

WUXI LITTLE SWAN COMPANY LIMITED

FIRST QUARTER REPORT 2018



April 2018

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Board as well as the Directors, Supervisors and senior management of Wuxi Little Swan Company Limited (inclusive of its consolidated subsidiaries, the “Company”; exclusive of its subsidiaries, the “Parent Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions in this Report.

All the Company’s Directors have attended the Board meeting for the review of this Report.

Mr. Fang Hongbo, the Company’s legal representative, Mr. Sun Yunan, the Company’s Chief Financial Officer, and Mr. Xu Yunwei, the Company’s Financial Manager hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Part II Key Corporate Information

I Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

| | January-March 2018 | January-March 2017 | Change |
|----------------------------------------------------------------------------------------------------------|--------------------|--------------------|---------|
| Sales revenue (RMB) | 6,811,940,933.68 | 5,690,391,543.42 | 19.71% |
| Net income attributable to shareholders of the listed company (RMB) | 511,022,240.89 | 397,203,444.77 | 28.66% |
| Net income attributable to shareholders of the listed company before nonrecurring gains and losses (RMB) | 501,731,839.62 | 395,282,206.35 | 26.93% |
| Net cash flows from operating activities (RMB) | 284,655,859.29 | -168,999,611.82 | 268.44% |
| Basic earnings per share (RMB/share) | 0.81 | 0.63 | 28.57% |
| Diluted earnings per share (RMB/share) | 0.81 | 0.63 | 28.57% |
| Weighted average return on equity (%) | 7.00% | 6.44% | 0.56% |
| | March 31, 2018 | December 31, 2017 | Change |
| Total assets (RMB) | 20,206,161,602.80 | 21,338,421,243.67 | -5.31% |
| Equity attributable to shareholders of the listed company (RMB) | 7,579,336,795.32 | 7,047,090,800.97 | 7.55% |

Nonrecurring gains and losses:

Applicable Not applicable

Unit: RMB

| Item | January-March 2018 | Note |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------|
| Gains/Losses on disposal of non-current assets (inclusive of offset impairment allowances) | 87,113.61 | |
| Gains/Losses on changes in fair value of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges related to normal business operations of the Company) | 6,945,462.90 | |
| Other | 7,404,991.62 | |
| Less: Income tax effects | 3,071,540.09 | |
| Non-controlling interests effects (net of tax) | 2,075,626.77 | |
| Total | 9,290,401.27 | -- |

Explanation of why the Company classifies an item as a nonrecurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the

Public—Nonrecurring Gains and Losses, or reclassifies any nonrecurring gain/loss item listed in the said explanatory announcement as a recurring gain/loss:

Applicable Not applicable

No such cases for the Reporting Period.

II Total Number of Shareholders and Top 10 Shareholders' Holdings at Period-End

1. Numbers of Common Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

| Common shareholders at period-end | 16,192 | Preferred shareholders with resumed voting rights at period-end (if any) | 0 | | | |
|-----------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------|-------------|-------------------|--------------------------|--------|
| Top 10 shareholders | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding percentage at period-end (%) | Shares | Restricted shares | Pledged or frozen shares | |
| | | | | | Status | Shares |
| MIDEA GROUP CO., LTD. | Domestic non-state-owned juridical person | 37.78% | 238,948,117 | | | |
| TITONI INVESTMENTS DEVELOPMENT LTD. | Foreign juridical person | 14.89% | 94,204,942 | | | |
| GAOLING FUND,L.P. | Foreign juridical person | 3.74% | 23,664,125 | | | |
| NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108 | Domestic non-state-owned juridical person | 3.02% | 19,104,112 | | | |
| HONGKONG SECURITIES CLEARING CO., LTD | Foreign juridical person | 2.96% | 18,697,422 | | | |
| GREENWOODS CHINA ALPHA MASTER FUND | Foreign juridical person | 2.81% | 17,787,068 | | | |
| FINANCE BUREAU OF WUXI | State-owned juridical person | 2.70% | 17,054,071 | | | |
| NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101 | Domestic non-state-owned juridical person | 1.64% | 10,362,275 | | | |
| AGRICULTURAL BANK OF CHINA – E FUND COMSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND | Domestic non-state-owned juridical person | 1.62% | 10,240,504 | | | |
| CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD. | State-owned juridical person | 1.61% | 10,156,300 | | | |
| Top 10 non-restricted shareholders | | | | | | |

