



**Wuhu Shunrong Sanqi Interactive Entertainment Network  
Technology Co., Ltd.**

**Summary of 2018 Semi-Annual Report**

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## I. Definitions

Term	Definition
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
Company/the Company/Listed Company/Sanqi Interactive Entertainment	Wuhu Shunrong Auto Parts Co., Ltd./Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd.
Shanghai Sanqi Interactive Entertainment	Sanqi Interactive Entertainment (Shanghai) Technology Co., Ltd.
Company Law	The Company Law of the People's Republic of China
Securities Law	The Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Wuhu Shunrong Auto Parts Co., Ltd. / Articles of Association of Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd.
Auditor	GP Certified Public Accountants (Special General Partnership)
Yuan or 10,000 Yuan	RMB yuan or RMB 10,000 yuan
Reporting Period/this Reporting Period	From January 1, 2018 to June 30, 2018
End of Reporting Period/End of this Reporting Period	June 30, 2018
Browser game	A game that is based on web technologies, uses standard protocols as the basic transmission form, and does not require any client software or requires a mini client based on browser kernel. Game users can directly play the game over the Internet using a web browser.
Mobile game	A game that is downloaded over mobile network and runs on a mobile phone or other mobile terminals.
RPG	Role-playing games
ARPG	Action role-playing game
SLG	Strategy games
Adjusted net income/ (loss)	Net income attributable to shareholders of the listed company excluding performance compensation income/expenses and related goodwill impairment generated by business acquisitions, after tax income/loss from disposal of equity investments and share-based compensation.  The Company uses this non-GAAP measure as supplemental measure to review and assess its operating performance.

## II. Basic Information of the Company

### 1. Company Profile

Stock Name	Sanqi Interactive Entertainment	Stock Code	002555
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Place of Listing	Shenzhen Stock Exchange	
Original Stock Name (if any)		
Contact Details	Secretary to the Board of Directors	Representative of Securities Affairs
Name	Ye Wei	
Business Address	11/F, Tower A1, Wanjiang Fortune Plaza, No. 88, Ruixiang Road, Jiujiang District, Wuhu City, Anhui Province	
Tel.	0553-7653737	
Email	ir@37.com	

Note: in case of any change to the stock name of the Company from the beginning of the reporting period to the disclosure date of the semi-annual report, the original stock name before the change shall also be disclosed.

## 2. Key Accounting Data and Financial Indicators

Does the Company need to retroactively adjust or restate accounting data of previous years?

☐Yes ☐No

	Current Reporting Period	Same Period of the Prior Year	Year-On-Year Increase/Decrease
Operating income (RMB)	3,302,496,146.77	3,079,428,904.50	7.24%
Net income attributable to shareholders of the listed company (RMB)	801,378,948.23	850,550,518.37	-5.78%
Net income attributable to shareholders of the listed company after deduction of non-recurring profit and loss (RMB)	761,182,531.85	758,747,435.56	0.32%
Net cash flow from operating activities (RMB)	977,236,017.96	1,096,847,309.63	-10.91%
Basic earnings per share (RMB/share)	0.37	0.41	-9.76%
Diluted earnings per share (RMB/share)	0.37	0.41	-9.76%
Weighted average yield of net assets	12.58%	17.18%	-4.60%
	End of the Current Reporting Period	End of the Prior Year	Year-on-Year Increase/Decrease
Total assets (RMB)	8,782,997,697.02	9,160,137,685.38	-4.12%
Net assets attributable to shareholders of the listed company (RMB)	5,961,804,254.78	7,016,770,210.85	-15.03%

The Company considers and uses one non-GAAP measure, adjusted net income/ (loss), as supplemental measure to review and assess our operating performance. The presentation of the non-GAAP financial measure is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with China Accounting Standards. The Company's adjusted net income is RMB 783,200,320.97 for the reporting period, which is defined as net income attributable to shareholders of the listed company of RMB 801,378,948.23 excluding after tax income/loss from disposal of equity investments of

RMB 18,178,627.26 (There is no performance compensation income/expenses or related goodwill impairment generated by business acquisitions, and share-based compensation during this reporting period). The adjusted net income for the same period last year is RMB 769,335,085.67. The adjusted net income for the reporting period increased by 1.80% compared to last year.

### 3. Number of Shareholders and Their Shareholding Details

Note: Names of top 10 shareholders, numbers of their shares, and their rankings disclosed in the semi-annual report shall be based on the register of shareholders made available by the clearing company. In addition, shares held by China Securities Finance Corporation Limited in the Company, shares transferred to Central Huijin Investment Ltd., and shares held by various public offerings of funds and trader assets management programs will not be consolidated.

Unit: share

Total number of common shareholders at the end of the reporting period		55,499		Total number of preferred shareholders whose voting rights were resumed at the end of the reporting period (if any)		0	
Shareholding Status of Top 10 Shareholders							
Name of the shareholder	Capacity of shareholder	Shareholding ratio	Number of shares	Number of shares held with selling restrictions	Pledge or Seizure		
					Status of shares	of	Quantity
Li Weiwei	Domestic natural person	19.00%	403,658,052	302,743,539	Pledge		92,260,000
Zeng Kaitian	Domestic natural person	17.38%	369,304,174	36,930,418	Pledge		57,900,000
Wu Xushun	Domestic natural person	8.00%	170,037,782	0			
Wu Weihong	Domestic natural person	7.92%	168,204,662	126,153,496	Pledge		21,720,000
Wu Weidong	Domestic natural person	7.04%	149,638,084	125,653,563	Pledge		27,800,000
Hu Yuhang	Domestic natural person	3.00%	63,830,436	9,590,040	Pledge		10,310,000
CUAM – Ningbo Bank – Zhuhai Rongxi Equity Investment Partnership (LP)	Other	2.78%	59,031,876	59,031,876			
No. 2 asset management plan of CUAM Fund – Ningbo	Other	2.10%	44,604,486	44,604,486			

Bank – CUAM – Shunrong Sanqi private placement plan						
Private equity investment fund phase 1 of private placement of Shanghai PanXin Investment Management co., Ltd. – Shanghai Pan Feng Investment Center (L.P.)	Other	1.56%	33,057,850	33,057,850		
Ningbo Xinda Fengsheng Investment Partnership (L.P.)	Domestic non-state-owned legal person	1.53%	32,467,532	32,467,532	Pledge	32,467,500
Description of association relationship or acting in concert of the said shareholders	1. Among the top 10 shareholders of the company, Wu Xushun and Wu Weihong are father and daughter and Wu Xushun and Wu Weidong are father and son. Wu Xushun, Wu Weihong, and Wu Weidong are persons acting in concert. 2. The company was unaware of other association relationship among other top 10 shareholders or existence of persons acting in concert as provided in the <i>Administrative Measures for Takeover of Listed Companies</i> .					
Description of shareholders involved in securities margin trading (if any)	Not applicable					

#### 4. Dividend payout proposal approved by the Board

The Board has considered and approved the following dividend payout proposal for common shareholders for the reporting period: based on the Company's total shares of 2,124,870,253, a cash dividend of RMB1.00 (tax inclusive) per 10 shares should be distributed to all the common shareholders, with no share dividend converted from capital reserves.

