

Shenzhen Zhongheng Huafa Co., Ltd.

THE THIRD QUARTERLY REPORT FOR 2019

October 2019

Section I. Important Notes

Board of Directors and the Supervisory Committee of Shenzhen Zhongheng Huafa Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

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

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

Section II Basic information of Company

I. Main accounting data and index

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

Yes No

	Current period-end	Period-end of last year	Increase/decrease	
Total assets (RMB)	592,145,349.79	617,090,153.46	-4.04%	
Net assets attributable to shareholders of listed company (RMB)	327,344,694.46	323,968,000.74	1.04%	
	Current period	Increase/decrease in comparison with same period of last year	Year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	209,822,500.84	40.84%	549,012,674.89	12.05%
Net profit attributable to shareholders of the listed company (RMB)	796,282.59	131.84%	3,376,693.72	578.74%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-207,411.34	93.91%	1,990,500.72	247.14%
Net cash flow arising from operating activities (RMB)	--	--	53,802,230.92	199.57%
Basic earnings per share (RMB/Share)	0.0028	131.82%	0.0119	561.11%
Diluted earnings per share (RMB/Share)	0.0028	131.82%	0.0119	561.11%
Weighted average ROE	0.25%	1.03%	1.04%	0.88%

Items and amount of extraordinary profit (gains)/losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	134,781.12	

Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	864,100.00	
Gains and losses from assets under trusted investment or management	100,734.31	
Other non-operating income and expenditure except for the aforementioned items	603,744.38	
Less: impact on income tax	317,166.81	
Total	1,386,193.00	--

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

Applicable Not applicable

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

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

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

In Share					
Total common stock shareholders in reporting period-end		24,275	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0
Top ten shareholders					
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Domestic non-state-owned legal person	42.13%	119,289,894	0	Pledged
					Frozen
SEG (HONG KONG) CO.,	Overseas legal person	5.85%	16,569,560	0	Pledged
					Frozen

LTD.						
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.49%	12,700,000	0	Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0
					Frozen	0
Guoyuan Securities Brokerage (Hong Kong) Co., Ltd.	Overseas legal person	1.37%	3,870,117	0	Pledged	0
					Frozen	0
Li Zhongqiu	Overseas nature person	1.00%	2,830,000	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas nature person	0.36%	1,022,600	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person	0.35%	989,350	0	Pledged	0
					Frozen	0
Zhong Jiachao	Domestic nature person	0.33%	924,799	0	Pledged	0
					Frozen	0
Han Yaming	Domestic nature person	0.31%	864,200	0	Pledged	0
					Frozen	0
Particular about top ten shareholders with un-restrict shares held						
Shareholders	Amount of un-restrict shares held			Type of shares		
				Type	Amount	
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	119,289,894			RMB ordinary shares	119,289,894	
SEG (HONG KONG) CO., LTD.	16,569,560			Domestically listed foreign shares	16,569,560	
GOOD HOPE CORNER INVESTMENTS LTD	12,700,000			Domestically listed foreign shares	12,700,000	
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	5,355,249			Domestically listed foreign	5,355,249	

		shares	
Guoyuan Securities Brokerage (Hong Kong) Co., Ltd.	3,870,117	Domestically listed foreign shares	3,870,117
Li Zhongqiu	2,830,000	Domestically listed foreign shares	2,830,000
LI SHERYN ZHAN MING	1,022,600	Domestically listed foreign shares	1,022,600
Li Senzhuang	989,350	Domestically listed foreign shares	989,350
Zhong Jiachao	924,799	RMB ordinary shares	924,799
Han Yaming	864,200	Domestically listed foreign shares	864,200
Explanation on associated relationship among the top ten shareholders or consistent action	Among the top ten shareholders, Li Zhongqiu is the actual controller of Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd and belongs to person acting in concert. The Company neither knew whether there exists associated relationship among the other shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		
Explanation on shareholders involving margin business about top ten common shareholders (if applicable)	Among the top ten shareholders, Zhong Jiachao holds 924,799 shares of the Company, of which, 390,799 shares held by normal account, and 534,000 shares held through credit security account		

