

Shenzhen Zhongheng Huafa Co., Ltd.
THE THIRD QUARTERLY REPORT FOR 2017

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

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

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

Section II Basic information of Company

I. Main accounting data and index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

	Current period-end	Period-end of last year	Increase/decrease	
Total assets (RMB)	688,145,685.76	632,475,542.40	8.80%	
Net assets attributable to shareholders of listed company (RMB)	320,046,958.08	319,698,568.63	0.11%	
	Current period	Increase/decrease in comparison with same period of last year	Year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	232,880,839.08	58.00%	672,360,983.25	47.15%
Net profit attributable to shareholders of the listed company (RMB)	-1,798,082.55	34.94%	348,389.45	-92.27%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-2,786,147.96	12.59%	-1,308,946.67	-143.71%
Net cash flow arising from operating activities (RMB)	--	--	-15,859,781.91	77.68%
Basic earnings per share (RMB/Share)	-0.0064	34.69%	0.0012	-92.45%
Diluted earnings per share (RMB/Share)	-0.0064	34.69%	0.0012	-92.45%
Weighted average ROE	0.56%	0.31%	0.11%	-1.33%

Items and amount of extraordinary profit (gains)/losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-31,321.94	

Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,433,689.68	
Other non-operating income and expenditure except for the aforementioned items	1,594,148.18	
Less: impact on income tax	1,339,179.80	
Total	1,657,336.12	--

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

Applicable Not applicable

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

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

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

In Share

Total common stock shareholders in reporting period-end		24,634	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0		
Top ten shareholders						
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Domestic non-state-owned legal person	41.14%	116,489,894	0	Pledged	116,489,894
					Frozen	116,489,894
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0
					Frozen	0
GOOD HOPE	Overseas legal	4.49%	12,700,000	0	Pledged	0

CORNER INVESTMENTS LTD	person				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 Hybrid Securities Investment Funds	Other	0.99%	2,794,139	0	Pledged	0
					Frozen	0
Xu Dongdong	Domestic nature person	0.60%	1,690,307	0	Pledged	0
					Frozen	0
China Construction Bank – Rongtong Leading Growth Hybrid Securities Investment Funds (LOF)	Other	0.54%	1,536,962	0	Pledged	0
					Frozen	0
Zhou Hongbing	Domestic nature person	0.43%	1,221,800	0	Pledged	0
					Frozen	0
Zhong Jiachao	Domestic nature person	0.39%	1,096,300	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas nature person	0.38%	1,072,802	0	Pledged	0
					Frozen	0
Particular about top ten shareholders with un-restrict shares held						
Shareholders	Amount of un-restrict shares held	Type of shares				
		Type	Amount			
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	116,489,894	RMB ordinary shares	116,489,894			
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560			

GOOD HOPE CORNER INVESTMENTS LTD	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 Hybrid Securities Investment Funds	2,794,139	RMB ordinary shares	2,794,139
Xu Dongdong	1,690,307	RMB ordinary shares	1,690,307
China Construction Bank – Rongtong Leading Growth Hybrid Securities Investment Funds (LOF)	1,536,962	RMB ordinary shares	1,536,962
Zhou Hongbing	1,221,800	RMB ordinary shares	1,221,800
Zhong Jiachao	1,096,300	RMB ordinary shares	1,096,300
LI SHERYN ZHAN MING	1,072,802	Domestically listed foreign shares	1,072,802
Explanation on associated relationship among the top ten shareholders or consistent action	Among the top ten shareholders, Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. neither bears associated relationship with other shareholders, nor belongs to the consistent actor that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. The Company neither knew whether there exists associated relationship among the other tradable shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		
Explanation on shareholders involving margin business about top ten common shareholders (if applicable)	Among top ten shareholders, Zhou Hongbin has 407,300 shares of the Company through credit account, takes 50.01% of the Company's shares; Zhong Jiachao has 201,500 shares of the Company through credit account, takes 22.52% of the Company's shares.		