### III. Discussion and Analysis on Business Operation

#### 1. Brief Introduction of Business Operation in the Reporting Period

The company is mainly engaged in cultural and creative business activities and the manufacturing and sales of plastic fuel tanks for

automobiles. Within its cultural and creative business it includes the R&D, publishing and operation of mobile and browser games. Furthermore it has recently seen a large expansion into film, television, animation and comics, music, and VR.

The company steadily pushed forward its IP-centered, “platformization and globalization” development strategy for its cultural and creative business in this reporting period, ranking the 23rd among China’s Top 100 internet companies in term of comprehensive strength and 1st among A-share listed game companies.

In the reporting period, the company achieved an operating revenue of RMB 3.302 billion, up by 7.2% year on year; pre-tax profit was RMB 919 million, down by 9.6% year on year; net income attributable to shareholders of the listed company was RMB 801 million, down by 5.8% year on year; and net income attributable to shareholders of the listed company after deduction of non-recurring gains and losses was RMB 761 million, up by 0.32% year on year.

The variation in the net income attributable to shareholders of the company mainly resulted from the company’s disposal of its equity in Shanghai Zheyuan Co., Ltd. and Shanghai Aurora Network Technology Co., Ltd. During the same period of the prior year, shareholders net income on investment was recognized to be RMB 167 million, while there is no significant equity disposal from January to June in 2018.

The variation in net income attributable to shareholders of the company after deduction of non-recurring gains and losses mainly resulted from continuous growth of the mobile game business.

## 2. Brief Introduction of the Industry and Operation Environment

### 1) Changes in the economic situation of the industry and their impact on the Company

According to *China’s Game Industry Report of January to June 2018* jointly published by Game Publishing Working Committee of China Audio-Video and Digital Publishing Association and GNC, the actual sales revenue of China’s game market amounted to RMB 105 billion from January to June 2018, up by 5.2% year on year. The number of players during this period in China was 530 million, up by 4.0% year-on-year; the actual sales revenue of China’s mobile game market reached RMB 63.41 billion, 12.9% higher than the same period of the prior year. Mobile games remained the main driving force for the growth of the overall games market.

In the reporting period, the gross billing of domestic mobile game business of the company amounted to RMB 3.34 billion, up by 55.3% year on year; mobile game business revenue saw a year-on-year increase of 39.1%, faster than industry averages. Based on the actual sales revenue of the mobile game market as disclosed in the *China’s Game Industry Report of January to June 2018*, which equates to RMB 63.41 billion, the mobile game business of the company occupied a market share of 5.3% in terms of gross billing. As of the date of this report, the company expects the gross billing of its domestic mobile game business to be from RMB 2.2 billion to RMB 2.7 billion in the third quarter, 36.2% to 67.2% higher than the prior quarter, owning a larger market share. The company intends to enhance its portfolio of high-quality product lines by increasing R&D investment and strengthening cooperation with developers, and to cooperate more closely with other channels and platforms. This is intended to further seize opportunities of growth and to expand both scale and market share in the industry. With regards to browser games, the company intends to maximize its core advantages in browser game operations and to further improve user experiences, retain existing users, and achieve steady operating revenue.

### 2) Changes in policy environment of the industry and their impact on the Company

The General Office of CPC Central Committee and the General Office of the State Council printed and distributed the *Outline of the National Plan for Cultural Development and Reform during the Period of the Thirteenth Five-Year Plan* in May 2017, which sets forth the requirements for “optimizing the structure and layout of the culture industry and accelerating development of emerging industries including online audiovisual programs, mobile multimedia services, digital publishing, animation, comics and games, creative designs, and 3D movies and Image Maximum movies”, and supports development of the game industry.

During the reporting period, the company actively reacted to any requirement changes in the industry and increased its input into

high-quality games with innovative gameplay. In the meantime, it protected its intellectual property rights and ensured business operation is in compliance with laws and regulations.

### 3. Products of the Company and Principal Operation Modes

The Company is mainly engaged in cultural and creative business activities and the manufacturing and sales of plastic fuel tanks for automobiles. Within its cultural and creative business it includes the R&D, publishing and operation of mobile and browser games. Furthermore it has recently seen a large expansion into film, television, animation and comics, music, and VR.

The company operates mobile games and browser games mainly through independent operations and joint operations with third parties.

In terms of independent operations, the company obtains the right to game operations through independent R&D or license agreements. It publishes and operates the games through its own or third parties' channels. The company takes full charge of game operations, promotions and maintenance. Furthermore it uniformly manages the launching and promotion of the games, customer services, top-up and payment collection, feedback collating from users and games, and constantly updates and upgrades the products together with developers.

In joint operations with third parties, the company cooperates with one or more game company to jointly operate a game. Third-party game companies are responsible for the operations, promotion, top-up service, and recharge system of their own channels, while the company and the developer jointly provide technical support.

There was no significant change in the main business, major products and operation modes, or main performance drivers of the Company in the reporting period.

### 4. Core Competitiveness of the Company

The Company has been steadily pushing forward its IP-centered, "platformization and globalization" development strategy for its cultural and creative business and established the following core competitiveness:

#### 1. Strong Team

After years of operation in the cultural and creative industry, the company has built a core team of R&D elites, experienced publishers, and outstanding staff with leadership skills through an effective support system, implementing incentive mechanisms, creating inspiring environments, and holding recreational events. Its core team is solid with the prospective strategy layout ability, creative and vital skills, and executive power. Enterprising and perseverant, it will help the company to make constant outstanding achievements in the industry.

#### 2. Expertise in publishing

The company continued to play a vital role in the domestic mobile game publishing market in the reporting period. The *Q1 2018 Quarterly Data Release and Research Report of China's Interactive Entertainment Industry* of iResearch showed that, the company ranked third among listed game enterprises in China's mobile game market, following Tencent and Netease, in the first quarter of 2018; it continued to take a leading position in domestic browser game field; and it also maintained an advantageous position in overseas markets, including Hong Kong, Macao, Taiwan, Southeast Asia, Europe, and America. The company has accumulated rich experience in mobile and browser game publishing, which assured an edge over competitors.

With respect to products, the company, due to an excellent performance and in-depth cooperation with a number of outstanding developers and companies by means of investment and shareholding, has accumulated an abundance of resources. The company applies a strict and quality assurance procedure to select and source high-quality products. The aim for long term operational



developments and are, constantly adjusting and optimizing products, to attract users with better content and ultimately achieving higher gross billing and revenue.

In terms of users, the company focuses on traffic operation and has accumulated profound experience in promotion and publishing channels. It understands users of different channels, hence it can constantly and precisely introduce higher-quality games to target players. On the one hand, the company was able to anticipate the needs of users by reading data and carried out customized treatment for different users while cutting the customer acquisition cost; on the other hand, the company accumulated an abundance of experience in exploring overseas markets, which provides a head start for further expansion in the future.

