

Shenzhen Zhongheng Huafa Co., Ltd.
THE THIRD QUARTERLY REPORT FOR 2020

October 2020

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)	629,862,182.02		614,163,899.86	2.56%	
Net assets attributable to shareholders of listed company (RMB)	334,384,583.96		329,428,049.89	1.50%	
	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)	200,183,800.78	-4.59%	500,887,222.16	-8.77%	
Net profit attributable to shareholders of the listed company (RMB)	1,685,488.94	111.67%	4,851,086.49	43.66%	
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	1,108,517.51	634.45%	4,276,413.97	114.84%	
Net cash flow arising from operating activities (RMB)	-7,509,489.19	-187.24%	13,690,723.05	-74.55%	
Basic earnings per share (RMB/Share)	0.0060	114.29%	0.0171	43.70%	
Diluted earnings per share (RMB/Share)	0.0060	114.29%	0.0171	43.70%	
Weighted average ROE	0.52%	0.27%	1.46%	0.42%	

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)	-93,373.67	

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)	574,800.00	
Gains and losses from assets under trusted investment or management	103,172.15	
Other non-operating income and expenditure except for the aforementioned items	99,775.23	
Less: impact on income tax	109,701.19	
Total	574,672.52	--

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		21,195		Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Top ten shareholders							
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen		
					State of share	Amount	
Wuhan Zhongheng Group	Domestic non-state-owned legal person	42.13%	119,289,894	0	Pledged	116,100,000	
					Frozen	119,289,894	
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0	
					Frozen	0	
GOOD HOPE CORNER	Overseas legal person	3.15%	8,919,600	0	Pledged	0	
					Frozen	0	

INVESTMENTS LTD.						
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	0.51%	1,446,100	0	Pledged	0
					Frozen	0
Shengyin Investment Co., Ltd.	Overseas legal person	0.50%	1,408,600	0	Pledged	0
					Frozen	0
China Merchants Securities Hong Kong Limited	State-owned legal person	0.47%	1,328,288	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person	0.37%	1,041,073	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 Group		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.		8,919,600			Domestically listed foreign shares	8,919,600
Changjiang Securities Brokerage (Hongkong) Co., Ltd.		5,355,249			Domestically listed foreign shares	5,355,249
Guoyuan Securities Brokerage (Hong Kong) Co., Ltd.		3,870,117			Domestically listed foreign	3,870,117

		shares	
Li Zhongqiu	2,830,000	Domestically listed foreign shares	2,830,000
LI SHERYN ZHAN MING	1,446,100	Domestically listed foreign shares	1,446,100
Shengyin Investment Co., Ltd.	1,408,600	Domestically listed foreign shares	1,408,600
China Merchants Securities Hong Kong Limited	1,328,288	Domestically listed foreign shares	1,328,288
Li Senzhuang	1,041,073	Domestically listed foreign shares	1,041,073
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., Shengyin Investment Co., Ltd. is an overseas wholly-owned subsidiary of Wuhan Zhongheng New Science & Technology Industry Group Co., Ltd., and is a party 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)	N/A		

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

☐ Yes ☒ No

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	September 30, 2020	January 1, 2020	Y-o-y changes	Reasons
Accounts receivable	179,807,950.94	138,755,691.43	29.59%	Export business increased in the current period
Receivable financing	25,436,468.30	42,096,834.02	-39.58%	Domestic sales decreased in the current period
Other receivables	3,837,421.42	6,351,361.16	-39.58%	Decrease in current accounts
Other current assets	234,014.36	1,395,071.36	-83.23%	The tax to be deducted is deducted for the current period.
Long-term prepaid expenses	135,529.27	309,781.15	-56.25%	Amortization of cloud service fee
Short-term loan	13,660,894.00	24,633,898.20	-44.54%	Short term loans returned to the bank in the current period.
Notes payable	31,742,938.66	16,761,590.51	89.38%	Increase in bills issued in this period.
Advance payment	2,575,945.15	356,446.21	622.67%	Some customer deposits are collected in advance.
Including: interest payable	32,583.49	89,365.28	-63.54%	Short-term borrowings decreased during the current period.
Deferred income	4,108,410.00	2,331,720.00	76.20%	Received financial subsidies related to assets in this period
Item	January to September 2020	January to September 2019	Y-o-y changes	Reasons
Assets disposal income	-93,373.67	134,781.12	-169.28%	Losses on disposal of assets in the current period
Non operating income	681,877.61	1,022,432.24	-33.31%	Decrease in corporate rewards in the previous period
Non operating expenses	7,302.38	145,387.86	-94.98%	Liquidated damages occurred in the previous period
Income tax expense	1,333,529.74	688,384.81	93.72%	Increase in property profits during the period
Item	January to September 2020	January to September 2019	Y-o-y changes	Reasons
Net cash received from disposal			-33.53%	Disposal of old equipment in the

