

Shenzhen Zhongheng Huafa Co., Ltd.

First Quarterly Report 2018

April 2018

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.

All Directors are attended the Board Meeting for Quarterly Report deliberation. 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

Yes No

	Current period	At the same period of last year	Changes of this period over same period of last year
Operating income (RMB)	171,620,013.62	191,829,256.72	-10.54%
Net profit attributable to shareholders of the listed company (RMB)	307,367.89	421,173.37	-27.02%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	5,469.74	-36,964.59	114.80%
Net cash flow arising from operating activities (RMB)	337,819.42	-18,501,959.59	101.83%
Basic earnings per share (RMB/Share)	0.0011	0.0015	-26.67%
Diluted earnings per share (RMB/Share)	0.0011	0.0015	-26.67%
Weighted average ROE	0.10%	0.13%	-0.03%
	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)	600,196,482.65	629,762,731.38	-4.69%
Net assets attributable to shareholder of listed company (RMB)	320,980,345.91	320,672,978.02	0.10%

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)	-266,354.57	
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)	450,000.00	
Other non-operating income and expenditure except for the	60,618.20	

aforementioned items		
Other gain/loss items satisfying the definition of nonrecurring gain/loss account	110,910.67	
Less: impact on income tax	53,276.15	
Total	301,898.15	--

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		28,974	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	116,489,894
					Frozen	116,489,894
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0
					Frozen	0
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.49%	12,700,000	0	Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co.,	Overseas legal person	1.89%	5,355,249	0	Pledged	0
					Frozen	0

Ltd.						
Zhong Jiachao	Domestic nature person		1,124,774	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas legal person		1,036,200	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person		956,600	0	Pledged	0
					Frozen	0
Han Yaming	Domestic nature person		864,200	0	Pledged	0
					Frozen	0
BINGHUA LIU	Overseas legal person		840,313	0	Pledged	0
					Frozen	0
Zhou Hongbing	Domestic nature person		800,000	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			
Zhong Jiachao	1,124,774	RMB common share	1,124,774			
LI SHERYN ZHAN MING	1,036,200	Domestically listed foreign shares	1,036,200			
Li Senzhuang	956,600	Domestically listed foreign shares	956,600			
Han Yaming	864,200	Domestically listed foreign shares	864,200			

BINGHUA LIU	840,313	Domestically listed foreign shares	840,313
Zhou Hongbing	800,000	RMB common share	800,000
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	2018-3-31	2017-1-1	Y-o-y changes	Reasons of changes
Account paid in advance	21,059,239.02	2,878,128.01	631.70%	Account paid in advance for material to Haier in the Period
Other receivables	8,687,027.96	4,335,729.72	100.36%	Rental from Jifang Investment are not collected in the period
Construction in process	1,172,756.00	654,356.00	79.22%	Fence construction in Gongming increased in the period
Accounts payable	57,200,204.76	84,004,870.73	-31.91%	Payable are written down by part of the payment paid in advance
Account received in advance	367,676.99	278,128.18	32.20%	Some of the account for goods are collected advance in the period
Employee salary payable	3,106,633.16	5,083,357.93	-38.89%	Year-end bonus are issued in the period
Interest payable	255,829.74	164,895.80	55.15%	Short-term loans increased in the period
Item	Jan.-March of 2018	Jan.-March of 2017	Y-o-y changes	Reasons of changes
Financial expenses	4,354,111.52	2,759,446.38	57.79%	Short-term loans increased in the period
Assets impairment loss	-	-93,425.39	100.00%	Bad debt of last period are collected
Income from investment	110,910.67	-		Income from bank financial products
Asset disposal income	-266,354.57	-17,113.46		Current fixed assets disposal losses.
Non-operating expenditure	1,381.80	271.73	408.52%	Current tax payment is overdue.
Item	Jan.-March of 2018	Jan.-March of 2017	Y-o-y changes	Reasons of changes
Taxes paid	7,128,845.32	4,088,728.88	74.35%	VAT paid in the period are increased at last period
Cash received from recovering investment	42,000,000.00	-		Bank financial products are redemption
Cash received from	110,910.67	-		Income from bank financial products