With respect to service, the company is dedicated to providing players with a detail-centered and comprehensive supporting service. The company operates a flawless player account system, customer service system, and runs an experienced customer service team, which, in combination with an abundant supply of products, offers players a wide option of games and one-stop service. Through this, the company, guided by the “platform building” strategy, is capable of further improving gaming experiences, activities, and retention rates thus, increasing its revenue and advertising efficiency.

The Company was awarded “2017 Top 10 Globalized Brands” and “2017 Top 10 Enterprises Making Prominent Contributions to the Game Industry” with its publishing strength over diversified competition at “China’s Game Awards” sponsored by xinhuanet.com under the guidance of the Office of Central Leading Group for Cyberspace Affairs and the Ministry of Public Security of the People’s Republic of China in the reporting period.

### 3. High-quality game R&D ability

The company has independently developed and continues to do so a series of core technologies, such as advanced game engines and frameworks, which, provide support for an all round excellent performance for popular online games. The company guarantees to constantly launch high-quality games. Through proven core technologies and experience, the company can reduce costs and time for R&D without compromising product quality, and to timely launch competitive games to get a head start in the market. The big data analysis system independently developed by the company is capable of collecting, integrating, and analyzing a mass user consumption and behavior database. For product improvement, the system examines user preference, behavior patterns, consumption habits, etc., and provides critical insights for future product designs and general improvements. This allows the company to optimize procedures of product development. The company has also adopted a market-orientation approach which is focused on sustainable development with the help of its in-depth understanding of players’ demands in game operation business. The company balances the commercial and entertainment properties of a product and is able to launch independently-developed, highly-successful, and long life cycled products that are positively received by the market. As of the date of this report, the Company is developing two browser games, *Xue Meng Rong Yao* (血盟荣耀) and *MU X* (奇迹X (暂定名)), and ten mobile games, namely *Swords of Archangels* (大天使之剑 (客户端版)), *Soul Land H5* (斗罗大陆H5), *Mobile Game S*, *Mobile Game X of Mir* (手游项目X (传奇类)), *Tu Long Po Xiao* (屠龙破晓), *Chao Neng Meng Qiu* (超能萌球 (暂定名)), *Mobile Game T*, *Mobile Game E*, *Mobile Game F* and *H-Game*. Based on its competitive advantages, the company is expected to launch long-cycled popular games that are comparable to *Yong Heng Ji Yuan* (永恒纪元), *Chuan Qi Ba Ye* (传奇霸业), and *Swords of Archangels* (大天使之剑).

### 4. Coordination of upstream and downstream business

The business structure of the company, which integrates R&D and operation, helps fully utilize resources and develop popular products. In research and development of new products, inspiration comes from previous successful experiences. It utilizes its strong R&D strength, with constant product improvement, adjustment and optimization based on market demands, and further increases the success rate.

The company closely cooperates with a number of excellent content providers and front-line game developers in the form of equity investment and strategic cooperation. The upstream business is able to constantly provide materials for the R&D business with respect to IP and original contents while meeting the diversified demands of the publishing products.

Pragmatism and excellent performance enable the company to successfully establish close cooperation with numerous media and

publishing channels and enhance its bargaining power before channel providers. In this way, the company is able to get access to more high-quality channel resources at the same cost.

## 5. Discussion and Analysis on Business Operation

Key performance indicators	January - June 2018	January - June 2017	Year-on-year variation
Operating income (RMB 100,000,000)	33.02	30.79	7.2%
Pre-tax profit (RMB 100,000,000)	9.19	10.17	-9.6%
Net income attributable to shareholders of the company (RMB 100,000,000)	8.01	8.51	-5.8%
Adjusted net income ((RMB 100,000,000)	7.83	7.69	1.8%
Net cash flow from operating activities ((RMB 100,000,000)	9.77	10.97	-10.9%
Basic earnings per share (RMB/share)	0.37	0.41	-9.8%
Weighted average yield of net assets	12.71%	17.18%	-4.47%

The Company, steadily pushed forward its IP-centered, “platformization and globalization” development strategy for its cultural and creative business in this reporting period and maintained its leading position in domestic market in terms of comprehensive strength; the auto parts business however saw a slight decrease.

The company achieved operating revenue of RMB 3.302 billion, 7.2% higher year on year in the reporting period. The growth of the mobile game publishing and R&D business was the main driving force for growth of overall income in the current period.

The pre-tax profit and net income attributable to shareholders of the Company amounted to RMB 919 million and RMB 801 million, down by 9.6% and 5.8% year on year, respectively. The relative profit declined somewhat because of incomes from disposal of large equity investment in the same period of the prior year but none in the current period.

The company adopted one non-GAAP measure, adjusted net income/(loss), as a supplementary indicator to measure its actual operation performance. The adjusted net income of the company was RMB 783 million in the current period, increasing by 1.8% year-on-year. The profit increase was mainly driven by the continuous growth of the mobile game business.

### (I) Cultural and creative business

#### 1. Mobile game business

Indicators	January - June 2017	January - June 2018	Year-on-year variation
Revenue from mobile games (RMB 100,000,000)	15.43	21.46	39.1%
ARPG	11.08	15.49	39.8%
Eastern magic games	-	1.28	100.0%
Western magic games	-	4.38	100.0%
Fantasy games	10.90	6.58	-39.6%
Mystery games	-	0.50	100.0%
Exploration games	-	1.73	100.0%
Immortality games	0.01	0.96	9500.0%
Other subjects	0.17	0.06	-64.7%

MOBA games	0.49	0.59	20.4%
RPG	1.29	3.66	183.7%
Card games	-	0.12	100.0%
SLG	1.33	1.04	-21.8%
Others	1.24	0.56	-54.8%

Both the revenue from mobile game business and input in R&D grew, and the mobile game business continued to take a leading position in domestic market and a number of overseas markets. In the reporting period, the operating revenue from the mobile game business and its gross profit reached RMB 2.146 billion and RMB 1.665 billion, 39.1% and 38.8% higher year on year, respectively. The Company mainly implemented the strategy of “ARPG + diversified categories” in mobile game R&D and publishing in 2018. A total of 25 mobile games of different categories are launched in the first half of 2018, further enriching the experience of the company in publishing different games. Revenue from ARPG mobile games increased by 39.8% and that from RPG mobile games 183.7% in the reporting period, marking a successful step.

#### (1) Mobile game publishing

Domestic market: the company continued to play a vital role in domestic mobile game publishing market. According to *Q1 2018 Quarterly Data Release and Research Report of China's Interactive Entertainment Industry* of iResearch, the Company ranked third among listed game companies in China's mobile game market in the first quarter of 2018, following Tencent and Netease. the Company, based on its capability of operating different games, adjusted its publishing strategy from simple “ARPG + SLG” to “diversification” in the reporting period. In the meantime, relying on its in-depth understanding of user demands, the company joined hands with developers to push forward product adjustment and optimization and launched attractive and high-quality games to the market through constant improvements. The company sought product operation and development in the long run. It continued to invest in long-cycled popular games such as *Eternal Crusade* and *Swords of Archangels H5*, which contribute a great deal to the gross billing and profit of the company. As of the date of this report, the company had obtained the exclusive right to operate a number of mobile games, including *Bing Ren Da Zhan* (兵人大战), *Sword and Rebirth* (剑与轮回), *Jing Ling Qi Yue* (精灵契约), *SNK All Star* (working title) (SNK全明星 (暂定名)), *Ling Jian Xian Shi* (灵剑仙师), and rich reserves of independently-developed games such as *Soul Land H5* (斗罗大陆H5). By the date of this report, the new ARPG games, including *Tu Long Po Xiao* (屠龙破晓), released in July, has achieved significant results, and is expected to drive the growth of the company in the latter half of the year. As of July 2018, the company's monthly gross billing of mobile games in domestic market has exceeded RMB 700 million, and it tends to grow further.

