東北電氣發展股份有限公司

**NORTHEAST ELECTRIC DEVELOPMENT CO.,LTD.**

*（A joint stock limited company incorporated in the People's Republic of China with limited liability）*

**(Stock Code: 0042)**

# THIRD QUARTERLY REPORT OF 2019

This announcement is made pursuant to rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), Listing Rules of Shenzhen Stock Exchange and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board of Directors (the "**Board**") of Northeast Electric Development Company Limited (the "**Company**" or "**Northeast Electric**") is pleased to announce the unaudited quarterly report (the "**Quarterly Report**" or the "**Report**") of the Company and its subsidiaries (collectively the "**Group**") for the nine months ended 30 September 2019, which has been prepared in accordance with Accounting Standards for Business Enterprises of the PRC.

The financial statements contained in this report has been considered and approved by the Board and the Audit Committee of the Company.

## §1 Important Notice

1.1 The Board, Supervisory Committee, Directors, Supervisors and senior management of the Company undertake that there are no false representations, misleading statements or material omissions contained in this report, and they, severally and jointly, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this report.

1.2 All Directors have attended the meeting of the Board of Directors held to consider this quarterly report.

1.3 Zhu Jie, officer-in-charge of the Company, Wang Kai, Chief Financial Officer, and Xing Liwen, head of the accounting department (head of accounting) warrant and guarantee the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

## § 2 Corporate Profile

### 2.1 Principal accounting data and financial indicators

Whether the Company is required to make any retrospective adjustment to or restatement of the accounting data of prior years?

☐ Yes √ No

Unit: RMB

| | As at the end of the reporting period | As at the end of last year | Increase/decrease at the end of the reporting period compared with the end of last year |
|---|---|---|---|
| Total assets (RMB) | 551,738,562.89 | 505,113,480.52 | 9.23% |
| Net assets attributable to shareholders of the listed company (RMB) | 13,047,018.70 | 8,619,218.15 | 51.37% |

| | The reporting period | Increase/decrease in the reporting period compared with the same period of last year | from beginning of the year to the end of the reporting period | Increase/decrease from beginning of the year to end of the reporting period compared with the same period of last year |
|---|---|---|---|---|
| Operating incomes (RMB) | 26,936,210.94 | 268.56% | 72,099,969.47 | 233.72% |
| Net profits attributable to shareholders of the listed company (RMB) | -1,922,176.09 | N/A | -5,657,128.21 | N/A |
| Net profits attributable to shareholders of the listed company after extraordinary items (RMB) | -1,922,176.09 | N/A | -5,657,128.21 | N/A |
| Net cash flows arising from operating activities (RMB) | | | -10,934,637.18 | - |
| Basic earnings per share (RMB/Share) | -0.0022 | N/A | -0.0065 | N/A |

| | | | | |
|---|---|---|---|---|
| Diluted earnings per share (RMB/Share) | -0.0022 | N/A | -0.0065 | N/A |
| Weighted average return on net assets | N/A | N/A | N/A | N/A |

Extraordinary items and the related amount

☐ Applicable √ Not applicable

The Company had no extraordinary items during the reporting period.

**2.2 Total number of shareholders and the particulars of shareholding of the top ten shareholders as at the end of the reporting period**

Unit: Share

<table>
<tr><td>Total number of ordinary shareholders as at the end of the reporting period</td><td colspan="2">60,835</td><td colspan="2">Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)</td><td colspan="2">0</td></tr>
<tr><td colspan="7">Particulars of shareholdings of top ten shareholders</td></tr>
<tr><td rowspan="2">Name of shareholders</td><td rowspan="2">Nature of shareholder</td><td rowspan="2">Percentage of shareholding</td><td rowspan="2">Number of shares</td><td rowspan="2">Number of Shares held subject to trading moratorium</td><td colspan="2">Shares pledged or frozen</td></tr>
<tr><td>Status of shares</td><td>Number</td></tr>
<tr><td>HKSCC Nominees Limited</td><td>Overseas legal person</td><td>29.43%</td><td>257,047,899</td><td>0</td><td></td><td></td></tr>
<tr><td>Beijing Haihongyuan Investment Management Co., Ltd.</td><td>Domestic non-state-owned legal person</td><td>9.33%</td><td>81,494,850</td><td>0</td><td>Pledged</td><td>81,494,850</td></tr>
<tr><td>Nanjing Fang Kai Enterprise Management Co., Ltd</td><td>Domestic non-state-owned legal person</td><td>1.34%</td><td>11,713,401</td><td>0</td><td></td><td></td></tr>
<tr><td>Fu Lianjun</td><td>Domestic natural person</td><td>0.56%</td><td>4,860,689</td><td>0</td><td></td><td></td></tr>
<tr><td>Liang Liusheng</td><td>Domestic natural person</td><td>0.43%</td><td>3,781,700</td><td>0</td><td></td><td></td></tr>
</table>