of fixed assets, intangible assets and other long-term assets	213,913.05	321,800.00		previous period
Cash paid for purchasing fixed, intangible and other long-term assets	3,628,023.06	7,773,184.27	-53.33%	Zhengzhou new workshop purchased production equipment in the previous period
Cash paid for investment	-	-		
Cash received from loans	20,610,902.80	184,128,246.40	-88.81%	Repayment of short-term loans in the current period
Cash paid for debt payment	40,370,812.20	224,996,378.63	-82.06%	Repayment of short-term loans in the current period
Cash paid for dividend and profit distributing or interest paying	6,089,776.45	8,351,111.69	-27.08%	Repayment of short-term loans in the current period
Impact on cash or cash equivalent from change of foreign exchange	-509,270.83	276,036.36	284.49%	The impact of exchange rate fluctuations

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 New Science & Technology Industrial Group Co., Ltd. (Hereinafter referred to as "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 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 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, 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. Shenzhen Court of International Arbitration (SCIA) has given a ruling in August 2017. On August 29, 2018, the court accepted the compulsory execution application of Shenzhen Vanke. In October 2019, as a number of outsiders filed an “execution objection” and applied for “no execution” to Shenzhen Intermediate People’s Court, the Shenzhen Intermediate People’s Court ruled to terminate the enforcement procedure on March 20, 2020. If the “execution objection” and “no execution” proposed by outsiders are rejected according to law, Shenzhen Vanke may continue to apply to the Shenzhen Intermediate People’s Court to resume execution. 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 7 Sept. 2018 respectively.

(ii) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. 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 by Shenzhen Intermediate People's Court (hereinafter referred to as "Shenzhen Intermediate Court") on September 27, 2016, 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) On September 29, 2016, the company and its controlling shareholder, Wuhan Zhongheng Group, signed the “Agency Contract” with V&T Law Firm. On October 8, 2016, the three parties also signed the “Supplemental Agreement for Agency Contract”, it was agreed that V&T acted as an agent for the company and Wuhan Zhongheng Group to deal with the arbitration case with Shenzhen Vanke. After losing the lawsuit, due to differences in the payment of attorney fees, V&T sued our company and Wuhan Zhongheng Group to the

Shenzhen Court of International Arbitration, and applied to the court to seize a bank account under our company's name and part of our company dormitories, please refer to "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement Numbers: 2018-43, 2019-02) released by our company on www.cninfo.com on November 14, 2018 and March 6, 2019. 02. In November 2019, the Shenzhen Court of International Arbitration ruled that the company and Wuhan Zhongheng Group paid the corresponding fees. According to the "Agency Contract" and "Supplemental Agreement for Agency Contract" signed by the three parties, the loss of the arbitrament in this case was borne by Wuhan Zhongheng Group, so it had no impact on the company's 2019 annual profit. For details, see the company's "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement No.: 2019-34) released on www.cninfo.com.cn on November 25, 2019.