Overseas markets: the company continued its advantages in overseas markets and further executed its global strategies. In the reporting period, the company constantly updated and iterated its flagship product, *Yong Heng Ji Yuan* (永恒纪元), which made contributions to the profit in Hong Kong, Macao, Taiwan, Southeast Asia, Europe, America, and Korea. At the end of the reporting period, the game was published in Japan, helping the company to explore the Japanese market. In the reporting period, *Swords of Archangels H5* (大天使之剑H5) rose to the top of bestselling games in merely two months after its launching in Taiwan. *Clans of Intrigue* (楚留香), an MMORPG launched on 5 July, achieved remarkable results in the Taiwan market. It ranked first among best-selling games in terms of downloads only three days after launching. As of the date of this report, popular and upcoming games operated by the company included the fighting card game *KOF: Destiny* (拳皇命运), love card game *Half-the-World Journey* (半世界之旅), 2-D game *Dengeki Bunko: Crossing Void* (电击文库: 零境交错), 2-D game *Dream Link* (梦境链接), RPG game *Era of Chaos*, Code M-RPG, SLG game *Three Kingdoms* (墨三国), MOBA game *Stonecraft* (石器争霸), SLG game *Lords of Conquest*, SLG game *Primal Wars: Dino Age and, Kingdom and Beauty* (江山美人). Upcoming games are expected to be launched in overseas markets in the latter half of the year, assisting in overseas expansion.

In the reporting period, the company was awarded “2017 Top 10 Globalized Brands” at “China Game Awards”, and was selected to “2017 World Top 52 APP Publishers” by App Annie, a world-renowned data organization.

## (2) Mobile games research and development

The Company continued to increase its investment in R&D of its mobile games business. In research and development of mobile game products, the company is constantly active in design and innovation. It is dedicated to improving the product engine, performance and art quality, so as to meet the increasing demand of users for high-quality game experience.

The company updated and iterated several long-cycled popular games that had been launched in the reporting period. For example, it attempted to recall the memories of veteran players and make the game more appealing through better images and sound effects in *Chuan Qi Ba Ye* (传奇霸业); it met the needs of players for “log-in and play” by integrating data from PC clients and mobile clients in *Swords of Archangels H5* (大天使之剑H5); in *Yong Heng Ji Yuan* (永恒纪元), the company, adapted to the market environment by featuring precise traffic purchasing, improved player experience by innovative gameplay, in-game, enhanced its economic system and updated vivid graphics. In addition, the company launched five independently-developed games in the reporting period, including *Fighter of the Destiny* (择天记) and *Swords of Archangels H5* (大天使之剑H5) (for Hong Kong, Macao, and Taiwan).

The company began to set foot on research and development of casual games and turn-based games in the reporting period. In the future, the target is to become a first-rate game developer capable of providing players with various game products, focusing on high-quality content and utilizing its own advantages in anticipating user needs. It will apply core technologies to further explore new genres, gameplay and to actively expand its product lines.

As of the end of the reporting period, the company was developing ten mobile games, namely *Swords of Archangels* (大天使之剑(客户端版)), *Soul Land H5* (斗罗大陆H5), *Mobile Game S*, *Mobile Game X of Mir* (手游项目X(传奇类)), *Tu Long Po Xiao* (屠龙破晓), *Chao Neng Meng Qiu* (超能萌球(暂定名)), *Mobile Game T*, *Mobile Game E*, *Mobile Game F* and *H-Game*.

## 2. Browser game business

More than 20,000 new servers were opened in the first half of 2018 in the domestic market, topping the ranking list of operation platforms in term of server opening (source of data from 9k9k). It continued to play a leading role in the industry in terms of market share.

In the reporting period, the operating revenue from the browser game business reached RMB 910 million, a slight drop year on year, which was mainly due to users' shift to mobile clients and reduction in browser game products. User adhesiveness and platform influences were enhanced by improving the user's game experience, while strengthening cooperation with domestic top browser game developers by investment and business cooperation. In the first half of 2018, the launch of *The Rise of Taichi* (太极崛起) and other excellent games further stabilized the operating revenue. The open beta test of the browser game *Demon Seals* (镇魔曲网页版) will be launched in the latter half of 2018 commenced in early July. The continuation of research and development of browser games will further allow adaptation to changing market needs. The open beta test of the independently-developed *Xue Meng Rong Yao* (血盟荣耀) was released in early July. MU X, which is under development, and *The Legendary Swordsman* (笑傲江湖), the game to be operated by the company as an agent, are expected to be launched in the next half of the year.

## 3. Other cultural and creative business

The company maintains its existing investments in films and television, music, animation, and VR. According to the future investment plan, there will be a key focus centering a strategy on quality content, investing in other fast-growing cultural and entertainment fields, utilizing operations, expanding into more fields, investing in companies in content realization and strategic coordination. In addition to film and television, animation, music, and VR, further investment will be in education, sports, social media, and preschool education, in order to build a brand that provides quality contents to users of all ages. By the date of the report business has been extended to tens of millions of young users through following investment: YHKT Entertainment, an original animation company; Junengwan, the first real comic platform in China; Wake, the first online yoga platform in China and domestic popular idol bands. In addition, there are plans to enlarge its user group to infants through business involvement in preschool education, so as to cover users of all ages. Through strategic coordination with invested companies and expansion in the future,

high-quality content and services can be provided to users of all age brackets and become a cultural and creative brand that accompanies the growth of the young generation of China.

#### 4. IP strategy

Combining its strength in game businesses and continuation of exploiting high-quality IP for development of competitive games, the company acquired the IP rights of *Astro Boy*, *Seal OL*, and added the IP cooperative project *Soul Land* in the reporting period. IPs that were in the stage of development in the reporting period included *MU* (browser game *MU X* and mobile game *Swords of Archangels*), and *Soul Land* (mobile game *Soul Land H5*). In addition to direct purchasing high-quality IPs, the Company and Century Huatong entered into an agreement in the reporting period, according to which, the parties would strategically cooperate in game R&D and operation and IP-adapted resources. The Company will continue to build its cultural and creative strategy system, satisfy the diversified demands for users for entertainment, and exploit the value extension space of IP in film and television, game, animation and comic, music, and VR in depth on the basis of its excellent IP strategy.

#### (II) Automobile parts business

There was a decline in revenue and profit of the automobile parts business of the Company in the reporting period.