investment income				
Net cash received from disposal of fixed, intangible and other long-term assets	412,682.00	55,901.58	638.23%	Collection of the account from fixed assets disposal declined in the period
Cash paid for purchasing fixed, intangible and other long-term assets	3,851,816.62	2,406,232.31	60.08%	Renewing fixed assets equipment in the period
Cash paid for investment	42,000,000.00	-		Purchasing bank financial products
Cash received from loans	131,532,341.95	41,987,422.93	213.27%	short-term loans increased in the period
Cash paid for settling debts	131,560,722.31	41,098,717.81	220.11%	Short-term loans are paid in the 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 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 arbitration court holds hearings on 12 November 2016 and 13 May 2017. Shenzhen Court of International Arbitration (SCIA) has given a ruling in August 2017, although most of the arbitration claims proposed by Shenzhen Vanke are rejected by arbitration court, the arbitration procedures and so-called cognizance of fact of contract breach still has problems in arbitration. The results have damaged the legitimate rights and interest of the Company, and we have putting forward the application for dismantling in February 2018 to the Shenzhen Intermediate People’s Court. The Court has accepted the case formally. 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, 18 August 2017 and 9 Feb. 2018 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 30 June 2017. 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. The above mentioned shares are deferred for repurchase of stock pledge by Wuhan Zhongheng Group; pledge expired on 31 December 2017. The trading day for repurchase put off to the date when pledge actually removed. Till end of this period released, controlling shareholder still not removed the pledge and the Company has apply by letter, relevant Notice of Presentment on Stock Pledge from Controlling Shareholder was released. Found more in notice released on Juchao website (www.cninfo.com.cn) date 2 Feb. 2018.

(iii) stock of the Company 116,489,894 shares (41.14% in total share capital of the Company) held by controlling shareholdre Wuhan Zhongheng Group are being judicially freeze from 27 September 2016 to 26 September 2018. Found more in the notice released by the Company on Juchao Website (www.cninfo.com.cn) dated 27 October 2016

(iv) 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.

(v) 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.

(vi) Commitment of overweight

On 20 November 2017 and 28 November 2017, the controlling shareholders respectively made commitments to increase the shareholding of 2.83 million shares of the company’s B Shares and no less than 2.8 million shares of the company’s A Shares, with a commitment period of 6 months. As of the disclosure date of this report, it’s still in the commitment fulfillment period, and the

commitment has not been fulfilled.

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

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share reform	Wuhan Zhongheng Group		The enterprise and its subsidiaries will not participate directly or indirectly in operation of the business with competitive of Shen Huafa and its controlling subsidiary concerned, and not to damage the interest of the Shen Huafa and its controlling subsidiary by making use of the potential controlling-ship of the Shen Huafa either	2007-03-29	Implement since 12 April 2007 throughout the year	In normal implementing
	Wuhan Zhongheng Group		The enterprise and its subordinate enterprise shall avoid a related transaction as far as possible with Shen Huafa and its controlling subsidiary, as for the related dealings occurred inevitable or have reasonable cause, the enterprise promise to follow the principle of fair-ness, justice and open-ness, signed the agreement in line with the laws, perform legal program, fulfill information disclosure obligation and relevant approval procedures according to the relevant laws, regulations and "Listing Rules" of the Shenzhen Stock Exchange, guarantee not to damage the legal interest of Shen Huafa and its shareholders through related transactions	2007-03-29	Implement since 12 April 2007 throughout the year	In normal implementing
	Wuhan Zhongheng Group		After acquisition and assets restructuring, guarantee to have an independent staff, owns	2007-03-29	Implement since 12 April 2007	In normal implementing

			independent and completed assets, and independent in aspect of business, financial and institution from Shen Huafa		throughout the year	
Commitments in report of acquisition or equity change						
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders	Wuhan Zhongheng Group		Regarding the lawsuit with Shenzhen Vanke: 1. If the arbitration judges Shenzhen Vanke to win, the arbitration losses caused by the contract disputes shall be undertaken by Wuhan Zhongheng Group in full; 2. The contingent losses and risks arising from the termination of relevant contracts shall be undertaken by Wuhan Zhongheng Group in advance.	2016-12-20	Implemented since 20 December 2016	In normal implementing
	Wuhan Zhongheng Group		Promise to increasing shares of holding as 2.83 million shares of B-stock of the Company in 6 months since the letter delivery	2017-11-20	In 6 months since the date of notification	Ended as the reporting period, the promises during performance period has not been implemented yet
	Wuhan Zhongheng Group		Promise to increasing shares of holding as 2.8 million shares of A-stock at least in 6 months since the letter delivery	2017-11-28	n 6 months since the date of notification	Ended as the reporting period, the promises during performance period has not been implemented yet
Completed on time(Y/N)	Yes					