| | | | | | | |
|---|---|---|---|---|---|---|
| Shi Yubo | Domestic natural person | 0.41% | 3,560,000 | 0 | | |
| Shenzhen Zhongda Software Development Ltd. | Domestic non-state-owned legal person | 0.41% | 3,550,000 | 3,550,000 | | |
| Wan Jinchun | Domestic natural person | 0.36% | 3,150,451 | 0 | | |
| Chen Xiru | Domestic natural Person | 0.34% | 3,000,000 | 0 | | |
| Xu Kaidong | Domestic natural Person | 0.28% | 2,432,059 | 0 | | |

| Particulars of shareholdings of top ten shareholders of shares not subject to trading moratorium | | | |
|---|---|---|---|
| Name of shareholders | Number of shares not subject to trading moratorium | Class of shares | |
| | | Class of shares | Number |
| HKSCC Nominees Limited | 257,047,899 | Overseas Listed foreign shares (H shares) | 257,047,899 |
| Beijing Haihongyuan Investment Management Co., Ltd. | 81,494,850 | Ordinary RMB-denominated shares (A shares) | 81,494,850 |
| Nanjing Fang Kai Enterprise Management Co., Ltd | 11,713,401 | Ordinary RMB-denominated shares (A shares) | 11,713,401 |
| Fu Lianjun | 4,860,689 | Ordinary RMB-denominated shares (A shares) | 4,860,689 |
| Liang Liusheng | 3,781,700 | Ordinary RMB-denominated shares (A shares) | 3,781,700 |
| Shi Yubo | 3,560,000 | Ordinary RMB-denominated shares (A shares) | 3,560,000 |
| Wan Jinchun | 3,150,451 | Ordinary RMB-denominated shares (A shares) | 3,150,451 |
| Chen Xiru | 3,000,000 | Ordinary RMB-denominated shares (A shares) | 3,000,000 |

| | | | |
|---|---|---|---|
| Xu Kaidong | 2,432,059 | Ordinary RMB-denominated shares (A shares) | 2,432,059 |
| MORGAN STANLEY & CO. INTERNATIONAL PLC. | 2,391,100 | Ordinary RMB-denominated shares (A shares) | 2,391,100 |
| Remarks on the connected relationship or action in concert of the aforementioned shareholders | So far as the Company is aware of, there is no connected relationship among the abovementioned shareholders or are parties acting in concert subject to "Measures for the Administration of the Takeover of Listed Companies(《上市公司收購管理辦法》)". Based on the publicly available data as at the latest practicable date prior to the publication of this report and which the Directors are aware of, the Company confirms that the public float is sufficient. | | |
| Top ten ordinary shareholders involved in the margin trading business (if any) | Among above shareholders, Nanjing Fang Kai Enterprise Management Co.,Ltd holds 3,789,500 shares of the Company through customer credit collateral securities trading account and 7,923,901 shares through ordinary securities account, which totally amounts to 11,713,401 shares; Wan Jinchun holds 501,100 shares of the Company through customer credit collateral securities trading account and 2,649,351 shares through ordinary securities account, which totally amounts to 3,150,451 shares; Xu Kaidong holds 2,431,359 shares of the Company through customer credit collateral securities trading account and 700 shares through ordinary securities account, which totally amounts to 2,432,059 shares. | | |

Did the top ten ordinary shareholders of the Company and the top ten ordinary shareholders of shares not subject to trading moratorium make agreement to repurchase securities during the reporting period?

□ Yes √ No

The top ten ordinary shareholders of the Company and the top ten ordinary shareholders of shares not subject to trading moratorium did not agree to repurchase securities during the reporting period.

The total number of the Company's preferred shareholders and the shareholdings of the top ten shareholders of preference shares

□ Applicable √ Not applicable

## § 3 Changes Of Main Items In The Financial Statements And Financial Indicators And Reasons Thereof During The Reporting Period

Unit: RMB

| Report item | Closing balance of the period or amount incurred for the year | Closing balance of previous year or amount incurred in the same period of last year | Changes amount | Percentage of changes | Remarks |
|---|---|---|---|---|---|
| Account receivable | 30,916,072.64 | 21,774,633.39 | 9,141,439.25 | 41.98% | Increased due to revenue growth |
| Prepayment | 2,603,402.30 | 1,941,493.37 | 661,908.93 | 34.09% | Increased due to revenue growth |
| Other Receivables | 16,732,034.75 | 3,063,837.30 | 13,668,197.45 | 446.11% | Increase with expansion of business |
| Inventory | 12,672,832.77 | 9,588,337.76 | 3,084,495.01 | 32.17% | Increase due to meet the income growth |
| Construction in progress | 1,675,213.67 | 2,803,418.80 | -1,128,205.13 | -40.24% | Conversion of construction in progress of subsidiaries into fixed asset |
| Advances from customers | 8,395,022.68 | 2,637,043.59 | 5,757,979.09 | 218.35% | Increase with expansion of business |
| Deferred income | 20,187,153.77 | 10,670,597.50 | 9,516,556.27 | 89.18% | The project payment for the new plant was settled by the subsidiary upon receipt of the government special fund |
| Operating income | 72,099,969.47 | 21,604,661.05 | 50,495,308.42 | 233.72% | Significant increase in the revenue due to business growth |
| Operating cost | 37,300,028.92 | 17,436,613.02 | 19,863,415.90 | 113.92% | Changed as revenue increases |
| Selling expenses | 25,939,871.27 | 3,235,150.49 | 22,704,720.78 | 701.81% | Changed as revenue increases |
| Administrative expenses | 16,022,101.51 | 26,127,584.63 | -10,105,483.12 | -38.68% | Effect of the disposal of subsidiary in corresponding period of the last year |
| Finance expenses | -1,344,919.54 | 491,455.31 | -1,836,374.85 | -373.66% | Deposit interest of the company increased year on year |
| Assets impairment | - | -356,689.48 | 356,689.48 | -100.00% | Not comparable to the same period of last year |