## 6. Revenue and Cost Analysis

Unit: RMB

	Operating revenue	Operating cost	Gross profit	Year-on-year variation of operating revenue	Year-on-year variation of operating cost	Year-on-year variation of gross profit
<b>Industries</b>						
Online game industry	3,071,123,194.02	716,040,586.48	76.68%	10.58%	-5.92%	4.09%
Automobile parts industry	231,372,952.75	170,233,013.97	26.42%	-23.42%	-21.86%	-1.47%
<b>Products</b>						
Browser games	910,103,611.46	234,874,537.56	74.19%	-24.95%	-43.83%	8.67%
Mobile games	2,145,744,221.56	481,166,048.93	77.58%	39.10%	40.29%	-0.19%
Others	15,275,361.00	0.00	100.00%	-30.62%	0.00%	0.00%
Automobile parts	231,372,952.75	170,233,013.97	26.42%	-23.42%	-21.86%	-1.47%
<b>Regions</b>						
Domestic	2,828,407,922.34	783,422,516.41	72.30%	8.64%	-10.54%	5.94%
Overseas	474,088,224.43	102,851,084.04	78.31%	-0.41%	-0.42%	0.00%

Cost composition of main business

Unit: RMB

Cost composition	Current Reporting Period	Same Period of the Prior Year	Year-on-year
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	Amount	Proportion in the operating cost	Amount	Proportion in the operating cost	variation
Game commission	633,845,493.29	71.52%	680,490,259.80	69.51%	2.01%
Cost of servers	43,827,578.58	4.95%	37,705,465.73	3.85%	1.09%
Amortization of royalty	22,131,700.53	2.50%	42,039,126.54	4.29%	-1.80%
Production cost	503,238.47	0.06%	765,752.79	0.08%	-0.02%
Other costs	15,732,575.61	1.78%	114,933.11	0.01%	1.76%
Direct materials	134,734,499.98	15.20%	180,478,949.01	18.44%	-3.23%
Direct labor cost	8,281,182.96	0.93%	8,535,911.02	0.87%	0.06%
Manufacturing expenses	27,217,331.03	3.07%	28,838,008.32	2.95%	0.13%
Total	886,273,600.45	100.00%	978,968,406.32	100.00%	0.00%

## 7. Risks of the Company and Countermeasures

### 1. Market competition risks and countermeasures

The online game industry has developed a fierce industrial competition in products and market channels. With the development of entertainment and internet industries, online game users have increasingly higher standards for game products. A more intense market competition will put pressure on the developments for products and market channels.

In response, harnessing experience and accumulation in research and development of successful products and abundant IP resources will be needed to move forward. Strategic cooperation with upstream producers will be implemented by means of investment and shareholding, so as to constantly produce more mobile and browser games and retain users with competitive games. In market channels, the company will maximize the first-mover advantages in overseas game markets, accelerate expansion of overseas businesses and increase the contributions of overseas markets to the operating revenue so as to constantly improve core competitive power in overseas markets.

### 2. Operation risks and countermeasures

The online game industry is characterized by fast product update, limited life cycle and fast change of user preference. Game enterprises need to increase their investment in technology development and closely keep in pace with trend of the industrial technologies. If the game industry encounters a significant technological revolution, but game enterprises fail to catch up, their products will fail to meet the market demands. At the same time, information security and user privacy protection arouse great public concerns. If the Company leaks users' information due to negligence, there will be a significant damage on the user experience and brand image. Consequently, its operation performance will be impaired.

In response, increasing input in product research and development is needed and there will be a continuation and extension of development in upstream layouts by means of investment, shareholding, and merger and acquisition. Furthermore, the examination of operations data in depth, constantly updating and understanding the change in target users' preference, and timely adjusting its operation strategy and research and development direction will be implemented so as to meet the core demands of users.

A strict internal control system for information security management and user privacy protection has been set up to ensure the security of users information to the maximum extent. A series of internal control systems to define and classify security accidents and respond in time to possible data security problems have also been implemented. Information security audits take place once every six

months for systematic control of information security risks. In terms of privacy protection, the new *Privacy Policy* was established and provides in details the rules and standards for collection and use of users' personal information and sets forth the reasonable and feasible security measures adopted for protection of users' personal information. In this way the company will make sure with greatest efforts that all users' personal information are protected at the highest level. The company will make sure it runs the business in compliance with applicable laws and regulations throughout the world, to safeguard users personal information. A response procedure to inform users of any possible security cost and what necessary actions need to be taken is also in place to ensure users can manage their own personal information.

### 3. Risks of core employee turnover and countermeasures

As this is an online game enterprise without many fixed assets, a stable and high-quality game developer team is an important and necessary guarantee to maintain its technological edge. If the company fails to effectively maintain and constantly perfect the incentive mechanism for core employees under the change of environment, the employees' enthusiasm and creativity will be affected, even resulting in resignation of core employees. If the company fails to recruit and retain technological and operation talents required, its business operation, development, profitability will suffer.

In response, much attention has been given to cultivation and acquisition of professional talents. It creatively builds a platform-based talent management mechanism, according to which excellent game producers are rewarded with high project bonus, while they are given discretion of research and creation. Agreements are entered with core employees, creating a favorable working environment, and developing a healthy corporate culture for employee loyalty. Further more, the company puts emphasis on employee training and enhancing their sense of belonging, especially for core employees and executives. In this way, they can feel that they are owners of the company and be more loyal to the company.

## IV. Financial Statements

Numbers in the financial statements shall be denominated in Renminbi.

### 1. Consolidated balance sheet

Prepared by: Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd.

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary capital	1,538,659,591.57	1,580,910,931.98
Notes receivable	46,200,000.00	55,340,000.00
Accounts receivables	942,845,341.12	884,909,012.77
Advance payments	295,733,066.09	283,516,789.29
Interest receivable	5,095.89	582,592.17
Dividends receivable	1,194,183.75	
Other receivables	322,191,024.83	388,111,919.85
Inventory	71,471,268.40	101,828,085.31
Assets held for sale	337,765,050.83	75,066,714.34
Other current assets	192,520,546.20	592,189,323.99

Total current assets	3,748,585,168.68	3,962,455,369.70
Non-current assets:		
Available-for-sale financial assets	651,972,479.13	882,481,586.86
Long-term equity investment	397,333,972.65	376,972,832.08
Fixed assets	288,015,211.62	292,395,887.17
Construction in progress	72,389,566.29	50,672,878.42
Intangible assets	42,485,019.45	44,898,112.29
Development expenditure	5,719,543.20	4,070,272.43
Goodwill	2,540,312,996.76	2,540,312,996.76
Long-term deferred expenses	73,666,966.77	79,803,089.59
Deferred income tax assets	13,492,897.73	11,810,692.92
Other non-current assets	949,023,874.74	914,263,967.16
Total non-current assets	5,034,412,528.34	5,197,682,315.68
Total assets	8,782,997,697.02	9,160,137,685.38
Current liabilities:		
Short-term loans	649,000,000.00	372,054,500.00
Accounts payable	828,053,099.62	741,792,973.33
Payments received in advance	79,760,060.61	84,886,734.84
Payroll payable	87,340,794.43	113,480,021.50
Taxes payable	41,152,839.18	58,281,315.47
Interest payable	538,984.56	390,533.38
Dividends payable	212,487,025.30	
Other payable	396,389,893.71	61,572,020.26
Non-current liabilities due within one year	28,849,024.11	28,117,893.57
Other current liabilities	60,837,165.93	57,738,251.19
Total current liabilities	2,384,408,887.45	1,518,314,243.54
Non-current liabilities:		
Long-term loans	296,165,631.48	310,775,272.06
Bonds payable	27,257,539.12	27,163,239.26
Deferred income	9,276,581.42	17,226,474.44
Total non-current liabilities	332,699,752.02	355,164,985.76
Total liabilities	2,717,108,639.47	1,873,479,229.30
Owner's equity:		