| Name of shareholder | Non-restricted shares held at period-end | Type of shares | |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|-------------|
| | | Type | Shares |
| MIDEA GROUP CO., LTD. | 238,948,117 | RMB common stock | 238,948,117 |
| TITONI INVESTMENTS DEVELOPMENT LTD. | 94,204,942 | Domestically listed stock for foreign investors | 94,204,942 |
| GAOLING FUND,L.P. | 23,664,125 | Domestically listed stock for foreign investors | 23,664,125 |
| NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108 | 19,104,112 | RMB common stock | 19,104,112 |
| HONGKONG SECURITIES CLEARING CO., LTD | 18,697,422 | RMB common stock | 18,697,422 |
| GREENWOODS CHINA ALPHA MASTER FUND | 17,787,068 | Domestically listed stock for foreign investors | 17,787,068 |
| FINANCE BUREAU OF WUXI | 17,054,071 | RMB common stock | 17,054,071 |
| NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101 | 10,362,275 | RMB common stock | 10,362,275 |
| AGRICULTURAL BANK OF CHINA – E FUND CONSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND | 10,240,504 | RMB common stock | 10,240,504 |
| CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD. | 10,156,300 | RMB common stock | 10,156,300 |
| Related or acting-in-concert parties among shareholders above | MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert. | | |
| Shareholders conducting securities margin trading (if any) | N/A | | |

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

Part III Significant Events

I Changes in Selected Financial Statement Items and Explanation of why

Unit: RMB'0,000 (in RMB ten thousand)

| Item | March 31, 2018 | December 31, 2017 | Change | Change (%) | Explanation of why |
|------------------------------------------------------|------------------------|------------------------|-------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Interest receivable | 14,473.93 | 6,094.39 | 8,379.54 | 137.50% | Increase in receivable interest on structured deposits |
| Other receivables | 2,436.92 | 4,722.45 | -2,285.53 | -48.40% | Decrease in receivables from third-party payment platforms |
| Inventories | 93,979.50 | 198,076.62 | -104,097.12 | -52.55% | Faster inventory turnover |
| Other non-current assets | 6,177.72 | 2,733.19 | 3,444.53 | 126.03% | Increase in advance equipment and tooling |
| Short-term borrowings | 0 | 8,139.37 | -8,139.37 | -100.00% | Repayment of due borrowings |
| Notes payable | 394,771.28 | 280,580.46 | 114,190.82 | 40.70% | Increase in self-issued bank acceptance bills used in payment |
| Advances from customers | 97,759.93 | 306,581.58 | -208,821.65 | -68.11% | Effect of sales cycle |
| Payroll payable | 23,943.17 | 34,948.38 | -11,005.21 | -31.49% | Payment of 2017 year-end performance bonuses to employees |
| Item | January-Ma rch 2018 | January-Ma rch 2017 | Change | Change (%) | Explanation of why |
| Finance costs | -6,954.22 | -1,840.06 | -5,114.16 | 277.93% | Increase in interest income |
| Asset impairment loss | -994.28 | -372.09 | -622.19 | -167.21% | Decreased losses on accounts receivable and other receivables |
| Investment income | 3,911.33 | 10,318.76 | -6,407.43 | -62.09% | Decreased income from investments in bank's wealth management products due |
| Income tax expense | 12,497.34 | 7,958.56 | 4,538.78 | 57.03% | Growing sales |
| Net income | 56,939.91 | 43,841.57 | 13,098.34 | 29.88% | Growing sales |
| Net income attributable to non-controlling interests | 5,837.68 | 4,121.23 | 1,716.45 | 41.65% | Increased net income of subsidiaries |
| Net cash flows from operating activities | 28,465.59 | -16,899.96 | 45,365.55 | 268.44% | Increase in proceeds from sale of commodities and rendering of services, as well as decrease in cash used in other operating activities |
| Net cash flows from investing activities | -51,063.11 | -3,112.29 | -47,950.82 | -1540.69% | Increased expenditure on purchase of structured deposits |
| Net cash flows from financing activities | -9,066.94 | -6,035.80 | -3,031.14 | -50.22% | Increase in borrowing repayments and interest payments |

II Progress, Influence and Solutions Associated with Significant Events

Applicable Not applicable

III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company and Other Commitment Makers, Failed to Fulfill on Time during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV Operating Result Forecast for January-June 2018

Warning of a forecast loss on or a forecast significant year-over-year change in net income for January-June 2018, as well as explanation of why:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