If the commitments is not fulfilled on time, shall explain the specify reason and the next work plan	Not applicable
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IV. Predict of the business performance from January to June 2018

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
2018-01-04	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

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	50,833,311.45	68,812,495.97
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	46,630,194.64	64,778,266.65
Accounts receivable	138,153,697.04	148,795,998.26
Accounts paid in advance	21,059,239.02	2,878,128.01
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	8,687,027.96	4,335,729.72
Purchase restituted finance asset		
Inventories	56,501,648.45	60,387,021.65
Assets held for sale		
Non-current asset due within one year		
Other current assets	50,470.51	52,310.51
Total current assets	321,915,589.07	350,039,950.77
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	51,978,405.02	52,410,958.62
Fixed assets	82,477,515.62	83,619,842.39
Construction in progress	1,172,756.00	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	42,934,409.72	43,307,316.37
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	129,166.54	141,666.55
Deferred income tax asset	6,731,168.99	6,731,168.99
Other non-current asset		
Total non-current asset	278,280,893.58	279,722,780.61
Total assets	600,196,482.65	629,762,731.38
Current liabilities:		
Short-term loans	166,169,693.38	166,620,264.81
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	19,369,890.24	17,810,270.28
Accounts payable	57,200,204.76	84,004,870.73
Accounts received in advance	367,676.99	278,128.18
Selling financial asset of repurchase		
Commission charge and commission payable		

Wage payable	3,106,633.16	5,083,357.93
Taxes payable	11,310,456.31	15,136,277.68
Interest payable	255,829.74	164,895.80
Dividend payable		
Other accounts payable	21,371,341.16	19,927,276.95
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	279,151,725.74	309,025,342.36
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	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	279,216,136.74	309,089,753.36
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	-186,159,745.84	-186,467,113.73
Total owner's equity attributable to parent company	320,980,345.91	320,672,978.02
Minority interests		
Total owner's equity	320,980,345.91	320,672,978.02
Total liabilities and owner's equity	600,196,482.65	629,762,731.38

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	14,421,294.39	25,181,764.87
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		
Interest receivable		
Dividends receivable		
Other receivables	108,465,005.40	99,922,143.84
Inventories	14,806.50	14,806.50
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		

Total current assets	122,901,106.29	125,118,715.21
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	27,281,005.68	27,583,299.22
Fixed assets	5,730,531.04	6,821,367.58
Construction in progress	1,172,756.00	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	4,807,364.25	4,843,600.68
Research and development costs		
Goodwill		
Long-term deferred expenses	129,166.54	141,666.55
Deferred income tax assets	7,519,546.71	7,519,546.71
Other non-current assets		
Total non-current assets	326,106,741.91	327,030,208.43
Total assets	449,007,848.20	452,148,923.64
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	44,210.00	67,210.00
Wage payable	833,147.02	1,039,196.20
Taxes payable	8,943,727.62	9,305,468.70
Interest payable		
Dividend payable		

Other accounts payable	12,412,764.86	14,339,551.78
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	151,974,216.83	155,497,266.84
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	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	152,038,627.83	155,561,677.84
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	-210,170,871.38	-210,552,845.95
Total owner's equity	296,969,220.37	296,587,245.80
Total liabilities and owner's equity	449,007,848.20	452,148,923.64

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	171,620,013.62	191,829,256.72
Including: Operating income	171,620,013.62	191,829,256.72
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	171,509,663.58	191,831,362.18
Including: Operating cost	152,728,695.85	172,648,617.84
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	1,117,886.20	1,491,954.21
Sales expenses	3,844,118.14	3,335,114.13
Administration expenses	9,464,851.87	11,689,655.01
Financial expenses	4,354,111.52	2,759,446.38
Losses of devaluation of asset		-93,425.39
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	110,910.67	
Including: Investment income on affiliated company and joint venture		
Exchange income (Loss is listed with "-")		
Assets disposal income (Loss is listed with "-")		

Other income		
III. Operating profit (Loss is listed with “-”)	221,260.71	-2,105.46
Add: Non-operating income	512,000.00	628,235.81
Less: Non-operating expense	267,736.37	17,385.19
IV. Total Profit (Loss is listed with “-”)	465,524.34	608,745.16
Less: Income tax expense	158,156.45	187,571.79
V. Net profit (Net loss is listed with “-”)	307,367.89	421,173.37
(I) Continuous operation net profit (Net loss is listed with “-”)	307,367.89	421,173.37
(II) Discontinued operation net profit (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	307,367.89	421,173.37
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	307,367.89	421,173.37
Total comprehensive income attributable to owners of parent Company	307,367.89	421,173.37
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0011	0.0015
(ii) Diluted earnings per share	0.0011	0.0015