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

Yes No

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

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

Applicable Not applicable

Section III. Important events

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

√ Applicable □ Not applicable

Item	2019-9-30	2018-12-31	Y-o-y changes	Reasons
Notes receivable	28,890,039.60	69,185,516.71	-58.24%	The notes are collected on due increased in the period
Advance payment	14,944,218.44	31,348,429.54	-52.33%	Advance payment for materials declined in the period
Construction in process	-	5,727,760.23	-100.00%	Construction in process are completed in the period
Other non current assets	289,550.00	3,158,964.00	-90.83%	Parts of the item carry-over to assets
Notes payable	14,808,763.96	27,642,356.66	-46.43%	Payment by notes declined in the period
Accounts payable	81,859,139.88	60,975,306.43	34.25%	Account paid to suppliers in the period declined
Item	Jan. to Sept. 2019	Jan. to Sept. 2018	Y-o-y changes	Reasons
Financial expenses	6,852,728.93	5,216,790.23	31.36%	Exchange earnings declined in the period
Assets impairment loss	553,901.68	-5,941.50	-9422.59%	Bad debt switch back in the period
Investment income	100,734.31	293,005.35	-65.62%	Bank financial products declined in the period
Assets disposal income	134,781.12	-151,337.27	189.06%	Income from disposal of aged plastic injection machines in the period
Non operating income	1,022,432.24	1,413,171.48	-27.65%	Subsidies received in the period declined
Non operating expenses	145,387.86	182,806.76	-20.47%	Fine for tax overdue occurred last period
Income tax expense	688,384.81	490,059.24	40.47%	Profit increased in the period
Item	Jan. to Sept. 2019	Jan. to Sept. 2018	Y-o-y changes	Reasons
Cash received from selling commodities and providing labor services	414,860,034.76	316,333,719.60	31.15%	The notes are collected on due increased in the period
Taxes paid	7,705,078.65	17,371,156.77	-55.64%	VAT paid in the period decreased
Cash received from recovering investment	100,725.72	293,005.35	-65.62%	Bank financial products declined in the period
Net cash received from disposal of fixed	321,800.00	967,002.00	-66.72%	Aged production equipment are renewal last period

assets, intangible assets and other long-term assets				
Other cash received concerning investing activities	50,000,000.00	119,000,000.00	-57.98%	Bank financial products declined in the period
Cash paid for purchasing fixed, intangible and other long-term assets	7,773,184.27	10,633,271.22	-26.90%	Purchased new production equipment last period for new workshop investment
Other cash paid concerning investing activities	50,000,000.00	119,000,000.00		Bank financial products declined in the period
Cash received from loans	184,128,246.40	319,218,464.59	-42.32%	Short-term loans declined in the period
Cash paid for debt payment	224,996,378.63	315,712,397.89	-28.73%	Account repayment in the period decreased
Impact on cash or cash equivalent from change of foreign exchange	276,036.36	-117,560.33	334.80%	Impact on change of exchange rate

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

√ Applicable Not applicable

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

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

The sixth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting held on September 11, 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’”, the company has

signed the “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Contract for the cooperative venture of reconstruction project for Huafa Industrial Park, Gong Ming Street, Guangming New District” and “Agreement on housing acquisition and removal compensation and resettlement” with Wuhan Zhongheng New Technology Industry Group Co., Ltd. (hereinafter referred to as “Wuhan Zhongheng Group”), Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Shenzhen Vanke”), and Shenzhen Vanke Guangming Real Estate Development Co., Ltd. (hereinafter referred to as “Vanke Guangming”).

On 12 September 2016, the Company received a “Notice of Arbitration No.: SHEN DP20160334” from SCIA, Shenzhen Vanke applied for arbitration in respect of “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen” against the Company and Wuhan Zhongheng Group. The arbitral court holds hearings on 12 November 2016 and 13 May 2017. Shenzhen International Court of Arbitration (South China International Economic and Trade Arbitration Commission) has made a rule in August 2017, and the Company application for withdrawal to Shenzhen Intermediate People’s Court in February 2018, the Court made a judgment on 16 August 2018 for dismissed the Company’s claim. And on 29 August 2018, the Court accepted the application for enforcement of Shenzhen Vanke, recently, the controlling shareholder is actively communicate with relevant parties for solutions. Progress of the case found more in the Notices released on Juchao website (www.cninfo.com.cn) dated 14 Sept. 2016, 1 Nov. 2016, 16 Nov. 2016, on 18 Feb. 2017, 24 March 2017, 25 April 2017, 1 July 2017, 18 August 2017, 9 Feb. 2018, 25 Aug. 2018 and on 7 Sept. 2108 respectively.