VI Investments in Derivative Financial Instruments

Unit: RMB'0,000

| Operator | Relationship with the Company | Related transaction | Type of derivative | Initial investment amount | Starting date | Ending date | Opening investment amount | Purchased in the Reporting Period | Sold in the Reporting Period | Impairment provision (if any) | Closing investment amount | Proportion of closing investment amount in the Company's closing net assets | Actual gain/loss in the Reporting Period |
|--------------------------------------------------------------------------------|-------------------------------|---------------------|------------------------|---------------------------|----------------------------------|-------------|---------------------------|-----------------------------------|------------------------------|-------------------------------|---------------------------|-----------------------------------------------------------------------------|------------------------------------------|
| Bank | Not related | Not | Forward forex contract | 17,676 | 09/11/2017 | 03/06/2019 | 17,676 | 9,581 | 12,098 | 0 | 15,159 | 1.72% | 695 |
| Total | | | | 17,676 | -- | -- | 17,676 | 9,581 | 12,098 | 0 | 15,159 | 1.72% | 695 |
| Source of money used for investment | | | | | All from the Company's own funds | | | | | | | | |
| Legal matters involved (if applicable) | | | | | N/A | | | | | | | | |
| Disclosure date of board announcement approving derivative investment (if any) | | | | | 03/13/2018 | | | | | | | | |

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Disclosure date of shareholders' meeting announcement approving derivative investment (if any) | 04/12/2018 |
| Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) | <p>The Company has considered and formulated the Management Methods for Forex Trading Business to implement full assessment and control on its derivative investments, with highlights as follows:</p> <p>1. About market risk: Exchange rate fluctuations may cause great risk to the Company's forex trading business. For instance, failure of capital required to arrive in time for performance in forex trading could result in loss and default.</p> <p>Control measures: Speculative trading is not allowed and a prudent and steady principle is adopted. A hierarchical management mechanism has been implemented, whereby the operating unit which has submitted applications for funds business should conduct a risk analysis on the conditions and environment that could affect the operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update the operating status of the funds business on a timely basis thus ensuring the arrangement of proper funds before expiry dates.</p> <p>2. About operational risk: Risks caused by imperfect internal processes, staff, systems and external issues may cause the Company to incur losses during the course of its forex trading business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly define the assignment of responsibility and approval process for forex trading, but has also established a well-developed monitoring mechanism, aimed at effectively reducing operational risk by strengthening its risk control over the business, decision-making and trading processes.</p> <p>3. About legal risk: The Company's forex trading business is conducted in compliance with laws and regulations, with clearly defined responsibilities and obligations between the Company and agencies.</p> <p>Control measures: The Company has designated relevant departments with the responsibility for enhancing expertise in laws, regulations and market rules, conducting strict examination and verification of contracts, defining responsibility and obligations, and strengthening compliance checks, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> |
| Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters) | Forward forex quotations announced by the Bank of China are used in the fair value analysis of the Company's derivative investments. |
| Significant changes in accounting policies and specific accounting principles adopted for derivative | No significant changes |

| | |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| investments in Reporting Period compared to last reporting period | |
| Opinion of independent directors on derivative investments and risk control | The independent directors of the Company are of the opinion that the Company has formulated the Management Methods for Forex Trading Business to, which enables the Company to effectively control risks associated with derivative investment; that for the Reporting Period, derivative investment was conducted mainly on the Company's export business by signing forward forex contracts with domestic financial institutions to lock in exchange rates and avoid risk caused by exchange rate fluctuations; that no speculative trading is allowed, leading to no risk of non-performance; and that trading deadlines are all set according to the Company's expected payments and collections of payments, with no impact on the Company's liquidity. |

VII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

| Date of visit | Way of visit | Type of visitor | About |
|-----------------------|-----------------------|-----------------|----------------------------------------------------------------------------------------------------------------------|
| 01/24/2018-02/02/2018 | By one-on-one meeting | Institution | Little Swan A: The Sheet of Interactions with Investors for 01/24/2018-02/02/2018 (No. 2018-01) on www.cninfo.com.cn |
| 03/15/2018-03/22/2018 | By one-on-one meeting | Institution | Little Swan A: The Sheet of Interactions with Investors for 03/15/2018-03/22/2018 (No. 2018-02) on www.cninfo.com.cn |

VIII Irregularities in Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

IX Occupation of the Company's Money by Its Controlling Shareholder or Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Unit: RMB