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 charger 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	9,695,927.93	8,977,861.54
Less: Operating cost	1,069,611.54	921,292.12
Operating tax and extras	608,353.57	664,530.25
Sales expenses		

Administration expenses	5,038,857.70	5,698,725.53
Financial expenses	2,469,805.69	1,638,096.80
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		
Assets disposal income (Loss is listed with “-”)		
Other income		
II. Operating profit (Loss is listed with “-”)	509,299.43	148,642.23
Add: Non-operating income		48,833.89
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	509,299.43	197,476.12
Less: Income tax expense	127,324.86	72,725.38
IV. Net profit (Net loss is listed with “-”)	381,974.57	124,750.74
(I) Continuous operation net profit (Net loss is listed with “-”)	381,974.57	124,750.74
(II) Discontinued operation net profit (Net loss is listed with “-”)		
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	381,974.57	124,750.74
VII. Earnings per share:		
(i) Basic earnings per share	0.0013	0.0004
(ii) Diluted earnings per share	0.0013	0.0004

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	129,571,099.86	117,280,399.55
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	1,231,864.14	1,310,630.85
Subtotal of cash inflow arising from operating activities	130,802,964.00	118,591,030.40
Cash paid for purchasing commodities and receiving labor service	96,423,780.37	103,498,045.42
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	18,269,550.80	17,901,932.73
Taxes paid	7,128,845.32	4,088,728.88
Other cash paid concerning operating activities	8,642,968.09	11,604,282.96
Subtotal of cash outflow arising from	130,465,144.58	137,092,989.99

operating activities		
Net cash flows arising from operating activities	337,819.42	-18,501,959.59
II. Cash flows arising from investing activities:		
Cash received from recovering investment	42,000,000.00	
Cash received from investment income	110,910.67	
Net cash received from disposal of fixed, intangible and other long-term assets	412,682.00	55,901.58
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	42,523,592.67	55,901.58
Cash paid for purchasing fixed, intangible and other long-term assets	3,851,816.62	2,406,232.31
Cash paid for investment	42,000,000.00	
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	45,851,816.62	2,406,232.31
Net cash flows arising from investing activities	-3,328,223.95	-2,350,330.73
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	131,532,341.95	41,987,422.93

Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	131,532,341.95	41,987,422.93
Cash paid for settling debts	131,560,722.31	41,098,717.81
Cash paid for dividend and profit distributing or interest paying	2,860,474.39	2,261,986.58
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	134,421,196.70	43,360,704.39
Net cash flows arising from financing activities	-2,888,854.75	-1,373,281.46
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-200,355.12	-184,437.86
V. Net increase of cash and cash equivalents	-6,079,614.40	-22,410,009.64
Add: Balance of cash and cash equivalents at the period -begin	81,474,974.30	104,015,312.97
VI. Balance of cash and cash equivalents at the period -end	75,395,359.90	81,605,303.33

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	5,470,760.50	5,288,856.39
Write-back of tax received		
Other cash received concerning operating activities	100,278,749.63	20,545,629.33

Subtotal of cash inflow arising from operating activities	105,749,510.13	25,834,485.72
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	899,173.60	1,584,455.10
Taxes paid	1,637,395.79	904,864.06
Other cash paid concerning operating activities	110,421,369.31	17,530,909.03
Subtotal of cash outflow arising from operating activities	112,957,938.70	20,020,228.19
Net cash flows arising from operating activities	-7,208,428.57	5,814,257.53
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		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets	1,036,800.00	1,367,692.31
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	1,036,800.00	1,367,692.31
Net cash flows arising from investing	-1,036,800.00	-1,367,692.31

activities		
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	100,000,000.00	
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	100,000,000.00	
Cash paid for settling debts	100,199,862.50	
Cash paid for dividend and profit distributing or interest paying	2,315,212.52	1,643,625.00
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	102,515,075.02	1,643,625.00
Net cash flows arising from financing activities	-2,515,075.02	-1,643,625.00
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-166.89	42.91
V. Net increase of cash and cash equivalents	-10,760,470.48	2,802,983.13
Add: Balance of cash and cash equivalents at the period -begin	25,181,764.87	10,375,152.87
VI. Balance of cash and cash equivalents at the period -end	14,421,294.39	13,178,136.00

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.