(II) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. Wuhan Zhongheng Group deferred the repurchase business day to 30 June 2017. on 1 Feb. 2016, Wuhan Zhongheng Group pledge the 27,349,953 shares held to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. The above-mentioned pledged shares are deferred by Wuhan Zhongheng Group; pledge expired on 31 December 2017. The trading day for repurchase put off to the date when pledge actually removed. Till end of this period released, controlling shareholder still not removed the pledge and the Company has apply by letter, relevant Notice of Presentment on Stock Pledge from Controlling Shareholder was released. Found more in notice released on Juchao website (www.cninfo.com.cn) date 2 Feb. 2018.

(III) The controlling shareholder Wuhan Zhongheng Group holds 119,289,894 shares of the Company’ stock, accounting for 42.13% of the total share capital of the Company, of which 116,489,894 shares were judicially frozen on September 27, 2016, and the frozen period was until September 13, 2021, which were frozen again by the Shenzhen Intermediate People’s Court on December 14, 2018, with a frozen period of 36 months, the remaining 2,800,000 shares were frozen by the Shenzhen Intermediate People’s Court on May 29, 2019, and were frozen again by the Higher People’s Court of Guangdong Province on July 5, 2019. For details, please refer to the company’s announcements published on www.cninfo.com.cn on October 27, 2016, January 11, 2019, May 31, 2019 and August 7, 2019.

(IV) The term of office for the 10th BOD was expired in September 2019. the Company hold the 11th session of 9th BOD on 23 August 2019 and call a first extraordinary general shareholders meeting 2019 on 12 September 2019, relevant proposal with general election of the Board was deliberated and approved. Li Zhongqiu, Jiang Junming, Chen Zhigang, Zheng Chunmei, Yang Xiongwen and Wu Weihua was elected as the Director of 10th BOD of the Company.

Overview	Date for disclosure	Information index for temporary report disclosure
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Progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

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

Applicable Not applicable

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

IV. Particular about security investment

Applicable Not applicable

The Company had no security investment in Period.

VI. Trust financing

Applicable Not applicable

In 10 thousand Yuan

Type	Capital resources	Amount for entrust	Balance un-expired	Overdue amount
Bank financing product	Own funds	8,000,000	0	0
Bank financing product	Own funds	2,000,000	0	0
Bank financing product	Own funds	3,000,000	0	0
Bank financing product	Own funds	4,000,000	0	0
Bank financing product	Own funds	5,000,000	0	0
Bank financing product	Own funds	4,000,000	0	0
Bank financing product	Own funds	10,000,000	0	0
Bank financing product	Own funds	4,000,000	0	0
Bank financing product	Own funds	5,000,000	0	0
Bank financing product	Own funds	5,000,000	0	0
Total		50,000,000	0	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed:

Applicable Not applicable

Entrust financial expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

VI. Particulars about derivatives investment

Applicable Not applicable

The Company had no derivatives investment in Period.

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

Applicable Not applicable

Date	Method	Type of investors	Basic situation index of investigation
2019-07-01	Telephone communication	Individual	Getting the operation condition of the Company, promotion of the city renewal project and progress of the material lawsuits

VIII. Guarantee outside against the regulation

Applicable Not applicable

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

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

Applicable Not applicable

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

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD

2019-10-25

In RMB

Item	2019-9-30	2018-12-31
Current assets:		
Monetary funds	30,355,754.57	34,108,330.27
Settlement provisions		
Capital lent		
Tradable financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable	28,890,039.60	69,185,516.71
Account receivable	151,728,246.20	116,797,834.51
Receivable financing		
Accounts paid in advance	14,944,218.44	31,348,429.54
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	5,191,814.60	5,777,179.08
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	63,816,226.31	62,973,909.38
Contractual assets		
Assets held for sale		