| Item | March 31, 2018 | December 31, 2017 |
|-------------------------------------------------------|-------------------|-------------------|
| Current assets: | | |
| Monetary assets | 1,271,773,331.64 | 1,588,264,516.05 |
| Settlement reserve | | |
| Interbank loans granted | | |
| Financial assets at fair value through profit or loss | 5,613,055.93 | 5,270,238.03 |
| Derivative financial assets | | |
| Notes receivable | 1,412,435,821.52 | 1,283,192,684.28 |
| Accounts receivable | 1,570,536,470.78 | 1,736,724,496.10 |
| Prepayments | 86,962,767.01 | 84,346,792.38 |
| Premiums receivable | | |
| Reinsurance receivables | | |
| Receivable reinsurance contract reserve | | |
| Interest receivable | 144,739,297.76 | 60,943,907.98 |
| Dividends receivable | | |
| Other receivables | 24,369,209.61 | 47,224,454.09 |
| Financial assets purchased under resale agreements | | |
| Inventories | 939,795,035.02 | 1,980,766,196.14 |
| Assets classified as held for sale | | |
| Current portion of non-current assets | | |
| Other current assets | 12,958,089,894.05 | 12,778,240,745.22 |
| Total current assets | 18,414,314,883.32 | 19,564,974,030.27 |
| Non-current assets: | | |
| Loans and advances to customers | | |
| Available-for-sale financial assets | 200,000.00 | 200,000.00 |
| Held-to-maturity investments | | |
| Long-term receivables | | |

| | | |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Long-term equity investments | | |
| Investment property | 60,732,798.00 | 61,695,825.00 |
| Property, plant and equipment | 1,023,793,861.63 | 1,029,668,355.84 |
| Construction in progress | 37,972,252.60 | 37,972,252.60 |
| Construction materials | | |
| Proceeds from disposal of property, plant and equipment | | |
| Productive living assets | | |
| Oil and gas assets | | |
| Intangible assets | 185,735,812.56 | 187,045,347.27 |
| R&D expense | | |
| Goodwill | | |
| Long-term prepaid expense | 20,298,651.93 | 22,382,020.52 |
| Deferred income tax assets | 401,336,178.27 | 407,151,474.64 |
| Other non-current assets | 61,777,164.49 | 27,331,937.53 |
| Total non-current assets | 1,791,846,719.48 | 1,773,447,213.40 |
| Total assets | 20,206,161,602.80 | 21,338,421,243.67 |
| Current liabilities: | | |
| Short-term borrowings | | 81,393,672.34 |
| Borrowings from central bank | | |
| Customer deposits and deposits from banks and other financial institutions | | |
| Interbank loans obtained | | |
| Financial liabilities at fair value through profit or loss | | |
| Derivative financial liabilities | | |
| Notes payable | 3,947,712,802.38 | 2,805,804,600.41 |
| Accounts payable | 2,917,691,285.52 | 3,827,025,700.10 |
| Advances from customers | 977,599,266.52 | 3,065,815,801.93 |
| Financial assets sold under repurchase agreements | | |
| Handling charges and commissions payable | | |
| Payroll payable | 239,431,744.09 | 349,483,844.76 |
| Taxes payable | 585,241,670.62 | 638,017,523.31 |
| Interest payable | | |
| Dividends payable | 6,996,784.06 | 6,996,784.06 |
| Other payables | 172,114,674.22 | 221,120,863.48 |
| Reinsurance payables | | |

| | | |
|-------------------------------------------------------------------------|-------------------|-------------------|
| Insurance contract reserve | | |
| Payables for trading of securities | | |
| Payables for underwriting of securities | | |
| Liabilities directly associated with assets classified as held for sale | | |
| Current portion of non-current liabilities | | |
| Other current liabilities | 2,533,953,221.38 | 2,107,700,604.61 |
| Total current liabilities | 11,380,741,448.79 | 13,103,359,395.00 |
| Non-current liabilities: | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Long-term payables | | |
| Long-term payroll payable | 10,766,220.39 | 12,021,620.17 |
| Specific payables | | |
| Provisions | 2,253,082.25 | 2,253,082.25 |
| Deferred income | 2,375,833.20 | 2,489,133.21 |
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 15,395,135.84 | 16,763,835.63 |
| Total liabilities | 11,396,136,584.63 | 13,120,123,230.63 |
| Owners' equity: | | |
| Share capital | 632,487,764.00 | 632,487,764.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserves | 1,273,836,088.24 | 1,252,947,546.80 |
| Less: Treasury shares | | |
| Other comprehensive income | 40,831,578.90 | 40,496,366.85 |
| Specific reserve | | |
| Surplus reserves | 332,594,722.29 | 332,594,722.29 |
| General reserve | | |
| Retained earnings | 5,299,586,641.89 | 4,788,564,401.03 |
| Total equity attributable to owners of Parent Company | 7,579,336,795.32 | 7,047,090,800.97 |

| | | |
|--------------------------------------|-------------------|-------------------|
| Non-controlling interests | 1,230,688,222.85 | 1,171,207,212.07 |
| Total owners' equity | 8,810,025,018.17 | 8,218,298,013.04 |
| Total liabilities and owners' equity | 20,206,161,602.80 | 21,338,421,243.67 |