(v) On April 29, 2009, the company signed an Asset Replacement Contract with Wuhan Zhongheng Group. According to the contract, the company would use the the land use rights of two plots of land located at Huafa Road, Gongming Town, Bao'an District, Shenzhen, i.e. land parcel number A627-0005 (real estate registration number 8000101219) and A627-0007 (real estate registration number 8000101218), which are worth 18.55 million yuan, to increase capital to Shenzhen Zhongheng Huafa Technology Co., Ltd. (hereinafter referred to as "Huafa Technology") and transfer ownership to Huafa Technology, Wuhan Zhongheng Group replaced the company's 100% equity in Huafa Technology with its 56% equity in Wuhan Hengfa Technology Co., Ltd.. For the main content of the above-mentioned Asset Replacement Contract, please refer to the Announcement on Related Transactions of Asset Replacement with Controlling Shareholders published by the company on cninfo on April 30, 2009, with the announcement number 2009-17. After Wuhan Zhongheng Group fulfilled its obligations under the Asset Replacement Contract, the company transferred 100% of its equity in Huafa Technology to Wuhan Zhongheng Group on December 21, 2009; the company also handed over the above two plots of land to Huafa Technology for possession, management, and use, but the land use right has not been transferred to Huafa Technology. In April 2020, the company received a court summons, Huafa Technology sued the company, demanding that the company transfer the above two plots of land and compensate economic losses of 52 million yuan. As of the disclosure date of this report, the case has not yet been decided.

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. Financial asset investment

1. Particular about security investment

☐ Applicable ☒ Not applicable

The Company had no security investment in Period.

2. Particulars about derivatives investment

☐ Applicable ☒ Not applicable

The Company had no derivatives investment in Period.

V. Progress of investment projects with raised funds

☐ Applicable ☒ Not applicable

VI. Prediction of 2020 business performance

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

☐ Applicable ☒ Not applicable

VII. Major contracts for daily operations

☐ Applicable ☒ Not applicable

VIII. 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	4,500	0	0
Total		4,500	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

IX. Guarantee outside against the regulation

☐ Applicable ☒ Not applicable

The Company had no guarantee outside against the regulation in the reporting period.

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

☐ Applicable ☒ Not applicable

The Company had no non-operational fund occupation from controlling shareholders and its related party.

XI. Registration form for receiving research, communication and interview in the report period

☒ Applicable ☐ Not applicable

Reception time	Reception location	Reception way	Reception object type	Reception object	The main content of the discussion and the information provided	Index of the basic situation of the survey
July 01, 2020	Huafa Building	Telephone communication	Individual	Individual investor	Understand the company's operations and urban renewal projects.	N/A

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD.

September 30, 2020

In RMB

Item	September 30, 2020	December 31, 2019
Current assets:		
Monetary funds	39,824,405.18	38,095,501.00
Settlement provisions		
Capital lent		
Tradable financial assets		
Derivative financial assets		
Note receivable		
Account receivable	179,807,950.94	138,755,691.43
Receivable financing	25,436,468.30	42,096,834.02
Accounts paid in advance	27,830,306.40	23,007,637.46
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	3,837,421.42	6,351,361.16
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	61,964,943.06	66,971,551.96
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	234,014.36	1,395,071.36

Total current assets	338,935,509.66	316,673,648.39
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	47,656,744.87	48,952,992.57
Fixed assets	194,154,090.62	198,229,817.31
Construction in progress	740,000.00	
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	41,211,247.60	42,968,600.44
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	135,529.27	309,781.15
Deferred income tax asset	6,803,360.00	6,803,360.00
Other non-current asset	225,700.00	225,700.00
Total non-current asset	290,926,672.36	297,490,251.47
Total assets	629,862,182.02	614,163,899.86
Current liabilities:		
Short-term loans	13,660,894.00	24,633,898.20
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	31,742,938.66	16,761,590.51
Account payable	117,058,166.53	108,804,905.20
Accounts received in advance	2,575,945.15	356,446.21