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

Yes No

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

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

Applicable Not applicable

Section III. Important events

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

√Applicable □Not applicable

Item	2017-9-30	2017-1-1	Y-o-y changes	Reasons
Monetary Fund	59,390,689.52	93,332,709.81	-36.37%	Some of the revenue from property rental are not collected in the period
Account receivable	219,580,759.30	139,808,058.20	57.06%	Account receivable increased for the selling seasons
Advance payment	6,685,124.13	13,075,721.93	-48.87%	Account paid in advance for material declined in the period
Other receivable	21,689,507.31	3,934,376.89	451.28%	Some of the revenue from property rental are not collected in the period
Notes payable	8,599,035.50	16,714,584.01	-48.55%	Endorsement transfer of bill increased in the period
Accounts payable	140,358,768.62	73,714,424.77	90.41%	Account payable increased for the selling seasons
Account received in advance	761,213.86	48,846.60	1458.38%	Utilities received in advance increased in the period
Projected liabilities	244,208.55	2,604,411.81	-90.62%	Accrual liability from Shaanxi Linghua written back
Item	Jan. to Sept. 2017	Jan. to Sept. 2016	Y-o-y changes	Reasons
Business income	672,360,983.25	456,933,423.45	47.15%	Production order increased in the period
Business cost	611,011,951.57	397,033,133.61	53.89%	Production order increased in the period
Taxes and additional	3,327,635.76	2,543,023.16	30.85%	Production order increased in the period
Sales expenses	11,762,865.09	7,889,841.76	49.09%	Production order increased in the period
Financial expenses	9,191,587.68	4,602,555.08	99.71%	Change of exchange rate
Non operating income	3,056,162.72	2,088,618.21	46.32%	Accrual liability from Shaanxi Linghua written back
Operating profit	-1,512,995.78	4,021,429.91	-137.62%	Cost of H&R goes up, and equipment renewing, the export sales impact by exchange rate
Item	Jan. to Sept. 2017	Jan. to Sept. 2016	Y-o-y changes	Reasons
Cash received from selling goods or providing services	411,585,436.90	256,769,466.47	60.29%	Sales increased and collection increased
Cash received relating to other operating activities	12,669,697.70	7,503,048.25	68.86%	Intercourse funds between the companies
Cash paid for purchasing goods and labor service	330,088,093.97	230,473,778.87	43.22%	sales increased and purchasing of material increased

received				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	75,901.58	202,772.00	-62.57%	There was a collection from fixed assets disposal last period
Cash paid for debt payment	237,673,502.22	696,946,397.73	-65.90%	Long-term loans are paid in advance last period
Impact on cash or cash equivalent from change of foreign exchange	-858,969.48	-384,943.38	-123.14%	Exchange rate fluctuation

II. Progress of significant events, their influences, and analysis and explanation of their solutions

√Applicable □Not applicable

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

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

The 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, Shenzhen Vanke 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” against the Company and Wuhan Zhongheng Group. The arbitral court holds hearings on 12 November 2016 and 13 May 2017. Shenzhen International Court of Arbitration (South China International Economic and Trade Arbitration Commission) has made a rule in August 2017, progress of the case found more in the Notices released on Juchao website (www.cninfo.com.cn) dated 14 Sept. 2016, 1 Nov. 2016, 16 Nov. 2016, on 18 Feb. 2017, 24 March 2017, 25 April 2017, 1 July 2017 and on 18 August 2017 respectively.

(II) 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 31 December 2017. And on 1 Feb. 2016, Wuhan Zhongheng Group pledge 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. Ended as the period-end, the pledge did not remove. Found more in notice released on Juchao website (www.cninfo.com.cn) dated 5 July 2017

(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. Assets frozen from 27 September 2016 to 26 September 2018. Details are set out in the announcement published at Juchao information website (www.cninfo.com.cn) on 27 October 2017.

(IV) 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 Huafa 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.

(V) 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. See details on the notice published at www.cninfo.com.cn by the Company on November 8, 2016.

(VI) Mr. Li Yongping, the director and vice-president of the company, has applied for resigning the director, vice-president and the committee member of the special committee under the board of directors of the company due to the mandatory retirement age (60 years old), recommended by the company’s second largest shareholder, SEG (Hong Kong) Co., Ltd., the company’s first extraordinary general meeting of shareholders in 2017 considered and approved Mr. Zhang Guangliu to be the director of the company, and elected Mr. Zhang Guangliu as the vice-president of the company’s 9th Board of Directors by the 3rd extraordinary meeting of the board of directors of the company in 2017, see details on the relevant announcement the company issued at

www.cninfo.com.cn on July 19, 2017.