2. Parent Company Balance Sheet

Unit: RMB

| Item | March 31, 2018 | December 31, 2017 |
|---------------------------------------------------------|-------------------|-------------------|
| Current assets: | | |
| Monetary assets | 618,859,499.84 | 1,030,061,384.78 |
| Financial assets at fair value through profit or loss | 3,977,876.32 | 3,724,810.47 |
| Derivative financial assets | | |
| Notes receivable | 886,592,162.01 | 938,342,347.95 |
| Accounts receivable | 2,730,601,135.45 | 2,805,194,600.27 |
| Prepayments | 35,435,471.89 | 67,278,861.92 |
| Interest receivable | 86,493,401.98 | 32,913,208.23 |
| Dividends receivable | | |
| Other receivables | 16,493,060.57 | 28,973,048.36 |
| Inventories | 607,667,918.37 | 1,206,334,183.68 |
| Assets classified as held for sale | | |
| Current portion of non-current assets | | |
| Other current assets | 7,363,835,377.77 | 7,259,605,039.27 |
| Total current assets | 12,349,955,904.20 | 13,372,427,484.93 |
| Non-current assets: | | |
| Available-for-sale financial assets | 150,000.00 | 150,000.00 |
| Held-to-maturity investments | | |
| Long-term receivables | | |
| Long-term equity investments | 958,235,041.57 | 958,235,041.57 |
| Investment property | 7,793,054.18 | 7,882,440.32 |
| Property, plant and equipment | 533,240,289.57 | 532,803,209.18 |
| Construction in progress | 37,321,733.68 | 37,321,733.68 |
| Construction materials | | |
| Proceeds from disposal of property, plant and equipment | | |
| Productive living assets | | |
| Oil and gas assets | | |

| | | |
|-------------------------------------------------------------------------|-------------------|-------------------|
| Intangible assets | 89,228,292.25 | 89,900,867.32 |
| R&D expense | | |
| Goodwill | | |
| Long-term prepaid expense | 5,380,109.33 | 5,905,684.35 |
| Deferred income tax assets | 256,020,042.65 | 225,186,332.58 |
| Other non-current assets | 37,047,261.57 | 17,138,349.61 |
| Total non-current assets | 1,924,415,824.80 | 1,874,523,658.61 |
| Total assets | 14,274,371,729.00 | 15,246,951,143.54 |
| Current liabilities: | | |
| Short-term borrowings | | 16,806,882.34 |
| Financial liabilities at fair value through profit or loss | | |
| Derivative financial liabilities | | |
| Notes payable | 2,430,401,571.97 | 1,678,546,630.26 |
| Accounts payable | 3,552,213,880.40 | 4,395,361,312.16 |
| Advances from customers | 541,459,104.70 | 1,862,974,982.38 |
| Payroll payable | 177,588,225.93 | 268,065,495.23 |
| Taxes payable | 396,756,392.17 | 353,920,883.93 |
| Interest payable | | |
| Dividends payable | 6,996,784.06 | 6,996,784.06 |
| Other payables | 108,050,202.27 | 146,982,721.63 |
| Liabilities directly associated with assets classified as held for sale | | |
| Current portion of non-current liabilities | | |
| Other current liabilities | 1,591,423,865.26 | 1,336,384,942.60 |
| Total current liabilities | 8,804,890,026.76 | 10,066,040,634.59 |
| Non-current liabilities: | | |
| Long-term borrowings | | |
| Bonds payable | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Long-term payables | | |
| Long-term payroll payable | | |
| Specific payables | | |
| Provisions | | |
| Deferred income | | |

| | | |
|--------------------------------------|-------------------|-------------------|
| Deferred income tax liabilities | | |
| Other non-current liabilities | | |
| Total non-current liabilities | | |
| Total liabilities | 8,804,890,026.76 | 10,066,040,634.59 |
| Owners' equity: | | |
| Share capital | 632,487,764.00 | 632,487,764.00 |
| Other equity instruments | | |
| Including: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserves | 1,423,834,473.93 | 1,405,575,239.68 |
| Less: Treasury shares | | |
| Other comprehensive income | 27,894,950.78 | 27,970,054.39 |
| Specific reserve | | |
| Surplus reserves | 319,944,578.39 | 319,944,578.39 |
| Retained earnings | 3,065,319,935.14 | 2,794,932,872.49 |
| Total owners' equity | 5,469,481,702.24 | 5,180,910,508.95 |
| Total liabilities and owners' equity | 14,274,371,729.00 | 15,246,951,143.54 |