Contractual liability		
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	5,068,809.76	5,877,341.25
Taxes payable	12,180,401.27	12,877,944.98
Other account payable	33,017,621.69	28,027,592.62
Including: Interest payable	32,583.49	89,365.28
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	12,000,000.00	12,000,000.00
Other current liabilities		
Total current liabilities	227,304,777.06	209,339,718.97
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	64,000,000.00	73,000,000.00
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	4,108,410.00	2,331,720.00
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	68,172,821.00	75,396,131.00

Total liabilities	295,477,598.06	284,735,849.97
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	-172,755,507.79	-177,712,041.86
Total owner's equity attributable to parent company	334,384,583.96	329,428,049.89
Minority interests		
Total owner's equity	334,384,583.96	329,428,049.89
Total liabilities and owner's equity	629,862,182.02	614,163,899.86

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	September 30, 2020	December 31, 2019
Current assets:		
Monetary funds	3,064,933.72	3,494,245.90
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable		
Receivable financing		

Accounts paid in advance	68,192.99	
Other account receivable	97,110,935.46	97,165,023.85
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		173,950.26
Total current assets	100,258,868.67	100,848,026.51
Non-current assets:		
Debt investment		
Other debt investment		
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	24,259,999.08	25,166,301.06
Fixed assets	97,610,095.73	98,410,024.38
Construction in progress	740,000.00	
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	4,444,999.95	4,553,709.24
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	7,367,646.35	7,367,646.35
Other non-current assets		
Total non-current assets	321,031,641.11	322,106,581.03
Total assets	421,290,509.78	422,954,607.54
Current liabilities		
Short-term borrowings		

Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	9,740,367.33	10,745,840.16
Accounts received in advance	160,847.09	57,266.01
Contractual liability		
Wage payable	819,533.72	1,220,979.02
Taxes payable	7,112,824.21	8,489,130.72
Other accounts payable	25,669,534.23	19,100,375.42
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	12,000,000.00	12,000,000.00
Other current liabilities		
Total current liabilities	55,503,106.58	51,613,591.33
Non-current liabilities:		
Long-term loans	64,000,000.00	73,000,000.00
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	64,064,411.00	73,064,411.00
Total liabilities	119,567,517.58	124,678,002.33
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	-205,417,099.55	-208,863,486.54
Total owner's equity	301,722,992.20	298,276,605.21
Total liabilities and owner's equity	421,290,509.78	422,954,607.54

3. Consolidated Profit Statement (the period)

In RMB

Item	Current period	Last period
I. Total operating income	200,183,800.78	209,822,500.84
Including: Operating income	200,183,800.78	209,822,500.84
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	198,978,797.84	210,763,371.30
Including: Operating cost	172,811,283.22	189,516,582.40
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	693,909.50	935,427.72
Sales expense	5,795,363.14	5,427,379.54

Administrative expense	12,584,638.24	11,289,287.85
R&D expense	1,889,829.18	1,810,336.10
Financial expense	5,203,774.56	1,784,357.69
Including: Interest expenses	2,602,455.65	2,581,721.35
Interest income	-706,051.52	-125,377.00
Add: other income	297,083.00	590,800.00
Investment income (Loss is listed with “-”)	36,391.75	25,798.17
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 “-”)	6,493.86	5,741.55
III. Operating profit (Loss is listed with “-”)	1,544,971.55	235,370.94
Add: Non-operating income	636,677.55	789,674.24
Less: Non-operating expense		144,287.86
IV. Total profit (Loss is listed with “-”)	2,181,649.10	880,757.32
Less: Income tax expense	496,160.16	84,474.73
V. Net profit (Net loss is listed with “-”)	1,685,488.94	796,282.59
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	1,685,488.94	796,282.59
2.termination of net profit (net loss listed with “-”)		

(ii) Classify by ownership		
1.Net profit attributable to owner's of parent company	1,685,488.94	796,282.59
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 of 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.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency		

financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	1,685,488.94	796,282.59
Total comprehensive income attributable to owners of parent Company	1,685,488.94	796,282.59
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0060	0.0028
(ii) Diluted earnings per share	0.0060	0.0028

