operating activities	-52,599,067.83	-5,947,696.22

II. Cash flows from investing activities:		
Cash received from withdrawal of investments		10,000,000.00
Cash received from return on investments	107,098.26	534,897.17
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	457,913.44	21,690.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	565,011.70	10,556,587.17
Cash paid to acquire fixed assets, intangible assets and other long-term assets	32,207,669.61	25,322,380.08
Cash paid for investment	3,000,000.00	
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units	1,854,599.33	
Other cash payments relating to investing activities	13,000,000.00	11,000,000.00
Subtotal of cash outflows from investing activities	50,062,268.94	36,322,380.08
Net cash flows from investing activities	-49,497,257.24	-25,765,792.91
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		2,500,000.00
Cash paid for interest expenses and distribution of dividends or profit	81,250.00	222,291.66
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	4,497.87	
Sub-total of cash outflows from financing activities	85,747.87	2,722,291.66
Net cash flows from financing activities	-85,747.87	-2,722,291.66
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-102,182,072.94	-34,435,780.79

Add: Opening balance of cash and cash equivalents	583,278,129.09	526,716,238.21
VI. Closing balance of cash and cash equivalents	481,096,056.15	492,280,457.42

**6. Cash flow statement of the Company**

Unit: RMB

Item	January-March 2017	January-March 2016
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of commodities and rendering of service	535,658,165.47	543,059,255.40
Tax refunds received	17,491,266.11	15,643,486.32
Other cash received relating to operating activities	3,339,265.22	3,610,928.20
Subtotal of cash inflows from operating activities	556,488,696.80	562,313,669.92
Cash paid for goods and services	491,217,873.52	460,862,240.63
Cash paid to and for employees	86,413,231.91	90,442,815.25
Various taxes paid	10,628,148.30	8,725,658.60
Other cash payment relating to operating activities	21,879,334.47	18,518,292.09
Subtotal of cash outflows from operating activities	610,138,588.20	578,549,006.57
Net cash flows from operating activities	-53,649,891.40	-16,235,336.65
<b>II. Cash flows from investing activities:</b>		
Cash received from retraction of investments		10,000,000.00
Cash received from return on investments		179,506.85
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	62,913.44	21,690.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	62,913.44	10,201,196.85
Cash paid to acquire fixed assets, intangible assets and other long-term assets	28,498,615.58	24,129,780.08
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units	23,794,779.68	
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	52,293,395.26	24,129,780.08
Net cash flows from investing activities	-52,230,481.82	-13,928,583.23
<b>III. Cash Flows from Financing Activities:</b>		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		

Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities		
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-105,880,373.22	-30,163,919.88
Add: Opening balance of cash and cash equivalents	558,159,090.01	503,933,918.79
VI. Closing balance of cash and cash equivalents	452,278,716.79	473,769,998.91

## II Auditor's report

Is this Report audited?

Yes  No

This Report is not audited.