3. Consolidated Income Statement

Unit: RMB

| Item | January-March 2018 | January-March 2017 |
|---------------------------------------------------|--------------------|--------------------|
| 1. Operating revenue | 6,811,940,933.68 | 5,690,391,543.42 |
| Including: Sales revenue | 6,811,940,933.68 | 5,690,391,543.42 |
| Interest revenue | | |
| Premium revenue | | |
| Handling charge and commission revenue | | |
| 2. Cost of operating revenue | 6,177,665,009.55 | 5,288,019,742.72 |
| Including: Cost of sales | 4,955,290,678.71 | 4,228,707,468.84 |
| Interest expense | | |
| Handling charge and commission expense | | |
| Surrenders | | |
| Net claims paid | | |
| Net amount provided as insurance contract reserve | | |
| Expenditure on policy dividends | | |

| | | |
|----------------------------------------------------------------------------------------------------------------------------|------------------|----------------|
| Reinsurance premium expense | | |
| Taxes and surtaxes | 31,716,440.26 | 29,239,701.58 |
| Selling expense | 1,026,609,941.05 | 862,300,832.44 |
| Administrative expense | 243,532,933.75 | 189,893,301.82 |
| Finance costs | -69,542,219.96 | -18,400,643.85 |
| Asset impairment losses | -9,942,764.26 | -3,720,918.11 |
| Add: Gains on changes in fair value (“-” for losses) | 342,817.90 | |
| Investment income (“-” for loss) | 39,113,264.51 | 103,187,613.01 |
| Including: Share of profit or loss of joint ventures and associates | | |
| Foreign exchange gains (“-” for losses) | | |
| Asset disposal income (“-” for loss) | 87,113.61 | 354,558.14 |
| Other income | 18,401,624.34 | |
| 3. Operating income (“-” for loss) | 692,220,744.49 | 505,913,971.85 |
| Add: Non-operating revenue | 2,325,811.45 | 12,394,166.45 |
| Less: Non-operating expense | 174,119.84 | 306,775.41 |
| 4. Pretax income (“-” for loss) | 694,372,436.10 | 518,001,362.89 |
| Less: Income tax expense | 124,973,358.33 | 79,585,643.44 |
| 5. Net income (“-” for net loss) | 569,399,077.77 | 438,415,719.45 |
| 5.1 Net income from continuing operations (“-” for net loss) | | |
| 5.2 Net income from discontinued operations (“-” for net loss) | | |
| Attributable to owners of Parent Company | 511,022,240.89 | 397,203,444.77 |
| Attributable to non-controlling interests | 58,376,836.88 | 41,212,274.68 |
| 6. Other comprehensive income, net of tax | 518,838.47 | -32,896,936.37 |
| Attributable to owners of Parent Company | 335,212.02 | -26,288,602.05 |
| 6.1 Items that will not be reclassified to profit or loss | | |
| 6.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes | | |
| 6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method | | |
| 6.2 Items that may subsequently be reclassified to profit or loss | 335,212.02 | -26,288,602.05 |
| 6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method | | |
| 6.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets | 1,949,466.01 | -26,287,126.90 |
| 6.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets | | |

| | | |
|-------------------------------------------------------------------------------------------------|----------------|----------------|
| 6.2.4 Effective gains/losses on cash flow hedges | -1,606,733.75 | |
| 6.2.5 Differences arising from translation of foreign currency-denominated financial statements | -7,520.20 | -1,475.15 |
| 6.2.6 Other | | |
| Attributable to non-controlling interests | 183,626.45 | -6,608,334.32 |
| 7. Total comprehensive income | 569,917,916.24 | 405,518,783.08 |
| Attributable to owners of Parent Company | 511,357,452.90 | 370,914,842.72 |
| Attributable to non-controlling interests | 58,560,463.34 | 34,603,940.36 |
| 8. Earnings per share | | |
| 8.1 Basic earnings per share | 0.81 | 0.63 |
| 8.2 Diluted earnings per share | 0.81 | 0.63 |