Non-current asset due within one year		
Other current assets	42,314.30	59,370.18
Total current assets	294,968,614.02	320,250,569.67
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Finance asset available for sales		
Other debt investment		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	49,385,075.16	50,681,322.86
Fixed assets	196,914,974.04	188,083,873.38
Construction in progress		5,727,760.23
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	43,527,890.29	41,815,689.74
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	367,865.11	542,116.99
Deferred income tax asset	6,691,381.17	6,829,856.59
Other non-current asset	289,550.00	3,158,964.00
Total non-current asset	297,176,735.77	296,839,583.79
Total assets	592,145,349.79	617,090,153.46
Current liabilities:		
Short-term loans	120,966,605.20	161,568,657.88
Loan from central bank		
Capital borrowed		

Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Note payable	14,808,763.96	27,642,356.66
Account payable	81,859,139.88	60,975,306.43
Accounts received in advance	128,226.68	159,528.60
Contractual liability		
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	4,718,417.05	4,700,208.36
Taxes payable	12,965,116.79	11,232,819.87
Other account payable	29,289,974.77	26,778,863.92
Including: Interest payable	8,071.32	439,558.70
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	264,736,244.33	293,057,741.72
Non-current liabilities:		
Insurance contract reserve		
Long-term loans		
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		

Long-term account payable		
Long-term wages payable		
Accrual liability	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	264,800,655.33	293,122,152.72
Owner's equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-179,795,397.29	-183,172,091.01
Total owner's equity attributable to parent company	327,344,694.46	323,968,000.74
Minority interests		
Total owner's equity	327,344,694.46	323,968,000.74
Total liabilities and owner's equity	592,145,349.79	617,090,153.46

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

2. Balance Sheet of Parent Company

In RMB

Item	2019-9-30	2018-12-31
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Current assets:		
Monetary funds	4,186,354.56	13,234,774.97
Tradable financial assets		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Note receivable		
Account receivable		
Receivable financing		
Accounts paid in advance	53,050.00	153,050.00
Other account receivable	101,225,743.86	99,155,253.08
Including: Interest receivable		
Dividend receivable		
Inventories	14,806.50	14,806.50
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		17,055.88
Total current assets	105,479,954.92	112,574,940.43
Non-current assets:		
Debt investment		
Available-for-sale financial assets		
Other debt investment		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	186,608,900.00	186,608,900.00
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	25,468,401.72	26,374,703.70
Fixed assets	98,421,462.10	99,227,872.22
Construction in progress		
Productive biological assets		

Oil and natural gas assets		
Right-of-use assets		
Intangible assets	4,589,945.67	4,698,654.96
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	7,368,430.48	7,506,905.90
Other non-current assets		
Total non-current assets	322,457,139.97	324,417,036.78
Total assets	427,937,094.89	436,991,977.21
Current liabilities:		
Short-term borrowings	88,000,000.00	100,000,000.00
Transactional financial liability		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable		
Account payable	9,740,367.33	10,745,840.16
Accounts received in advance	5,236.01	41,937.00
Contractual liability		
Wage payable	820,979.02	1,020,979.02
Taxes payable	7,258,460.88	7,161,707.15
Other accounts payable	25,330,776.21	22,672,441.54
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	131,155,819.45	141,642,904.87
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		

Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	131,220,230.45	141,707,315.87
Owners' equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-210,423,227.31	-211,855,430.41
Total owner's equity	296,716,864.44	295,284,661.34
Total liabilities and owner's equity	427,937,094.89	436,991,977.21

3. Consolidated Profit Statement (the period)

In RMB

Item	Current Period	Last Period
I. Total operating income	209,822,500.84	148,975,383.05
Including: Operating income	209,822,500.84	148,975,383.05
Interest income		
Insurance gained		
Commission charge and		

commission income		
II. Total operating cost	210,763,371.30	152,547,071.49
Including: Operating cost	189,516,582.40	137,929,089.05
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	935,427.72	874,827.13
Sales expense	5,427,379.54	3,619,696.62
Administrative expense	11,289,287.85	10,353,738.68
R&D expense	1,810,336.10	
Financial expense	1,784,357.69	-230,279.99
Including: Interest expenses	2,581,721.35	3,060,716.74
Interest income	-125,377.00	-124,684.95
Add: other income	590,800.00	785,000.00
Investment income (Loss is listed with “-”)	25,798.17	47,326.25
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		