(VII) The company's planning for major assets restructuring

The company was planning for major asset reorganization which involved the sale of the stock right of the wholly-owned subsidiary - Wuhan Hengfa Technology Co., Ltd. and the small land and plant located at Wuhan plant under the name of the Company, due to the uncertainties in relevant matters, the company's stock was suspended since the opening on May 31, 2017 in order to maintain the investor interests and avoid significant impact on the company's share price. On June 22, 2017, the 4th meeting of the 9th session of the Board of Directors of the Company considered and approved the Proposal on the Consideration of Preplanning on Sale of Major Assets and the Summary and other proposals related to this transaction. On July 3, 2017, the company received the "Reorganization Inquiry Letter" (Non-permitted Reorganization Inquiry Letter No. [2017] 13, hereinafter referred to as "Inquiry Letter") issued by the Shenzhen Stock Exchange, requiring the company to submit the written document before July 6, 2017. The company immediately organized relevant parties and intermediaries to implement and reply the questions involved in the Inquiry Letter term by term. In view of the environment changes in current market, in the principle of prudence and after repeated demonstration, the Company, in face of the many un-defined issues, will further advance the major assets restructuring. After listen to all sides, and communicate with relevant parties carefully, after survey argument, the Company, decided to terminate this major assets restructuring works by guarantee interest of the whole shareholders of listed company. Stock of the Company resumed since 25 August 2017. Found more in relevant announcement released on Juchao Website (www.cninfo.com.cn) dated 25 August 2017.

(VIII) Changes in the ownership structure of controlling shareholders

Li Zhongqiu, the original shareholder of the controlling shareholder - Wuhan Zhongheng Group, transferred part of shares he held in Wuhan Zhongheng Group to Li Li, and Wuhan Henghui Investment and Consulting Co., Ltd. transferred all shares it held in Wuhan Zhongheng Group to Li Li, after the transfer, Li Zhongqiu held 51% equity stake of Wuhan Zhongheng Group, and Li Li held 49% equity stake of Wuhan Zhongheng Group, in the above natural person shareholders, Li Zhongqiu and Li Li have parent-child relationship and belong to concerted action person. See details on the relevant announcement the company issued at www.cninfo.com.cn on June 6, 2017.

III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

IV. Estimation of operation performance for year of 2017

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

Applicable Not applicable

V. Particular about security investment

Applicable Not applicable

The Company had no security investment in Period.

VI. Particulars about derivatives investment

Applicable Not applicable

The Company had no derivatives investment in Period.

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

Applicable Not applicable

Date	Method	Type of investors	Basic situation index of investigation
1 July to 30 September of 2017	Telephone communication	Individual	Knowing operation condition and assets status of the Company, as well as progress of urban renewal etc.

VII. Guarantee outside against the regulation

Applicable Not applicable

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

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

Applicable Not applicable

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

X. Fulfill the precise social responsibility for poverty alleviation**1. Summary of targeted poverty alleviation****2. Targeted poverty alleviation for 3Q****3. Follow-up targeted poverty alleviation scheme**

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD

2017-09-30

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	59,390,689.52	93,332,709.81
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable	52,255,339.52	52,663,100.89
Accounts receivable	219,580,759.30	139,808,058.20
Accounts paid in advance	6,685,124.13	13,075,721.93
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	21,689,507.31	3,934,376.89
Purchase restituted finance asset		
Inventories	54,065,927.05	46,902,384.80
Divided into assets held for sale		
Non-current asset due within one year		12,191.49
Other current assets		
Total current assets	413,667,346.83	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	52,843,534.89	54,145,225.02
Fixed assets	77,771,557.55	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	43,757,374.73	44,878,095.77
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	154,166.56	191,666.59
Deferred income tax asset	6,439,877.51	8,475,476.30
Other non-current asset		
Total non-current asset	274,478,338.93	282,746,998.39
Total assets	688,145,685.76	632,475,542.40
Current liabilities:		
Short-term loans	178,828,825.20	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	8,599,035.50	16,714,584.01
Accounts payable	140,358,768.62	73,714,424.77
Accounts received in advance	761,213.86	48,846.60
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	4,446,460.86	4,542,531.22

Taxes payable	12,420,394.70	16,768,030.70
Interest payable	105,764.16	123,641.69
Dividend payable		
Other accounts payable	22,334,056.23	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	367,854,519.13	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	244,208.55	2,604,411.81
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	244,208.55	2,604,411.81
Total liabilities	368,098,727.68	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	-187,093,133.67	-187,441,523.12
Total owner's equity attributable to parent company	320,046,958.08	319,698,568.63
Minority interests		
Total owner's equity	320,046,958.08	319,698,568.63
Total liabilities and owner's equity	688,145,685.76	632,475,542.40