Share capital	2,124,870,253.00	2,148,110,844.00
Other equity instruments	1,947,846.62	1,947,846.62
Capital reserves	363,981,730.68	1,972,639,580.66
Other comprehensive incomes	-37,047,030.32	-25,087,592.30
Surplus reserves	99,561,946.09	99,561,946.09
Undistributed profit	3,408,489,508.71	2,819,597,585.78
Total owner's equity attributable to the parent company	5,961,804,254.78	7,016,770,210.85
Minority interests	104,084,802.77	269,888,245.23
Total owner's equity	6,065,889,057.55	7,286,658,456.08
Total liabilities and owner's equity	8,782,997,697.02	9,160,137,685.38

Legal representative: Li Weiwei Person in charge of accounting: Ye Wei Person in charge of the accounting department: Ye Wei

## 2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary capital	71,772,220.68	5,437,518.91
Dividends receivable	200,000,000.00	
Other receivables	786,037,356.83	1,655,547,345.04
Assets held for sale	69,996,897.11	69,996,897.11
Other current assets	2,799,462.88	403,527,827.28
Total current assets	1,130,605,937.50	2,134,509,588.34
Non-current assets:		
Available-for-sale financial assets	60,000,000.00	60,000,000.00
Long-term equity investment	7,153,123,823.31	5,754,424,925.15
Deferred income tax assets	2,707,172.67	3,334,186.37
Other non-current assets	50,000,000.00	50,000,000.00
Total non-current assets	7,265,830,995.98	5,867,759,111.52
Total assets	8,396,436,933.48	8,002,268,699.86
Current liabilities:		
Short-term loans	649,000,000.00	369,000,000.00
Payroll payable	283,731.30	539,632.89
Taxes payable		17,271,522.21

Interest payable	538,984.56	390,533.38
Dividends payable	212,487,025.30	
Other payable	909,771,145.77	565,086,466.06
Other current liabilities	1,266,932.04	936,428.02
Total current liabilities	1,773,347,818.97	953,224,582.56
Non-current liabilities:		
Total non-current liabilities		
Total liabilities	1,773,347,818.97	953,224,582.56
Owner's equity:		
Share capital	2,124,870,253.00	2,148,110,844.00
Capital reserves	4,023,809,854.19	4,401,934,248.25
Surplus reserves	99,561,946.09	99,561,946.09
Undistributed profit	374,847,061.23	399,437,078.96
Total owner's equity	6,623,089,114.51	7,049,044,117.30
Total liabilities and owner's equity	8,396,436,933.48	8,002,268,699.86

### 3. Consolidated income statement

Unit: RMB

Item	Accruals in the current period	Accruals in the prior period
I. Total operating revenue	3,302,496,146.77	3,079,428,904.50
Including: operating revenue	3,302,496,146.77	3,079,428,904.50
II. Total operating costs	2,447,475,704.34	2,305,547,913.50
Including: operating costs	886,273,600.84	978,968,406.32
Taxes and surcharges	15,844,704.11	11,835,813.83
Sales expense	1,143,478,494.94	894,395,258.33
Overheads	385,778,790.51	406,200,167.32
Financial expenses	13,958,433.93	14,277,887.24
Asset impairment loss	2,141,680.01	-129,619.54
Add: gains from changes in fair value (represented in "-" for loss)		
Investment income (represented in "-" for loss)	23,747,705.64	209,368,987.93
Including: investment income from associated enterprise and joint venture	-4,090,378.50	-6,778,392.90

Gains from asset disposal (represented in “-” for loss)	4,411.96	-625,274.29
Other incomes	42,885,206.03	33,482,273.74
III. Operating profit (represented in “-” for loss)	921,657,766.06	1,016,106,978.38
Add: Non-operating revenue	1,076,547.10	589,454.30
Less: Non-operating expenditures	3,487,862.12	125,417.98
IV. Pre-tax profit (represented in “-” for total loss)	919,246,451.04	1,016,571,014.70
Less: Income tax expense	36,437,882.35	64,889,299.38
V. Net income (represented in “-” for net loss)	882,808,568.69	951,681,715.32
(I) Net income of continued operations (represented in “-” for net loss)	882,808,568.69	951,681,715.32
Net income attributable to owners of the parent company	801,378,948.23	850,550,518.37
Minority interest income	81,429,620.46	101,131,196.95
VI. Other net comprehensive incomes after tax	-12,085,783.31	-26,957,663.51
Other comprehensive incomes after tax attributable to owners of the parent company	-11,959,438.02	-27,310,344.67
(II) Other comprehensive incomes that can be reclassified as profit or loss in the future	-11,959,438.02	-27,310,344.67
2. Profit and loss on changes in fair value of available-for-sale financial assets	-16,780,009.82	-28,155,236.82
5. Converted difference in foreign currency statements	4,820,571.80	844,892.15
6. Others		
Other comprehensive incomes after tax attributable to minority shareholders	-126,345.29	352,681.16
VII. Total comprehensive incomes	870,722,785.38	924,724,051.81
Total comprehensive income attributable to owners of the parent company	789,419,510.21	823,240,173.70

Total comprehensive incomes attributable to minority shareholders	81,303,275.17	101,483,878.11
VIII. Earnings per share:		
(1) Basic earnings per share	0.37	0.41
(2) Diluted earnings per share	0.37	0.41

In case of business combination under common control in the current period, the combined party realized a net income of RMB 0.00 yuan prior to the combination and it realized a net income of RMB 0.00 yuan in the prior period.