| Report item | Closing balance of the period or amount incurred for the year | Closing balance of previous year or amount incurred in the same period of last year | Changes amount | Percentage of changes | Remarks |
|---|---|---|---|---|---|
| loss | | | | | Due to the changes in standards |
| Credit impairment loss | 830,784.80 | - | 830,784.80 | 100%- | Arising from collection of receivables of which provision for bad debts was accrued last year |
| Investment income | - | 34,908,242.77 | -34,908,242.77 | -100.00% | Arising from disposal of subsidiary in same period of last year |
| Non-operating income | 534,496.39 | 3,603,152.97 | -3,068,656.58 | -85.17% | There was a waiver of interest on large-sum debts during the same period of last year |
| Income tax expenses | 698,038.99 | 2,280,000.00 | -1,581,961.01 | -69.38% | Increase in taxation on the disposal of a subsidiary during the same period of last year |
| Cash from sale of goods and rendering of services | 66,895,034.14 | 30,842,006.22 | 36,053,027.92 | 116.90% | Increased in line with revenue growth |
| Tax rebates received | - | 429,588.42 | -429,588.42 | -100.00% | No Tax rebates in reporting period |
| Cash received from other operating activities | 20,758,457.77 | 63,257,190.94 | -42,498,733.17 | -67.18% | Cash flow from other operating activities decreased in this period |
| Cash paid to goods purchased and labor service received | 40,627,956.25 | 22,923,988.12 | 17,703,968.13 | 77.23% | Increased in line with revenue growth |
| Payment of various taxes | 2,117,505.83 | 1,313,013.53 | 804,492.30 | 61.27% | Increased in line with revenue growth |
| Cash paid for other operating activities | 39,083,328.89 | 90,081,260.72 | -50,997,931.83 | -56.61% | Cash flow from other operating activities decreased in this period |
| Net cash received from | - | 390,000.00 | -390,000.00 | -100.00% | There was no disposal of fixed assets during this |

| Report item | Closing balance of the period or amount incurred for the year | Closing balance of previous year or amount incurred in the same period of last year | Changes amount | Percentage of changes | Remarks |
|---|---|---|---|---|---|
| disposal of fixed assets, intangible assets and other long-term assets | | | | | period |
| Net cash received upon disposal of subsidiaries and other business units | - | 103,000,000.00 | -103,000,000.00 | -100.00% | Receipt of the disposal amount of a subsidiary in the same period of last year |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 178,924.91 | 5,645,708.37 | -5,466,783.46 | -96.83% | Arising from construction costs of the subsidiary's new plant in the same period of last year |
| Cash paid for dividends, profit distributions or interest payment | 131,478.61 | 26,778.69 | 104,699.92 | 390.98% | The subsidiary's loan interest increased year on year |

## § 4 Analysis And Description On The Progress Of Significant Events And Their Impact And Solution

### 4.1 Removal of delisting risk alert for a shares

According to the Audit Report of Northeast Electric Development Co., Ltd. issued by Ruihua Certified Public Accountants (Special General Partnership) (Ruihua CPAs) on 28 March 2019 (Rui Hua Shen Zi [2019] No. 48190004), the Company recorded an operating income of RMB32,311,485.10, a net profit attributable to shareholders of the listed company of RMB14,596,076.43, and a net asset attributable to shareholders of the listed company of RMB8,619,218.15 in 2018. Meanwhile, considering that the net profit attributable to shareholders of the listed company after deducting non-recurring profit and loss were both negative in 2018 and in the first quarter of 2019, profitability of principal business was still weak, Shenzhen Stock Exchange removed the delisting risk alert for A shares of the Company from the commencement of trading on 21 August 2019 and implemented other risk warnings for A shares of the Company. For details, please refer to announcement of the Company dated 19 August 2019.

**4.2 Progress of material litigation**

***Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of allowance for staff***

On 31 July 2018, the Company received the civil judgment [(2017) Liao 01 Min Chu No. 430] issued by Liaoning Shenyang Municipal Intermediate People's Court (the "**Shenyang Intermediate Court**"). Shenyang Intermediate Court has given a first-instance judgment on the contract dispute between Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau ("**Tiexi SASAB**") and the Company, Shenyang High Voltage Switchgear Co., Ltd., and New Northeast Electric (Shenyang) High Voltage Switchgear Co., Ltd. Shenyang Intermediate Court rejected the claim of the plaintiff Tiexi SASAB which requested the defendant - the Company to pay arrears of RMB28.53 million, interest and liquidated damages. The plaintiff Tiexi SASAB appealed to Shenyang Intermediate Court during the appeal period. In the early December 2018, Liaoning Shenyang Municipal High People's Court accepted the case. On 8 May 2019, the case was tried in the second instance. On 21 August 2019, a civil order [(2018) Liao Min Zhong No. 1032] was issued by Liaoning Provincial Higher People's Court, stating that the civil judgment [(2017) Liao 01 Min Chu No. 430] issued by Liaoning Shenyang Municipal Intermediate People's Court shall be abrogated and a retrial for this case shall be performed by Liaoning Shenyang Municipal Intermediate People's Court. For details, please refer to announcement of the Company dated 28 August 2019.