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

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

4. Profit Statement of Parent Company (the period)

In RMB

Item	Current period	Last period
I. Operating income	9,700,766.65	9,961,436.61
Less: Operating cost	2,010,843.62	2,069,605.63
Taxes and surcharge	292,882.29	391,785.64
Sales expenses		
Administration expenses	4,904,736.24	5,609,016.68
R&D expenses		
Financial expenses	1,899,186.60	2,148,813.04
Including: interest expenses	1,897,345.14	2,145,901.94
Interest income	-15,379.69	-2,564.86
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
II. Operating profit (Loss is listed with “-”)	593,117.90	297,088.17
Add: Non-operating income	70,901.00	717,590.27
Less: Non-operating expense		103,732.84
III. Total Profit (Loss is listed with “-”)	664,018.90	910,945.60
Less: Income tax	166,004.73	123,929.34
IV. Net profit (Net loss is listed with “-”)	498,014.17	787,016.26
(i)continuous operating net profit (net loss listed with “-”)	498,014.17	787,016.26
(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 of 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.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	498,014.17	787,016.26
VII. Earnings per share:		
(i) Basic earnings per share	0.0018	0.0028
(ii) Diluted earnings per share	0.0018	0.0028

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

In RMB

Item	Current Period	Last Period
I. Total operating income	500,887,222.16	549,012,674.89
Including: Operating income	500,887,222.16	549,012,674.89
Interest income		
Insurance gained		
Commission charge and		

commission income		
II. Total operating cost	496,032,602.64	547,196,425.35
Including: Operating cost	436,770,935.85	487,096,790.74
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	1,697,965.55	2,245,537.72
Sales expense	14,895,442.53	14,557,759.76
Administrative expense	29,667,000.90	30,906,279.24
R&D expense	4,313,254.44	5,537,328.96
Financial expense	8,688,003.37	6,852,728.93
Including: Interest expenses	6,620,657.92	7,937,398.27
Interest income	-694,194.83	-544,713.28
Add: other income	645,623.00	590,800.00
Investment income (Loss is listed with “-”)	103,172.15	100,734.31
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
Income from assets disposal (Loss is listed with “-”)	-93,373.67	134,781.12
III. Operating profit (Loss is listed with “-”)	5,510,041.00	3,188,034.15
Add: Non-operating income	681,877.61	1,022,432.24
Less: Non-operating expense	7,302.38	145,387.86
IV. Total profit (Loss is listed with “-”)	6,184,616.23	4,065,078.53
Less: Income tax expense	1,333,529.74	688,384.81
V. Net profit (Net loss is listed with “-”)	4,851,086.49	3,376,693.72
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	4,851,086.49	3,376,693.72
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	4,851,086.49	3,376,693.72
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 of 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. Amount of financial assets re-classify to other comprehensive income		
4. Credit impairment provision for other debt investment		
5. Cash flow hedging reserve		
6. Translation differences arising on translation of foreign currency financial statements		
7. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	4,851,086.49	3,376,693.72
Total comprehensive income attributable to owners of parent Company	4,851,086.49	3,376,693.72
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0171	0.0119
(ii) Diluted earnings per share	0.0171	0.0119

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

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

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

In RMB

Item	Current Period	Last Period
I. Operating income	26,421,289.12	28,002,571.92
Less: Operating cost	4,051,069.73	5,241,637.22
Taxes and surcharge	835,591.62	953,846.69
Sales expenses		
Administration expenses	11,112,937.22	14,633,411.18
R&D expenses		
Financial expenses	5,915,163.69	6,572,512.09
Including: interest expenses	5,915,547.41	6,544,235.24
Interest income	-8,498.23	-12,502.96
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
II. Operating profit (Loss is listed with "-")	4,506,526.86	1,156,037.29
Add: Non-operating income	88,655.80	718,890.27
Less: Non-operating expense		103,732.84
III. Total Profit (Loss is listed with "-")	4,595,182.66	1,771,194.72