Losses of devaluation of asset (Loss is listed with “-”)	553,901.68	
Income from assets disposal (Loss is listed with “-”)	5,741.55	-45,557.91
III. Operating profit (Loss is listed with “-”)	235,370.94	-2,784,920.10
Add: Non-operating income	789,674.24	320,268.43
Less: Non-operating expense	144,287.86	10,000.00
IV. Total profit (Loss is listed with “-”)	880,757.32	-2,474,651.67
Less: Income tax expense	84,474.73	26,227.83
V. Net profit (Net loss is listed with “-”)	796,282.59	-2,500,879.50
(i) Classify by business continuity		
1. continuous operating net profit (net loss listed with ‘-’)	796,282.59	-2,500,879.50
2. termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1. Net profit attributable to owner's of parent company	796,282.59	-2,500,879.50
2. Minority shareholders' gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes of the defined benefit plans that re-measured		
2. Other comprehensive income under equity method that cannot be transferred to gain/loss		
3. Change of fair value of investment in other equity instrument		
4. Fair value change of enterprise's credit risk		

5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Other comprehensive income under equity method that can transfer to gain/loss		
2. Change of fair value of other debt investment		
3. gain/loss of fair value changes for available-for-sale financial assets		
4. Amount of financial assets re-classify to other comprehensive income		
5. Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6. Credit impairment provision for other debt investment		
7. Cash flow hedging reserve		
8. Translation differences arising on translation of foreign currency financial statements		
9. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	796,282.59	-2,500,879.50
Total comprehensive income attributable to owners of parent Company	796,282.59	-2,500,879.50
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0028	-0.0088
(ii) Diluted earnings per share	0.0028	-0.0088

As for the business merger under the same control in the Period, 0 Yuan net profit realized before merger by the combined party, the net profit for combined party in last period was 0 Yuan.

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

4. Profit Statement of Parent Company (the period)

In RMB

Item	Current Period	Last Period
I. Operating income	9,961,436.61	7,401,531.71
Less: Operating cost	2,069,605.63	1,795,342.70
Taxes and surcharge	391,785.64	267,744.93
Sales expenses		
Administration expenses	5,609,016.68	5,251,598.46
R&D expenses		
Financial expenses	2,148,813.04	2,318,899.00
Including: interest expenses	2,145,901.94	2,302,672.47
Interest income	-2,564.86	-2,645.81
Add: other income		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	553,901.68	
Income on disposal of assets (Loss is listed with “-”)	970.87	-26,592.13

II. Operating profit (Loss is listed with “-”)	297,088.17	-2,258,645.51
Add: Non-operating income	717,590.27	
Less: Non-operating expense	103,732.84	
III. Total Profit (Loss is listed with “-”)	910,945.60	-2,258,645.51
Less: Income tax	123,929.34	-14,661.37
IV. Net profit (Net loss is listed with “-”)	787,016.26	-2,243,984.14
(i)continuous operating net profit (net loss listed with ‘-’)	787,016.26	-2,243,984.14
(ii) termination of net profit (net loss listed with ‘-’)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.gain/loss of fair value changes for available-for-sale financial assets		

4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
VI. Total comprehensive income	787,016.26	-2,243,984.14
VII. Earnings per share:		
(i) Basic earnings per share	0.0028	-0.0079
(ii) Diluted earnings per share	0.0028	-0.0079

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

In RMB

Item	Current Period	Last Period
I. Total operating income	549,012,674.89	489,960,226.29
Including: Operating income	549,012,674.89	489,960,226.29
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	547,196,425.35	491,123,763.27
Including: Operating cost	487,096,790.74	440,512,068.49
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		

Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	2,245,537.72	2,587,120.52
Sales expense	14,557,759.76	12,053,059.93
Administrative expense	30,906,279.24	30,754,724.10
R&D expense	5,537,328.96	
Financial expense	6,852,728.93	5,216,790.23
Including: Interest expenses	7,937,398.27	9,050,600.05
Interest income	-544,713.28	-474,543.54
Add: other income	590,800.00	785,000.00
Investment income (Loss is listed with “-”)	100,734.31	293,005.35
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)	-8,432.50	
Losses of devaluation of asset (Loss is listed with “-”)	553,901.68	-5,941.50
Income from assets disposal (Loss is listed with “-”)	134,781.12	-151,337.27
III. Operating profit (Loss is listed with “-”)	3,188,034.15	-242,810.40
Add: Non-operating income	1,022,432.24	1,413,171.48
Less: Non-operating expense	145,387.86	182,806.76
IV. Total profit (Loss is listed with “-”)	4,065,078.53	987,554.32
Less: Income tax expense	688,384.81	490,059.24

V. Net profit (Net loss is listed with “-”)	3,376,693.72	497,495.08
(i) Classify by business continuity		
1. continuous operating net profit (net loss listed with ‘-’)	3,376,693.72	497,495.08
2. termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1. Net profit attributable to owner's of parent company	3,376,693.72	497,495.08
2. Minority shareholders' gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes of the defined benefit plans that re-measured		
2. Other comprehensive income under equity method that cannot be transferred to gain/loss		
3. Change of fair value of investment in other equity instrument		
4. Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Other comprehensive income under equity method that can be transferred to gain/loss		
2. Change of fair value of other debt investment		
3. gain/loss of fair value changes for available-for-sale financial		

assets		
4.Amount of financial assets re-classify to other comprehensive income		
5.Gain/loss of held-to-maturity investments that re-classify to available-for-sale financial asset		
6.Credit impairment provision for other debt investment		
7.Cash flow hedging reserve		
8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	3,376,693.72	497,495.08
Total comprehensive income attributable to owners of parent Company	3,376,693.72	497,495.08
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0119	0.0018
(ii) Diluted earnings per share	0.0119	0.0018

As for the business merger under the same control in the Period, 0 Yuan net profit realized before merger by the combined party, the net profit for combined party in last period was 0 Yuan.

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

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

In RMB

Item	Current Period	Last Period
I. Operating income	28,002,571.92	24,362,620.45

Less: Operating cost	5,241,637.22	4,305,861.52
Taxes and surcharge	953,846.69	852,759.55
Sales expenses		
Administration expenses	14,633,411.18	16,386,453.83
R&D expenses		
Financial expenses	6,572,512.09	7,207,553.05
Including: interest expenses	6,544,235.24	7,205,697.51
Interest income	-12,502.96	-24,668.47
Add: other income		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)	553,901.68	
Income on disposal of assets (Loss is listed with “-”)	970.87	-26,592.13
II. Operating profit (Loss is listed with “-”)	1,156,037.29	-4,416,599.63
Add: Non-operating income	718,890.27	
Less: Non-operating expense	103,732.84	131,247.82
III. Total Profit (Loss is listed with “-”)	1,771,194.72	-4,547,847.45
Less: Income tax	338,991.62	-459,637.00
IV. Net profit (Net loss is listed with “-”)	1,432,203.10	-4,088,210.45
(i)continuous operating net profit (net loss listed with ‘-’)	1,432,203.10	-4,088,210.45

(ii) termination of net profit (net loss listed with ‘-’)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes of the defined benefit plans that re-measured		
2. Other comprehensive income under equity method that cannot be transferred to gain/loss		
3. Change of fair value of investment in other equity instrument		
4. Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Other comprehensive income under equity method that can be transferred to gain/loss		
2. Change of fair value of other debt investment		
3. Gain/loss of fair value changes for available-for-sale financial assets		
4. Amount of financial assets re-classified to other comprehensive income		
5. Gain/loss of held-to-maturity investments that are re-classified to available-for-sale financial assets		
6. Credit impairment provision for other debt investment		
7. Cash flow hedging reserve		

8.Translation differences arising on translation of foreign currency financial statements		
9.Other		
VI. Total comprehensive income	1,432,203.10	-4,088,210.45
VII. Earnings per share:		
(i) Basic earnings per share	0.0051	-0.0144
(ii) Diluted earnings per share	0.0051	-0.0144