***The legal proceedings involving Fuxin Enclosed Busbar Co., Ltd. (the "Fuxin Busbar"), a wholly-owned subsidiary of the Company***

74.4% of the equity in New Northeast Electric (Shenyang) High-voltage Insulated Switchgears Co., Ltd. (formerly known as Shenyang Suntime High Voltage Electric Co., Ltd.) (the "**Underlying Equity**") was held by Fuxin Busbar by 22 September 2008. Due to the enforcement of the final judgment made by Supreme People's Court on 5 September 2008 for the case of China Development Bank (Document (2008) Min Er Zhong Zi No.23) and under the coordination, Fuxin

Busbar returned the Underlying Equity to Shenyang High Voltage Switchgear Co., Ltd. (“**Shenyang HVS**”) free of charge, and completed the change of equity registration on 22 September 2008 as required by the local industrial and commercial administration. Therefore, the Underlying Equity held by Fuxin Busbar was returned to Shenyang HVS free of charge. However, according to the enforcement ruling issued by Supreme People’s Court on 31 August 2017 (Document (2017) Zui Gao Fa Zhi Fu No.27), “the fact that the return of the Underlying Equity free of charge under the coordination of Northeast Electric cannot be ascertained”. Given the failure of Shenyang HVS to pay the outstanding equity transfer consideration of USD16 million constituted a breach of contract, Fuxin Busbar, the plaintiff, in order to protect the interests of the Company, raised an litigation against the above 2 defendants, namely, Shenyang HVS and Northeast Electric, claiming for the return of the consideration for the transfer of the Underlying Equity. The Higher People’s Court of Hainan Province accepted the case on 30 November 2018, and published an announcement in connection with its service of documents such as pleadings to Shenyang High Voltage Switchgear on 3 January 2019. The case was tried on 21 March 2019 and the written judgment of first instance was received on 20 May 2019. As the defendants did not appeal within the announcement period, a final ruling was achieved for the case, and Northeast Electric will not bear joint and several liability. For details, please refer to announcement of the Company dated 22 August 2019.

***The litigation on the application made by Fushun Electric Porcelain Manufacturing Co., Ltd. (the “Fushun Electric Porcelain”) for adjudicating Northeast Electric as a person subject to enforcement***

The Company received the Notice of Appearance [(2019) Qiong 96 Min Chu No.381] and other related litigation materials in relation to adjudicating Northeast Electric as a person subject to enforcement by the First Intermediate People’s Court of Hainan Province on 16 July 2019. Fushun Electric Porcelain claims that the Company fails to fulfill its investment obligation in accordance with the law, which is to transfer the equity of Shenyang High- volt, and Shenyang High-volt fails to fulfill its investment obligation in accordance with the law, which is to transfer the equity of New Northeast Insulation. The Company and Shenyang High-volt shall be liable for RMB11,258,221.34 of debt and interest of New Northeast Insulation and Fushun Electric Porcelain and the interest generated during the period of delayed performance within the scope of non-investment according to law (i.e. the value range of land use rights of No. 39, East Shentie Road). Shenyang High Voltage Switchgear Co., Ltd. and Northeast Electric Development Co., Ltd. should be added as persons subject to enforcement for the case of Fushun Intermediate People's Court of Liaoning Province [(2015) Fu Zhong Zhi Zi No.00140]. At present, relevant departments are preparing for relevant evidence to actively respond to the litigation. The court hearing has not yet been held for the case. For details, please refer to announcement of the Company dated 23 July 2019.

**4.3 New issue of H shares**

In order to raise funds, expand the shareholder base, and enhance the corporate capital strength, on 5 April 2017, HNA Hospitality Group (Hong Kong) (the person acting in concert with Beijing Haihongyuan) signed the Subscription Agreement with the listed company, agreeing to purchase 155,830,000 new H shares that Northeast Electric planned to allocate and issue, at the price of HKD 2.40 per share. Beijing Haihongyuan and its person acting in concert, HNA Hospitality Group (Hong Kong), are both subsidiaries of HNA Group Co., Ltd.

The matter was approved by the 2nd Extraordinary General Meeting of 2017, Class Meeting of A Shareholders, and Class Meeting of H Shareholders and was submitted to domestic and foreign regulators for approval according to relevant procedures. Now the matter is under review by the International Cooperation Division of the CSRC.

**4.4 Expansion of new business**

In order to obtain new investment opportunities and profit growth drivers, to optimise the income structure, Garden Lane Hotel, a non-wholly-owned subsidiary of the Company, has entered into the venues lease agreement with Yunnan Lucky Air Co., Ltd. for developing airport hospitality and related supporting businesses, which has been considered and approved by seventh meeting of the ninth Board on 29 August 2019, with the purpose to bring new vitality for the continuing operation of the listed company and to further promote the transformation of the Company from traditional manufacturing to modern service industry. For details, please refer to announcement of the Company dated 29 August 2019.