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

2. Balance Sheet of Parent Company

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	5,233,554.06	10,375,152.87
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable		
Accounts receivable		
Account paid in advance		2,500,000.00
Interest receivable		
Dividends receivable		
Other receivables	119,362,455.59	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	124,610,816.15	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	27,885,615.43	28,796,525.38
Fixed assets	4,407,355.52	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	4,879,837.11	4,988,546.40
Research and development costs		
Goodwill		
Long-term deferred expenses	154,166.56	191,666.59
Deferred income tax assets	7,181,944.53	9,217,543.32
Other non-current assets		
Total non-current assets	324,629,646.84	329,806,993.09
Total assets	449,240,462.99	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	9,740,367.33	10,745,840.16
Accounts received in advance	710,478.00	44,162.00
Wage payable	902,367.94	857,735.20
Taxes payable	7,672,058.34	10,094,737.11
Interest payable		
Dividend payable		
Other accounts payable	11,177,162.12	13,383,939.40
Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		

Total current liabilities	150,202,433.73	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	244,208.55	2,604,411.81
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	244,208.55	2,604,411.81
Total liabilities	150,446,642.28	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	-208,346,271.04	-208,106,913.40
Total owner's equity	298,793,820.71	299,033,178.35
Total liabilities and owner's equity	449,240,462.99	456,764,004.03

3. Consolidated Profit Statement (the period)

In RMB

Item	Current Period	Last Period
I. Total operating income	232,880,839.08	147,394,897.89
Including: Operating income	232,880,839.08	147,394,897.89

Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	236,371,692.83	151,575,227.83
Including: Operating cost	212,098,026.49	132,744,735.37
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	1,009,748.31	386,654.00
Sales expenses	4,399,813.23	2,606,106.05
Administration expenses	14,587,407.58	13,547,556.46
Financial expenses	4,276,697.22	2,290,175.95
Losses of devaluation of asset		
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 “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	-3,490,853.75	-4,180,329.94
Add: Non-operating income	2,128,879.23	569,981.70
Including: Disposal gains of non-current asset	2,000.00	10.94
Less: Non-operating expense	24,724.25	4,645.46

Including: Disposal loss of non-current asset		2,641.30
IV. Total Profit (Loss is listed with “-”)	-1,386,698.77	-3,614,993.70
Less: Income tax expense	411,383.78	-851,406.04
V. Net profit (Net loss is listed with “-”)	-1,798,082.55	-2,763,587.66
Net profit attributable to owner’s of parent company	-1,798,082.55	-2,763,587.66
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	-1,798,082.55	-2,763,587.66
Total comprehensive income attributable to owners of parent Company	-1,798,082.55	-2,763,587.66
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0064	-0.0098
(ii) Diluted earnings per share	-0.0064	-0.0098

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

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

4. Profit Statement of Parent Company (the period)

In RMB

Item	Current Period	Last Period
I. Operating income	9,405,098.50	4,129,711.91
Less: Operating cost	2,147,630.38	1,190,205.13
Operating tax and extras	706,427.28	280,928.53
Sales expenses		
Administration expenses	6,986,976.11	7,102,730.11
Financial expenses	-2,384,380.36	2,189,275.72
Losses of devaluation of asset		
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		
Other income		
II. Operating profit (Loss is listed with “-”)	1,948,445.09	-6,633,427.58
Add: Non-operating income	1,358,376.15	315,130.00
Including: Disposal gains of non-current asset		
Less: Non-operating expense	-18,873.12	
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	3,325,694.36	-6,318,297.58
Less: Income tax expense	1,515,349.97	-1,579,574.39
IV. Net profit (Net loss is listed with “-”)	1,810,344.39	-4,738,723.19
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	1,810,344.39	-4,738,723.19
VII. Earnings per share:		
(i) Basic earnings per share	0.0064	-0.0167
(ii) Diluted earnings per share	0.0064	-0.0167

5. Consolidated Profit Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Total operating income	672,360,983.25	456,933,423.45
Including: Operating income	672,360,983.25	456,933,423.45
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	673,873,979.03	452,911,993.54
Including: Operating cost	611,011,951.57	397,033,133.61
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		

tax and extras	3,327,635.76	2,543,023.16
Sales expenses	11,762,865.09	7,889,841.76
Administration expenses	38,673,364.32	40,843,439.93
Financial expenses	9,191,587.68	4,602,555.08
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 “-”)		
Other income		
III. Operating profit (Loss is listed with “-”)	-1,512,995.78	4,021,429.91
Add: Non-operating income	3,056,162.72	2,088,618.21
Including: Disposal gains of non-current asset	3,549.73	116,007.01
Less: Non-operating expense	59,646.80	67,871.14
Including: Disposal loss of non-current asset	34,871.67	18,924.00
IV. Total Profit (Loss is listed with “-”)	1,483,520.14	6,042,176.98
Less: Income tax expense	1,135,130.69	1,532,808.42
V. Net profit (Net loss is listed with “-”)	348,389.45	4,509,368.56
Net profit attributable to owner’s of parent company	348,389.45	4,509,368.56
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	348,389.45	4,509,368.56
Total comprehensive income attributable to owners of parent Company	348,389.45	4,509,368.56
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0012	0.0159