4. Parent Company Income Statement

Unit: RMB

| Item | January-March 2018 | January-March 2017 |
|---------------------------------------------------------------------|--------------------|--------------------|
| 1. Sales revenue | 4,767,686,978.91 | 4,189,686,640.88 |
| Less: Cost of sales | 3,605,293,753.66 | 3,213,206,584.63 |
| Taxes and surtaxes | 19,507,963.32 | 19,175,030.95 |
| Selling expense | 693,236,807.81 | 559,809,986.80 |
| Administrative expense | 202,560,097.58 | 164,027,140.24 |
| Finance costs | -37,055,059.17 | -16,399,560.75 |
| Asset impairment losses | -13,543,369.25 | -1,435,675.97 |
| Add: Gains on changes in fair value (“-” for losses) | 253,065.85 | |
| Investment income (“-” for loss) | 22,701,985.06 | 44,422,835.24 |
| Including: Share of profit or loss of joint ventures and associates | | |
| Asset disposal income (“-” for loss) | -440,752.80 | 56,502.60 |
| Other income | | |
| 2. Operating income (“-” for loss) | 320,201,083.07 | 295,782,472.82 |
| Add: Non-operating revenue | 1,256,241.40 | 1,356,324.27 |
| Less: Non-operating expense | 132,679.98 | 298,795.41 |
| 3. Pretax income (“-” for loss) | 321,324,644.49 | 296,840,001.68 |
| Less: Income tax expense | 50,937,581.81 | 46,081,671.31 |
| 4. Net income (“-” for net loss) | 270,387,062.68 | 250,758,330.37 |
| 4.1 Net income from continuing operations (“-” for net loss) | | |

| | | |
|------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| 4.2 Net income from discontinued operations (“-” for net loss) | | |
| 5. Other comprehensive income, net of tax | -75,103.61 | -9,653,870.47 |
| 5.1 Items that will not be reclassified to profit or loss | | |
| 5.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes | | |
| 5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method | | |
| 5.2 Items that may subsequently be reclassified to profit or loss | -75,103.61 | -9,653,870.47 |
| 5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method | | |
| 5.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets | 1,531,630.14 | -9,653,870.47 |
| 5.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets | | |
| 5.2.4 Effective gains/losses on cash flow hedges | -1,606,733.75 | |
| 5.2.5 Differences arising from translation of foreign currency-denominated financial statements | | |
| 5.2.6 Other | | |
| 6. Total comprehensive income | 270,311,959.07 | 241,104,459.90 |
| 7. Earnings per share | | |
| 7.1 Basic earnings per share | | |
| 7.2 Diluted earnings per share | | |

5. Consolidated Cash Flow Statement

Unit: RMB

| Item | January-March 2018 | January-March 2017 |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|
| 1. Cash generated by or used in operating activities: | | |
| Proceeds from sale of commodities and rendering of services | 4,265,171,195.76 | 3,956,810,503.02 |
| Net increase in customer deposits and deposits from banks and other financial institutions | | |
| Net increase in loans from central bank | | |
| Net increase in loans from other financial institutions | | |
| Premiums received on original insurance contracts | | |
| Net proceeds from reinsurance | | |
| Net increase in deposits and investments of policy holders | | |
| Net increase in proceeds from disposal of financial assets at fair value through profit or loss | | |

| | | |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Interest, handling charges and commissions received | | |
| Net increase in interbank loans obtained | | |
| Net increase in proceeds from repurchase transactions | | |
| Tax rebates | 13,193,598.89 | 16,580,287.82 |
| Cash generated by other operating activities | 20,560,607.10 | 21,257,432.18 |
| Subtotal of cash generated by operating activities | 4,298,925,401.75 | 3,994,648,223.02 |
| Payments for commodities and services | 3,053,498,810.41 | 2,973,752,966.09 |
| Net increase in loans and advances to customers | | |
| Net increase in deposits in central bank and in interbank loans granted | | |
| Payments for claims on original insurance contracts | | |
| Interest, handling charges and commissions paid | | |
| Policy dividends paid | | |
| Cash paid to and for employees | 462,414,920.99 | 368,240,959.82 |
| Taxes paid | 314,170,117.48 | 173,229,722.56 |
| Cash used in other operating activities | 184,185,693.58 | 648,424,186.37 |
| Subtotal of cash used in operating activities | 4,014,269,542.46 | 4,163,647,834.84 |
| Net cash flows from operating activities | 284,655,859.29 | -168,999,611.82 |
| 2. Cash generated by or used in investing activities: | | |
| Proceeds from disinvestments | 2,700,000,000.00 | 1,535,000,000.00 |
| Investment income | 39,113,264.51 | 103,187,613.01 |
| Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets | 731,585.54 | 425,120.74 |
| Net proceeds from disposal of subsidiaries or other business units | | |
| Cash generated by other investing activities | 27,027,230.60 | 14,223,931.51 |
| Subtotal of cash generated by investing activities | 2,766,872,080.65 | 1,652,836,665.26 |
| Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets | 127,503,144.01 | 53,959,515.98 |
| Payments for investments | 3,150,000,000.00 | 1,630,000,000.00 |
| Net increase in pledged loans granted | | |
| Net payments for acquisition of subsidiaries and other business units | | |
| Cash used in other investing activities | | |
| Subtotal of cash used in investing activities | 3,277,503,144.01 | 1,683,959,515.98 |
| Net cash flows from investing activities | -510,631,063.36 | -31,122,850.72 |
| 3. Cash generated by or used in financing activities: | | |
| Capital contributions received | | |