**4.5 Others**

4.5.1 Implementation progress of share repurchase

□ Applicable √ Not applicable

4.5.2 Implementation progress of share buyback reduction through centralized bidding

□ Applicable √ Not applicable

4.5.3 Overdue Undertakings Of The Company's De Facto Controller, Shareholders, Connected Parties, Acquirers And The Company During The Reporting Period

□ Applicable √ Not applicable

There were no overdue undertakings of the Company's de facto controller, shareholders, connected parties, acquirers and the Company during the reporting period.

4.5.4 Investment Of Securities

□ Applicable √ Not applicable

The Company had no investment of securities during the reporting period.

4.5.5 Entrusted Wealth Management

□ Applicable √ Not applicable

The Company had no entrusted wealth management during the reporting period.

4.5.6 Investment In Derivatives

□ Applicable √ Not applicable

The Company had no investment in derivatives during the reporting period.

4.5.7 Registration Record Of Reception To The Activities Of Field Survey, Communication And Interview During The Reporting Period

□ Applicable √ Not applicable

The Company had no activities of field survey, communication and interview during the reporting period.

4.5.8 Illegal External Guarantees

□ Applicable √ Not applicable

The Company had no illegal external guarantees during the reporting period.

4.5.9 Non-Operating Capital Of The Listed Company Attributable To The Controlling Shareholders And Their Connected Parties

□ Applicable √ Not applicable

The Company had no capital which was non-operating attributed to the controlling shareholder and its connected parties during the reporting period.

# 5 Financial Statement (Unaudited)

## 5.1 Consolidated Balance Sheet

Prepared by: Northeast Electric Development Co., Ltd.

30 September 2019

Unit: RMB

| Items | 30 September 2019 | 31 December 2018 |
|---|---|---|
| **Current Assets:** | | |
| Cash at bank and on hand | 134,255,928.42 | 145,725,658.23 |
| Balances with clearing companies | | |
| Lending to Banks and Other Financial Institutions | | |
| Trading financial assets | | |
| Financial assets at fair value through current profit or loss | | |
| Derivative financial assets | | |
| Notes Receivable | | |
| Accounts Receivable | 30,916,072.64 | 21,774,633.39 |
| Receivables Financing | | |
| Prepayment | 2,603,402.30 | 1,941,493.37 |
| Premium Receivable | | |
| Amounts receivable from reinsurers | | |
| Provision for reinsurance contracts receivable | | |
| Other Receivables | 16,732,034.75 | 3,063,837.30 |
| Incl: Interests Receivable | 1,650,000.00 | |
| Dividends Receivable | | |
| Buying back the sale of financial assets | | |
| Inventory | 12,672,832.77 | 9,588,337.76 |
| Contractual assets | | |
| Assets held for sale | | |
| Non-current asset due within 1 year | | |
| Other current asset | 823,236.09 | 1,039,590.89 |
| **Total current assets** | **198,003,506.97** | **183,133,550.94** |
| **Non-current Assets:** | | |

| | | |
|---|---|---|
| Loans and advances | | |
| Debt investment | | |
| Available-for-sale financial assets | | |
| Other debt investment | | |
| Held-to-maturity investments | | |
| Long-term receivables | | |
| Long-term equity investments | 22,484,598.52 | 22,484,598.52 |
| Other equity instruments investments | 230,996,496.87 | 230,996,496.87 |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed Assets | 49,713,494.94 | 50,136,802.72 |
| Construction in progress | 1,675,213.67 | 2,803,418.80 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | 33,593,370.56 | |
| Intangible Assets | 14,763,830.26 | 15,029,136.13 |
| Research & development expenses | | |
| Goodwill | | |
| Long-term deferred expenses | 508,051.10 | 529,476.54 |
| Deferred tax assets | | |
| Other non-current assets | | |
| **Total non-current assets** | **353,735,055.92** | **321,979,929.58** |
| **Total Assets** | **551,738,562.89** | **505,113,480.52** |
| **Current Liabilities:** | | |
| Short-term Borrowings | 4,500,000.00 | 4,500,000.00 |
| Borrowing from the Central Bank | | |
| Placements from banks and other financial institutions | | |
| Trading financial liabilities | | |
| Financial liabilities at fair value through current profit or loss | | |
| Derivative financial liabilities | | |
| Notes Payable | | |
| Accounts Payable | 22,085,325.45 | 12,221,771.06 |
| Advances from customers | 8,395,022.68 | 2,637,043.59 |