(ii) Diluted earnings per share	0.0012	0.0159
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Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

6. Profit Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Operating income	30,455,412.15	25,180,025.56
Less: Operating cost	4,325,514.67	3,368,089.42
Operating tax and extras	1,804,380.12	1,378,881.37
Sales expenses		
Administration expenses	22,420,306.96	22,536,060.96
Financial expenses	2,836,883.54	7,410,539.62
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		
Other income		
II. Operating profit (Loss is listed with “-”)	-838,247.75	-9,513,545.81
Add: Non-operating income	1,399,915.15	356,669.00
Including: Disposal gains of non-current asset	3,278.00	
Less: Non-operating expense	50.88	18,924.00
Including: Disposal loss of non-current asset		18,924.00
III. Total Profit (Loss is listed with “-”)	561,616.52	-9,175,800.81
Less: Income tax expense	800,974.16	-2,293,950.20
IV. Net profit (Net loss is listed with “-”)	-239,357.64	-6,881,850.61
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	-239,357.64	-6,881,850.61
VII. Earnings per share:		
(i) Basic earnings per share	-0.0008	-0.0243
(ii) Diluted earnings per share	-0.0008	-0.0243

7. Consolidated Cash Flow Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	411,585,436.90	256,769,466.47
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	12,669,697.70	7,503,048.25
Subtotal of cash inflow arising from operating activities	424,255,134.60	264,272,514.72
Cash paid for purchasing commodities and receiving labor service	330,088,093.97	230,473,778.87
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	55,158,956.96	46,933,579.88
Taxes paid	13,659,531.39	18,097,957.58
Other cash paid concerning operating activities	41,208,334.19	39,836,581.63
Subtotal of cash outflow arising from operating activities	440,114,916.51	335,341,897.96
Net cash flows arising from operating activities	-15,859,781.91	-71,069,383.24
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	75,901.58	202,772.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	75,901.58	202,772.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,334,290.23	4,739,000.50
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	5,334,290.23	4,739,000.50

activities		
Net cash flows arising from investing activities	-5,258,388.65	-4,536,228.50
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	236,663,522.53	183,246,761.70
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	236,663,522.53	183,246,761.70
Cash paid for settling debts	237,673,502.22	696,946,397.73
Cash paid for dividend and profit distributing or interest paying	7,522,719.08	7,028,536.77
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		2,185,000.00
Subtotal of cash outflow from financing activities	245,196,221.30	706,159,934.50
Net cash flows arising from financing activities	-8,532,698.77	-522,913,172.80
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-858,969.48	-384,943.38
V. Net increase of cash and cash equivalents	-30,509,838.81	-598,903,727.92
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	73,505,474.16	33,943,228.24

8. Cash Flow Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	15,918,953.06	17,894,121.27
Write-back of tax received		
Other cash received concerning operating activities	42,613,349.94	54,707,013.66
Subtotal of cash inflow arising from operating activities	58,532,303.00	72,601,134.93
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	3,604,869.82	3,852,201.06
Taxes paid	3,658,227.60	11,130,687.76
Other cash paid concerning operating activities	49,583,197.56	96,793,074.16
Subtotal of cash outflow arising from operating activities	56,846,294.98	111,775,962.98
Net cash flows arising from operating activities	1,686,008.02	-39,174,828.05
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		576.00

activities		
Cash paid for purchasing fixed, intangible and other long-term assets	1,377,592.31	2,770,892.00
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	1,377,592.31	2,770,892.00
Net cash flows arising from investing activities	-1,377,592.31	-2,770,316.00
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	115,000,000.00	115,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	115,000,000.00	115,000,000.00
Cash paid for settling debts	115,000,000.00	569,400,000.00
Cash paid for dividend and profit distributing or interest paying	5,450,633.34	5,492,585.19
Other cash paid concerning financing activities		1,960,000.00
Subtotal of cash outflow from financing activities	120,450,633.34	576,852,585.19
Net cash flows arising from financing activities	-5,450,633.34	-461,852,585.19
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	618.82	90.95
V. Net increase of cash and cash equivalents	-5,141,598.81	-503,797,638.29
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	5,233,554.06	21,140,096.03
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II. Audit report

Whether the 3rd quarterly report has been audited or not

Yes No

The 3rd quarterly report of the Company has not been audited.