Less: Income tax	1,148,795.67	338,991.62
IV. Net profit (Net loss is listed with “-”)	3,446,386.99	1,432,203.10
(i) continuous operating net profit (net loss listed with “-”)	3,446,386.99	1,432,203.10
(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 of 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.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign		

currency financial statements		
7.Other		
VI. Total comprehensive income	3,446,386.99	1,432,203.10
VII. Earnings per share:		
(i) Basic earnings per share	0.0122	0.0051
(ii) Diluted earnings per share	0.0122	0.0051

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

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	404,327,921.90	414,860,034.76
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	105,447.58	
Other cash received concerning operating activities	18,415,376.92	14,532,454.74
Subtotal of cash inflow arising from operating activities	422,848,746.40	429,392,489.50
Cash paid for purchasing	316,753,970.40	269,022,454.37

commodities and receiving labor service		
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	43,987,629.67	48,855,955.01
Taxes paid	6,909,436.73	7,705,078.65
Other cash paid concerning operating activities	41,506,986.55	50,006,770.55
Subtotal of cash outflow arising from operating activities	409,158,023.35	375,590,258.58
Net cash flows arising from operating activities	13,690,723.05	53,802,230.92
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	85,357.08	100,725.72
Net cash received from disposal of fixed, intangible and other long-term assets	213,913.05	321,800.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	45,000,000.00	50,000,000.00
Subtotal of cash inflow from investing activities	45,299,270.13	50,422,525.72
Cash paid for purchasing fixed, intangible and other long-term assets	3,628,023.06	7,773,184.27
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		

Other cash paid concerning investing activities	45,000,000.00	50,000,000.00
Subtotal of cash outflow from investing activities	48,628,023.06	57,773,184.27
Net cash flows arising from investing activities	-3,328,752.93	-7,350,658.55
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	20,610,902.80	184,128,246.40
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	20,610,902.80	184,128,246.40
Cash paid for settling debts	40,370,812.20	224,996,378.63
Cash paid for dividend and profit distributing or interest paying	6,089,776.45	8,351,111.69
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	46,460,588.65	233,347,490.32
Net cash flows arising from financing activities	-25,849,685.85	-49,219,243.92
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-509,270.83	276,036.36
V. Net increase of cash and cash equivalents	-15,996,986.56	-2,491,635.19
Add: Balance of cash and cash equivalents at the period -begin	36,645,061.61	27,961,209.60
VI. Balance of cash and cash equivalents at the period -end	20,648,075.05	25,469,574.41

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

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	29,740,862.92	20,170,963.62
Write-back of tax received		
Other cash received concerning operating activities	12,173,422.70	115,634,867.63
Subtotal of cash inflow arising from operating activities	41,914,285.62	135,805,831.25
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	2,887,228.68	2,647,115.02
Taxes paid	3,018,731.15	1,683,890.02
Other cash paid concerning operating activities	22,290,833.36	122,196,203.72
Subtotal of cash outflow arising from operating activities	28,196,793.19	126,527,208.76
Net cash flows arising from operating activities	13,717,492.43	9,278,622.49
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets		5,412.95
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
Net cash flows arising from investing activities		-5,412.95
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		90,000,000.00
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		90,000,000.00
Cash paid for settling debts	9,000,000.00	102,000,000.00
Cash paid for dividend and profit distributing or interest paying	5,263,469.61	6,544,235.24
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	14,263,469.61	108,544,235.24
Net cash flows arising from financing activities	-14,263,469.61	-18,544,235.24
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-545,977.18	-9,271,025.70
Add: Balance of cash and cash equivalents at the period -begin	2,046,143.44	12,024,179.58
VI. Balance of cash and cash equivalents at the period -end	1,500,166.26	2,753,153.88

II. Explanation on financial statement adjustment

1. Financial statement adjustment at the beginning of the first year when implementation of new revenue rules and new leasing rules from 2020

☐Applicable ☒Not applicable

2. Retrospective adjustment of the comparative data for initial implementation of new revenue rules and new leasing rules from 2020

☐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.