| | | |
|---|---|---|
| Contractual liabilities | | |
| Financial assets sold under agreement to repurchase | | |
| Customer deposits and deposits due to banks and other financial institutions | | |
| Amounts of securities trading as agent | | |
| Amounts of securities underwriting as agent | | |
| Employee remuneration payable | 1,482,595.23 | 1,554,344.98 |
| Taxes Payable | 1,937,034.46 | 2,253,284.13 |
| Other Payables | 365,947,566.16 | 377,060,369.30 |
| Incl: Interests Payable | 5,712.50 | 5,712.50 |
| Dividends Payable | | |
| Handling charge and commission payable | | |
| Amounts due to reinsurers | | |
| Liabilities held for sale | | |
| Non-current liabilities due within 1 year | | |
| Other current Liabilities | | |
| **Total current liabilities** | **404,347,543.98** | **400,226,813.06** |
| **Non-current liabilities:** | | |
| Provision for insurance contracts | | |
| Long-term Borrowings | | |
| Bonds Payable | | |
| Incl: Preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | 36,527,502.06 | |
| Long-term Payables | | |
| Long-term employee remuneration payable | | |
| Estimated Liabilities | 72,099,690.00 | 72,099,690.00 |
| Deferred income | 20,187,153.77 | 10,670,597.50 |
| Deferred tax liabilities | | |
| Other Non-Current Liabilities | | |
| **Total Non-Current Liabilities** | **128,814,345.83** | **82,770,287.50** |

| | | |
|---|---:|---:|
| **Total Liabilities** | **533,161,889.81** | **482,997,100.56** |
| **Shareholders' Equity:** | | |
| Share Capital | 873,370,000.00 | 873,370,000.00 |
| Other Equity Instruments | | |
| Incl: Preferred shares | | |
| Perpetual bonds | | |
| Capital reserve | 1,082,843,699.86 | 1,074,828,788.67 |
| Less: Treasury Stocks | | |
| Other Comprehensive Income | -26,942,479.64 | -29,012,497.21 |
| Special Reserve | | |
| Surplus Reserve | 108,587,124.40 | 108,587,124.40 |
| Provision for general risk | | |
| Retained profits | -2,024,811,325.92 | -2,019,154,197.71 |
| Total equity attributable to the owners of the Parent Company | 13,047,018.70 | 8,619,218.15 |
| Minority interests | 5,529,654.38 | 13,497,161.81 |
| **Total shareholders' equity** | **18,576,673.08** | **22,116,379.96** |
| **Total liabilities and shareholders'equity** | **551,738,562.89** | **505,113,480.52** |

5.2 Balance Sheet of Parent Company

Unit: RMB

| Items | 30 September 2019 | 31 December 2018 |
|---|---:|---:|
| **Current Assets:** | | |
| Cash at bank and on hand | 19,892.27 | 131,150.21 |
| Trading financial assets | | |
| Financial assets at fair value through current profit or loss | | |
| Derivative financial assets | | |
| Notes Receivable | | |
| Accounts Receivable | | |
| Receivables Financing | | |
| Prepayment | 1,668,168.36 | 1,668,168.36 |
| Other Receivables | 256,672,979.84 | 265,704,605.00 |
| Incl: Interests Receivable | | |
| Dividends Receivable | | |

| | | |
|---|---|---|
| Inventory | | |
| Contractual assets | | |
| Assets held for sale | | |
| Non-current asset due within 1 year | | |
| Other current asset | 805,757.96 | 718,327.52 |
| **Total current assets** | **259,166,798.43** | **268,222,251.09** |
| **Non-current Assets:** | | |
| Debt investment | | |
| Available-for-sale financial assets | | |
| Other debt investment | | |
| Held-to-maturity investments | | |
| Long-term receivables | | |
| Long-term equity investments | 56,436,473.03 | 56,436,473.03 |
| Other equity instruments investments | | |
| Other non-current financial assets | | |
| Investment properties | | |
| Fixed Assets | 26,599.39 | 32,630.16 |
| Construction in progress | | |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right-of-use assets | | |
| Intangible Assets | | |
| Research & development expenses | | |
| Goodwill | | |
| Long-term deferred expenses | 162,915.72 | 529,476.54 |
| Deferred tax assets | | |
| Other non-current assets | | |
| **Total non-current assets** | **56,625,988.14** | **56,998,579.73** |
| **Total Assets** | **315,792,786.57** | **325,220,830.82** |
| **Current Liabilities:** | | |
| Short-term Borrowings | | |
| Trading financial liabilities | | |

| | | |
|---|---|---|
| Financial liabilities at fair value through current profit or loss | | |
| Derivative financial liabilities | | |
| Notes Payable | | |
| Accounts Payable | | |
| Advances from customers | 581,743.59 | 581,743.59 |
| Contractual liabilities | | |
| Employee remuneration payable | 50,918.45 | 472,797.28 |
| Taxes Payable | 217,068.76 | 243,342.01 |
| Other Payables | 335,496,282.86 | 337,056,335.75 |
| Incl: Interests Payable | | |
| Dividends Payable | | |
| Liabilities held for sale | | |
| Non-current liabilities due within 1 year | | |
| Other current Liabilities | | |
| **Total current liabilities** | **336,346,013.66** | **338,354,218.63** |
| **Non-current liabilities:** | | |
| Long-term Borrowings | | |
| Bonds Payable | | |
| Incl: Preferred shares | | |
| Perpetual bonds | | |
| Lease liabilities | | |
| Long-term Payables | | |
| Long-term employee remuneration payable | | |
| Estimated Liabilities | 72,099,690.00 | 72,099,690.00 |
| Deferred income | | |
| Deferred tax liabilities | | |
| Other Non-Current Liabilities | | |
| **Total Non-Current Liabilities** | **72,099,690.00** | **72,099,690.00** |
| **Total Liabilities** | **408,445,703.66** | **410,453,908.63** |
| **Shareholders' Equity:** | | |
| Share Capital | 873,370,000.00 | 873,370,000.00 |
| Other Equity Instruments | | |
| Incl: Preferred shares | | |