Legal representative: Li Weiwei    Person in charge of accounting: Ye Wei    Person in charge of the accounting department: Ye Wei

#### 4. Income statement of the parent company

Unit: RMB

Item	Accruals in the current period	Accruals in the prior period
I. Operating revenue	0.00	751,646.53
Less: Operating cost	0.00	31,646.53
Taxes and surcharges	1,024,725.00	392,705.30
Sales expense	0.00	
Overheads	6,601,859.21	9,362,828.12
Financial expenses	5,213,002.36	9,914,533.98
Asset impairment loss	-2,508,054.79	-2,504,511.65
Add: gains from changes in fair value (represented in "-" for loss)	0.00	
Investment income (represented in "-" for loss)	198,698,898.16	109,600,158.10
Including: investment income from associated enterprise and joint venture	-1,301,101.84	-943,153.97
Gains from asset disposal (represented in "-" for loss)	0.00	
Other incomes	50,943.38	
II. Business profit ("-" for loss )	188,418,309.76	93,154,602.35
Add: Non-operating revenue	0.00	
Less: Non-operating expenditures	5,483.09	
III. Pre-tax profit (represented in "-" for total loss)	188,412,826.67	93,154,602.35
Less: Income tax expense	515,819.10	18,085,464.76

IV. Net income (represented in “-” for net loss)	187,897,007.57	75,069,137.59
(I) Net income of continued operations (represented in “-” for net loss)	187,897,007.57	75,069,137.59
VI. Total comprehensive incomes	187,897,007.57	75,069,137.59
VII. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Item	Accruals in the current period	Accruals in the prior period
I. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	3,438,837,552.44	3,406,760,557.65
Cash received from tax refunds	26,890,901.13	21,837,951.79
Other cash received relating to operating activities	23,960,147.51	25,950,170.88
Sub-total of cash inflow from operating activities	3,489,688,601.08	3,454,548,680.32
Cash paid for goods acquired and services received	764,126,180.75	1,048,871,934.37
Cash paid to and on behalf of employees	389,536,519.50	273,488,370.49
Taxes paid	148,413,335.07	137,575,252.88
Other cash paid relating to operating activities	1,210,376,547.80	897,765,812.95
Sub-total of cash outflow from operating activities	2,512,452,583.12	2,357,701,370.69
Net cash flows from operating activities	977,236,017.96	1,096,847,309.63
II. Cash flows from investing activities		
Cash received from withdrawal of investment	118,636,674.46	195,000,000.00
Cash received from return on investment	31,431,186.39	12,689,873.46
Net cash received from disposal of	2,174,729.81	1,890,880.34

fixed assets, intangible assets and other long-term assets		
Other cash received relating to investing activities	1,126,557,800.00	974,417,865.14
Sub-total of cash inflow from investing activities	1,278,800,390.66	1,183,998,618.94
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	131,912,260.35	575,626,006.32
Cash paid for investment	92,335,901.04	221,908,800.00
Net cash paid for acquisition of subsidiaries and other business entities		-33,452,562.16
Other cash paid relating to investing activities	1,126,557,800.00	1,100,000,000.00
Sub-total of cash outflow from investing activities	1,350,805,961.39	1,864,082,244.16
Net cash flows from investing activities	-72,005,570.73	-680,083,625.22
III. Cash flows from financing activities:		
Cash received from absorbing investment	19,789,457.72	426,940,196.27
Including: cash received from subsidiary investment from minority shareholders	19,789,457.72	522,147.52
Cash received from borrowings	649,000,000.00	560,000,000.00
Cash received from issuing bond		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	668,789,457.72	986,940,196.27
Cash paid for repayment of debts	385,933,010.04	300,000,000.00
Cash paid for distribution of dividends or profits or interest payment	109,256,651.46	347,375,745.62
Including: dividend and profit paid to minority shareholders by subsidiaries	90,000,000.00	128,000,000.00
Other cash paid relating to financing activities	1,120,317,235.07	
Sub-total of cash outflow from	1,615,506,896.57	647,375,745.62

financing activities		
Net cash flows from financing activities	-946,717,438.85	339,564,450.65
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-764,348.79	-4,625,651.40
V. Net increase in cash and cash equivalents	-42,251,340.41	751,702,483.66
Add: Opening balance of cash and cash equivalents	1,580,910,931.98	819,213,006.12
VI. Closing balance of cash and cash equivalents	1,538,659,591.57	1,570,915,489.78

## 6. Cash flow statement of the parent company

Unit: RMB

Item	Accruals in the current period	Accruals in the prior period
I. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services		831,026.44
Cash received from tax refunds	50,943.38	
Other cash received relating to operating activities	1,717,002,285.35	494,120,800.82
Sub-total of cash inflow from operating activities	1,717,053,228.73	494,951,827.26
Cash paid for goods acquired and services received		31,646.53
Cash paid to and on behalf of employees	1,238,172.66	1,763,780.21
Taxes paid	18,667,911.67	717.40
Other cash paid relating to operating activities	835,785,281.58	740,983,034.61
Sub-total of cash outflow from operating activities	855,691,365.91	742,779,178.75
Net cash flows from operating activities	861,361,862.82	-247,827,351.49
II. Cash flows from investing activities		
Cash received from withdrawal of investment	50,000,000.00	84,456,687.93
Cash received from return on	6,000,000.00	110,543,312.07

investment		
Sub-total of cash inflow from investing activities	56,000,000.00	195,000,000.00
Cash paid for investment	1,120,000,000.00	0.00
Sub-total of cash outflow from investing activities	1,120,000,000.00	
Net cash flows from investing activities	-1,064,000,000.00	195,000,000.00
III. Cash flows from financing activities:		
Cash received from absorbing investment		428,962,496.88
Cash received from borrowings	649,000,000.00	560,000,000.00
Cash received from issuing bond		
Other cash received relating to financing activities	91,195.70	
Sub-total of cash inflow from financing activities	649,091,195.70	988,962,496.88
Cash paid for repayment of debts	369,000,000.00	300,000,000.00
Cash paid for distribution of dividends or profits or interest payment	10,627,267.52	218,729,086.30
Other cash paid relating to financing activities	491,089.23	
Sub-total of cash outflow from financing activities	380,118,356.75	518,729,086.30
Net cash flows from financing activities	268,972,838.95	470,233,410.58
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	66,334,701.77	417,406,059.09
Add: Opening balance of cash and cash equivalents	5,437,518.91	15,360,874.41
VI. Closing balance of cash and cash equivalents	71,772,220.68	432,766,933.50

## 7. Consolidated statement of changes in owner's equity

Current amount

Unit: RMB



Item	Current period												
	Owner’s equity attributable to parent company											Minorit y interests	Total owner's equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other compre hensive incomes	Special reserves	Surplus reserves	Provisio ns for general risks	Undistri buted profit		
		Prefer red Share	Perpet ual bond	Other s									
I. Closing balance of the prior year	2,148, 110,84 4.00			1,947, 846.6 2	1,972,6 39,580. 66		-25,087, 592.30		99,561, 946.09		2,819,5 97,585. 78	269,888 ,245.23	7,286,6 58,456. 08
Add: Change in accounting policy													
Correction of prior errors													
Business combination under common control													
Others													
II. Opening balance of current year	2,148, 110,84 4.00			1,947, 846.6 2	1,972,6 39,580. 66		-25,087, 592.30		99,561, 946.09		2,819,5 97,585. 78	269,888 ,245.23	7,286,6 58,456. 08
III. Increase and decrease of current year (represented in “-” for decrease)	-23,24 0,591. 00				-1,608,6 57,849. 98		-11,959, 438.02				588,891 ,922.93	-165,80 3,442.4 6	-1,220,7 69,398. 53
(I) Total comprehensive incomes							-11,959, 438.02				801,378 ,948.23	81,303, 275.17	870,722 ,785.38
(II) Capital input and reduced by owners	-23,24 0,591. 00				-1,608,6 57,849. 98							-157,10 6,717.6 3	-1,789,0 05,158. 61
1. Common shares input by shareholders	-23,24 0,591. 00				-375,62 1,894.0 6							7,286,9 57.72	-391,57 5,527.3 4
2. Capital input by owners of other equity instruments													