| | | |
|-------------------------------------------------------------------------------|------------------|------------------|
| Including: Capital contributions by non-controlling interests to subsidiaries | | |
| Increase in borrowings obtained | | |
| Net proceeds from issuance of bonds | | |
| Cash generated by other financing activities | | |
| Subtotal of cash generated by financing activities | | |
| Repayment of borrowings | 81,393,672.34 | 60,357,981.22 |
| Payments for interest and dividends | 9,275,732.98 | |
| Including: Dividends paid by subsidiaries to non-controlling interests | | |
| Cash used in other financing activities | | |
| Subtotal of cash used in financing activities | 90,669,405.32 | 60,357,981.22 |
| Net cash flows from financing activities | -90,669,405.32 | -60,357,981.22 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -6,380,666.78 | |
| 5. Net increase in cash and cash equivalents | -323,025,276.17 | -260,480,443.76 |
| Add: Cash and cash equivalents, beginning of the period | 1,417,489,071.71 | 4,171,689,917.21 |
| 6. Cash and cash equivalents, end of the period | 1,094,463,795.54 | 3,911,209,473.45 |

6. Parent Company Cash Flow Statement

Unit: RMB

| Item | January-March 2018 | January-March 2017 |
|-------------------------------------------------------------|--------------------|--------------------|
| 1. Cash generated by or used in operating activities: | | |
| Proceeds from sale of commodities and rendering of services | 2,894,256,697.65 | 2,642,335,799.19 |
| Tax rebates | | |
| Cash generated by other operating activities | 5,580,871.84 | 8,534,729.25 |
| Subtotal of cash generated by operating activities | 2,899,837,569.49 | 2,650,870,528.44 |
| Payments for commodities and services | 2,366,907,563.95 | 1,837,967,509.35 |
| Cash paid to and for employees | 337,491,044.51 | 270,566,541.10 |
| Taxes paid | 129,207,442.27 | 90,098,052.42 |
| Cash used in other operating activities | 156,061,239.87 | 451,445,149.64 |
| Subtotal of cash used in operating activities | 2,989,667,290.60 | 2,650,077,252.51 |
| Net cash flows from operating activities | -89,829,721.11 | 793,275.93 |
| 2. Cash generated by or used in investing activities: | | |
| Proceeds from disinvestments | 1,250,000,000.00 | 885,000,000.00 |
| Investment income | 22,683,420.34 | 44,422,835.24 |

| | | |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets | 203,719.13 | 105,897.44 |
| Net proceeds from disposal of subsidiaries or other business units | | |
| Cash generated by other investing activities | 11,094,833.33 | 11,123,931.51 |
| Subtotal of cash generated by investing activities | 1,283,981,972.80 | 940,652,664.19 |
| Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets | 94,911,055.59 | 26,323,172.01 |
| Payments for investments | 1,500,000,000.00 | 910,000,000.00 |
| Net payments for acquisition of subsidiaries and other business units | | |
| Cash used in other investing activities | | |
| Subtotal of cash used in investing activities | 1,594,911,055.59 | 936,323,172.01 |
| Net cash flows from investing activities | -310,929,082.79 | 4,329,492.18 |
| 3. Cash generated by or used in financing activities: | | |
| Capital contributions received | | |
| Increase in borrowings obtained | | |
| Net proceeds from issuance of bonds | | |
| Cash generated by other financing activities | | |
| Subtotal of cash generated by financing activities | | |
| Repayment of borrowings | 16,806,882.34 | 44,453,274.62 |
| Payments for interest and dividends | 7,262,107.77 | |
| Cash used in other financing activities | | |
| Sub-total of cash used in financing activities | 24,068,990.11 | 44,453,274.62 |
| Net cash flows from financing activities | -24,068,990.11 | -44,453,274.62 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -3,472,400.30 | |
| 5. Net increase in cash and cash equivalents | -428,300,194.31 | -39,330,506.51 |
| Add: Cash and cash equivalents, beginning of the period | 945,759,061.62 | 2,353,708,554.75 |
| 6. Cash and cash equivalents, end of the period | 517,458,867.31 | 2,314,378,048.24 |

II Independent Auditor's Report

Indicate by tick mark whether the Q1 financial statements have been audited by an independent auditor.

Yes No

The Q1 financial statements have not been audited by such an auditor.

Wuxi Little Swan Company Limited

Legal representative: Fang Hongbo

April 25, 2018