| | | |
|---|---|---|
| Perpetual bonds | | |
| Capital reserve | 995,721,167.46 | 995,721,167.46 |
| Less: Treasury Stocks | | |
| Other Comprehensive Income | | |
| Special Reserve | | |
| Surplus Reserve | 108,587,124.40 | 108,587,124.40 |
| Retained profits | -2,070,331,208.95 | -2,062,911,369.67 |
| **Total shareholders' equity** | **-92,652,917.09** | **-85,233,077.81** |
| **Total liabilities and shareholders'equity** | **315,792,786.57** | **325,220,830.82** |

5.3 Consolidated Income Statement of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Total Operating Revenue** | **26,936,210.94** | **7,308,500.61** |
| Incl.: Operating income | 26,936,210.94 | 7,308,500.61 |
| Interest income | | |
| Earned premium | | |
| Handling charges and commission income | | |
| **II. Total Operating Cost** | **29,164,391.34** | **16,602,844.30** |
| Incl.: Operating cost | 15,882,386.09 | 5,279,817.86 |
| Interest expenses | | |
| Handling charges and commission expense | | |
| Surrenders | | |
| Net compensation payout | | |
| Net provision for insurance contracts | | |
| Expenditures for insurance policy dividend | | |
| Reinsurance cost | | |
| Taxes & Surcharges | 278,055.15 | 278,615.65 |
| Selling expenses | 8,546,133.32 | 1,338,003.96 |
| Administrative expenses | 4,894,136.34 | 9,578,214.94 |
| R&D expenses | | |
| Finance expenses | -436,319.56 | 128,191.89 |

| | | |
|---|---|---|
| Incl : Interest expenses | 321,093.70 | 122,405.13 |
| Interest Income | -791,596.26 | -6,290.63 |
| Plus: Other income | | |
| Investment income (loss is indicated by "-") | | 34,908,242.77 |
| Incl: Investment income from associates and joint ventures | | |
| Derecognition of Income from financial assets at amortised cost (loss indicated by "-") | | |
| Exchange gains (loss indicated by "-") | | |
| Net gains from hedging exposure (loss is indicated by "-") | | |
| Gains from change in fair value (loss is indicated by "-") | | |
| Credit impairment loss (loss indicated by "-") | | |
| Assets impairment loss (loss indicated by "-") | | 206,836.40 |
| Gains from asset disposal (loss is indicated by "-") | | |
| **III. Operational Profit (Loss is indicated as "－")** | **-2,228,180.40** | **25,820,735.48** |
| Plus: Non-operating income | 518,553.13 | 105,994.89 |
| Less: Non-operating expenses | 2,884.67 | 55,604.31 |
| **IV. Total Profit（Total loss is indicated as "－"）** | **-1,712,511.94** | **25,871,126.06** |
| Less: Income tax expenses | 177,865.59 | 2,280,000.00 |
| **V. Net Profit （Net loss is indicated as "－"）** | **-1,890,377.53** | **23,591,126.06** |

| | | |
|---|---|---|
| (I) Classification by operating continuity | | |
| 1.Net profit from continuing operations (net loss is indicated by "-") | -1,890,377.53 | 23,591,126.06 |
| 2.Net profit from discontinued operations (net loss is indicated by "-") | | |
| (II) Classification by ownership | | |
| 1.Net profit attributable to owners of the Parent Company | -1,922,176.09 | 23,784,065.49 |
| 2.Minority interests | 31,798.56 | -192,939.43 |
| **VI. Net Other Comprehensive Income after tax** | **1,723,923.28** | **739,661.43** |
| Other net comprehensive income after tax attributable to owners of the Parent Company | 1,723,923.28 | 739,661.43 |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1. Changes arising from re-measurement of the defined benefit plan | | |
| 2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method | | |
| 3. Changes in fair value of other equity instruments investment | | |
| 4. Change in fair value of the Enterprise's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive | 1,723,923.28 | 739,661.43 |

| | | |
|---|---|---|
| income that will be re-classified into profit or loss | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under the equity method | | |
| 2. Change in fair value of other debt investments | | |
| 3. Gain or loss from change in fair value of available-for-sale financial assets | | |
| 4. Financial assets reclassified into other comprehensive income | | |
| 5. Gain or loss on held-to-maturity investments that are reclassified into available-for-sale financial assets | | |
| 6. Credit impairment provision for other debt investments | | |
| 7. Reserve for cash flow hedging | | |
| 8. Exchange rate differences of financial statements denominated in foreign currency | 1,723,923.28 | 739,661.43 |
| 9. Others | | |
| Other net comprehensive income after tax attributable to minority interests | | |
| **VII. Total Comprehensive Income** | **-166,454.25** | **24,330,787.49** |
| Total Comprehensive Income Attributable to the | -198,252.81 | 24,523,726.92 |

| | | |
|---|---|---|
| owners of the Parent Company | | |
| Total Comprehensive Income Attributable to the minority Interests | 31,798.56 | -192,939.43 |
| **VIII. Earnings per share** | | |
| (I) Basic earnings per share | -0.0022 | 0.0272 |
| (II) Diluted earnings per share | -0.0022 | 0.0272 |