3. Amount of share-based payment recorded in owner's equity													
4. Others					-1,233,035,955.92							-164,393,675.35	-1,397,429,631.27
(III) Profit distribution											-212,487,025.30	-90,000,000.00	-302,487,025.30
1. Appropriation of surplus reserves													
2. Appropriation of provisions for general risks													
3. Distribution to owners (or shareholder)											-212,487,025.30	-90,000,000.00	-302,487,025.30
4. Others													
(IV) Internal carryover of owner's equity													
1. Transfers from capital reserves to paid-in capital (or stock capital)													
2. Transfers from surplus reserves to paid-in capital (or stock capital)													
3. Surplus reserves used to offset losses													
4. Others													
(V) Special reserves													
1. Withdrawal in current period													
2. Use in current period													

(VI) Others													
IV. Closing balance of current period	2,124,870.25			1,947,846.62	363,981,730.68		-37,047,030.32		99,561,946.09		3,408,489,508.71	104,084,802.77	6,065,889,057.55

Prior amount

Unit: RMB

Item	Prior period												
	Owner's equity attributable to parent company												Minority interest
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Provisions for general risks	Undistributed profit		Total owner's equity
		Preferred Share	Perpetual bond	Others									
I. Closing balance of the prior year	2,084,794.78			1,947,846.62	934,484,599.29		-4,618,535.07		93,488,947.26		1,413,567,635.94	205,489,001.44	4,729,154,283.48
Add: Change in accounting policy													
Correction of prior errors													
Business combination under common control													
Others													
II. Opening balance of current year	2,084,794.78			1,947,846.62	934,484,599.29		-4,618,535.07		93,488,947.26		1,413,567,635.94	205,489,001.44	4,729,154,283.48
III. Increase and decrease of current year (represented in “-” for decrease)	63,316,056.00				1,038,154,981.37		-20,469,057.23		6,072,998.83		1,406,029,949.84	64,399,243.79	2,557,504,172.60
(I) Total comprehensive incomes							-20,469,057.23				1,620,582,427.47	216,603,015.41	1,816,716,385.65
(II) Capital input and reduced by	63,316,056.00				1,038,154,981.37							-24,203,771.62	1,077,267,265.65

owners	0				37							75
1. Common shares input by shareholders	63,316,056.00				1,148,009,452.24						4,900,000.00	1,216,225,508.24
2. Capital input by owners of other equity instruments												
3. Amount of share-based payment recorded in owner's equity					85,836,485.00						15,147,615.00	100,984,100.00
4. Others					-195,690,955.87						-44,251,386.62	-239,942,342.49
(III) Profit distribution								6,072,998.83		-214,552,477.63	-128,000,000.00	-336,479,478.80
1. Appropriation of surplus reserves								6,072,998.83		-6,072,998.83		
2. Appropriation of provisions for general risks												
3. Distribution to owners (or shareholder)										-208,479,478.80	-128,000,000.00	-336,479,478.80
4. Others												
(IV) Internal carryover of owner's equity												
1. Transfers from capital reserves to paid-in capital (or stock capital)												
2. Transfers from surplus reserves to paid-in capital (or stock capital)												
3. Surplus reserves used to offset losses												

4. Others													
(V) Special reserves													
1. Withdrawal in current period													
2. Use in current period													
(VI) Others													
IV. Closing balance of current period	2,148,110,844.00			1,947,846.62	1,972,639,580.66		-25,087,592.30		99,561,946.09		2,819,597,585.78	269,888,245.23	7,286,658,456.08

## 8. Statement of changes in owner's equity of the parent company

Current amount

Unit: RMB

Item	Current period										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profit	Total owner's equity
		Preferred Share	Perpetual bond	Others							
I. Closing balance of the prior year	2,148,110,844.00				4,401,934,248.25				99,561,946.09	399,437,078.96	7,049,044,117.30
Add: Change in accounting policy											
Correction of prior errors											
Others											
II. Opening balance of current year	2,148,110,844.00				4,401,934,248.25				99,561,946.09	399,437,078.96	7,049,044,117.30
III. Increase and decrease of current year (represented in "-" for decrease)	-23,240,591.00				-378,124,394.06					-24,590,017.73	-425,955,002.79
(I) Total comprehensive incomes										187,897,007.57	187,897,007.57

(II) Capital input and reduced by owners	-23,240,591.00				-378,124,394.06						-401,364,985.06
1. Common shares input by shareholders	-23,240,591.00				-378,124,394.06						-401,364,985.06
2. Capital input by owners of other equity instruments											
3. Amount of share-based payment recorded in owner's equity											
4. Others											
(III) Profit distribution										-212,487,025.30	-212,487,025.30
1. Appropriation of surplus reserves											
2. Distribution to owners (or shareholders)										-212,487,025.30	-212,487,025.30
3. Others											
(IV) Internal carryover of owner's equity											
1. Transfers from capital reserves to paid-in capital (or stock capital)											
2. Transfers from surplus reserves to paid-in capital (or stock capital)											
3. Surplus reserves used to offset losses											
4. Others											
(V) Special reserves											

1. Withdrawal in current period											
2. Use in current period											
(VI) Others											
IV. Closing balance of current period	2,124,870,253.00				4,023,809,854.19				99,561,946.09	374,847,061.23	6,623,089,114.51

Prior amount

Unit: RMB

Item	Prior period										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profit	Total owner's equity
		Preferred Share	Perpetual bond	Others							
I. Closing balance of the prior year	2,084,794,788.00				3,253,924,796.01				93,488,947.26	553,259,568.27	5,985,468,099.54
Add: Change in accounting policy											
Correction of prior errors											
Others											
II. Opening balance of current year	2,084,794,788.00				3,253,924,796.01				93,488,947.26	553,259,568.27	5,985,468,099.54
III. Increase and decrease of current year (represented in "-" for decrease)	63,316,056.00				1,148,009,452.24				6,072,998.83	-153,822,489.31	1,063,576,017.76
(I) Total comprehensive incomes										60,729,988.32	60,729,988.32
(II) Capital input and reduced by owners	63,316,056.00				1,148,009,452.24						1,211,325,508.24
1. Common shares input by	63,316,056.00				1,148,009,452.24						1,211,325,508.24

shareholders											
2. Capital input by owners of other equity instruments											
3. Amount of share-based payment recorded in owner's equity											
4. Others											
(III) Profit distribution									6,072,998.83	-214,552,477.63	-208,479,478.80
1. Appropriation of surplus reserves									6,072,998.83	-6,072,998.83	
2. Distribution to owners (or shareholder)										-208,479,478.80	-208,479,478.80
3. Others											
(IV) Internal carryover of owner's equity											
1. Transfers from capital reserves to paid-in capital (or stock capital)											
2. Transfers from surplus reserves to paid-in capital (or stock capital)											
3. Surplus reserves used to offset losses											
4. Others											
(V) Special reserves											
1. Withdrawal in current period											
2. Use in current period											



(VI) Others											
IV. Closing balance of current period	2,148,110,844.00				4,401,934,248.25				99,561,946.09	399,437,078.96	7,049,044,117.30