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

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	414,860,034.76	316,333,719.60
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		

Other cash received concerning operating activities	14,532,454.74	12,106,490.64
Subtotal of cash inflow arising from operating activities	429,392,489.50	328,440,210.24
Cash paid for purchasing commodities and receiving labor service	269,022,454.37	261,946,585.36
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	48,855,955.01	49,957,977.58
Taxes paid	7,705,078.65	17,371,156.77
Other cash paid concerning operating activities	50,006,770.55	53,200,912.21
Subtotal of cash outflow arising from operating activities	375,590,258.58	382,476,631.92
Net cash flows arising from operating activities	53,802,230.92	-54,036,421.68
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	100,725.72	293,005.35
Net cash received from disposal of fixed, intangible and other long-term assets	321,800.00	967,002.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning	50,000,000.00	119,000,000.00

investing activities		
Subtotal of cash inflow from investing activities	50,422,525.72	120,260,007.35
Cash paid for purchasing fixed, intangible and other long-term assets	7,773,184.27	10,633,271.22
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	50,000,000.00	119,000,000.00
Subtotal of cash outflow from investing activities	57,773,184.27	129,633,271.22
Net cash flows arising from investing activities	-7,350,658.55	-9,373,263.87
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	184,128,246.40	319,218,464.59
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	184,128,246.40	319,218,464.59
Cash paid for settling debts	224,996,378.63	315,712,397.89
Cash paid for dividend and profit distributing or interest paying	8,351,111.69	7,630,076.84
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	233,347,490.32	323,342,474.73
Net cash flows arising from financing	-49,219,243.92	-4,124,010.14

activities		
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	276,036.36	-117,560.33
V. Net increase of cash and cash equivalents	-2,491,635.19	-67,651,256.02
Add: Balance of cash and cash equivalents at the period -begin	27,961,209.60	81,474,974.30
VI. Balance of cash and cash equivalents at the period -end	25,469,574.41	13,823,718.28

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

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	20,170,963.62	25,983,655.00
Write-back of tax received		
Other cash received concerning operating activities	115,634,867.63	108,279,703.54
Subtotal of cash inflow arising from operating activities	135,805,831.25	134,263,358.54
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	2,647,115.02	2,681,972.90
Taxes paid	1,683,890.02	3,960,136.96
Other cash paid concerning operating activities	122,196,203.72	123,071,047.66
Subtotal of cash outflow arising from operating activities	126,527,208.76	129,713,157.52
Net cash flows arising from operating activities	9,278,622.49	4,550,201.02
II. Cash flows arising from investing activities:		
Cash received from recovering		

investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		82,000.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		82,000.00
Cash paid for purchasing fixed, intangible and other long-term assets	5,412.95	1,126,400.00
Cash paid for investment		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	5,412.95	1,126,400.00
Net cash flows arising from investing activities	-5,412.95	-1,044,400.00
III. Cash flows arising from financing activities:		
Cash received from absorbing investment		
Cash received from loans	90,000,000.00	200,000,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	90,000,000.00	200,000,000.00
Cash paid for settling debts	102,000,000.00	217,079,416.68
Cash paid for dividend and profit distributing or interest paying	6,544,235.24	6,161,298.54
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing	108,544,235.24	223,240,715.22

activities		
Net cash flows arising from financing activities	-18,544,235.24	-23,240,715.22
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		1,567.34
V. Net increase of cash and cash equivalents	-9,271,025.70	-19,733,346.86
Add: Balance of cash and cash equivalents at the period -begin	12,024,179.58	25,181,764.87
VI. Balance of cash and cash equivalents at the period -end	2,753,153.88	5,448,418.01

II. Financial statement adjustment

1. Relevant items of the financial statement at beginning of the year when implementing the new financial instrument standards, new revenue standards or new leasing standards since 2019

Applicable Not applicable

2. Explanation on comparative data in the early stage of retroactive adjustment while implemented the new financial instrument standards or new leasing standards since 2019

Applicable Not applicable

III. Audit report

Whether the 3rd quarterly report has been audited or not

Yes No

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