5.4 Income Statement of Parent Company of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Operating Income** | **0.00** | **0.00** |
| Less: Operating cost | 0.00 | 0.00 |
| Taxes & Surcharges | | 15.00 |
| Selling expenses | | |
| Administrative expenses | 1,914,167.39 | 3,221,940.59 |
| R&D expenses | | |
| Finance expenses | 2,590.90 | 2,761.93 |
| Incl：Interest expenses | | |
| Interest Income | -541.67 | -26.07 |
| Plus:：Other income | | |
| Investment income (loss is indicated by “-”) | | |
| Incl: Investment income from associates and joint ventures | | |
| Derecognition of Income from financial assets at amortised cost (loss indicated by “-”) | | |
| Net gains from hedging exposure (loss is indicated by “-”) | | |

| | | |
|---|---|---|
| Gains from changes in fair value (loss is indicated by “-”) | | |
| Credit impairment loss (loss indicated by “-”) | | |
| Assets impairment loss (loss indicated by “-”) | | |
| Gains from asset disposal (loss is indicated by “-”) | | |
| **II. Operational Profit (Loss is indicated as "－")** | **-1,916,758.29** | **-3,224,702.52** |
| Plus: Non-operating income | | |
| Less: Non-operating expenses | | |
| **III. Total Profit（Total loss is indicated as "－"）** | **-1,916,758.29** | **-3,224,702.52** |
| Less: Income tax expenses | | |
| **IV. Net Profit（Net loss is indicated as "－"）** | **-1,916,758.29** | **-3,224,702.52** |
| (I) Net profit from continuing operations (net loss is indicated by “-”) | -1,916,758.29 | -3,224,702.52 |
| (II) Net profit from discontinued operations (net loss is indicated by “-”) | | |
| **V. Net Other Comprehensive Income after tax** | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1. Changes arising from re-measurement of the defined benefit plan | | |
| 2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method | | |
| 3. Changes in fair | | |

| | | |
|---|---|---|
| value of other equity instruments investment | | |
| 4. Change in fair value of the Enterprise's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive income that will be re-classified into profit or loss | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under the equity method | | |
| 2. Change in fair value of other debt investments | | |
| 3. Gain or loss from change in fair value of available-for-sale financial assets | | |
| 4. Financial assets reclassified into other comprehensive income | | |
| 5. Gain or loss on held-to-maturity investments that are reclassified into available-for-sale financial assets | | |
| 6. Credit impairment provision for other debt investments | | |
| 7. Reserve for cash flow hedging | | |
| 8. Exchange rate differences of financial statements denominated in | | |

| | | |
|---|---|---|
| foreign currency | | |
| 9. Others | | |
| **VI. Total Comprehensive Income** | **-1,916,758.29** | **-3,224,702.52** |
| **VII. Earnings per share:** | | |
| (I) Basic earnings per share | -0.0022 | -0.0037 |
| (II) Diluted earnings per share | -0.0022 | -0.0037 |

5.5 Consolidated Income Statement from Beginning of the Year to End of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Total Operating Revenue** | **72,099,969.47** | **21,604,661.05** |
| Incl.: Operating income | 72,099,969.47 | 21,604,661.05 |
| Interest income | | |
| Earned premium | | |
| Handling charges and commission income | | |
| **II. Total Operating Cost** | **78,828,129.37** | **48,202,411.16** |
| Incl.: Operating cost | 37,300,028.92 | 17,436,613.02 |
| Interest expenses | | |
| Handling charges and commission expense | | |
| Surrenders | | |
| Net compensation payout | | |
| Net provision for insurance contracts | | |
| Expenditures for insurance policy dividend | | |
| Reinsurance cost | | |
| Taxes & Surcharges | 911,047.21 | 911,607.71 |
| Selling expenses | 25,939,871.27 | 3,235,150.49 |
| Administrative expenses | 16,022,101.51 | 26,127,584.63 |
| R&D expenses | | |
| Finance expenses | -1,344,919.54 | 491,455.31 |
| Incl : Interest expenses | 953,448.70 | 459,765.76 |

| | | |
|---|---|---|
| Interest Income | -2,391,914.41 | -27,715.02 |
| Plus: Other income | 483,443.73 | |
| Investment income (loss is indicated by “-”) | | 34,908,242.77 |
| Incl: Investment income from associates and joint ventures | | |
| Derecognition of Income from financial assets at amortised cost (loss indicated by “-”) | | |
| Exchange gains (loss indicated by “-”) | | |
| Net gains from hedging exposure (loss is indicated by “-”) | | |
| Gains from change in fair value (loss is indicated by “-”) | | |
| Credit impairment loss (loss indicated by “-”) | 830,784.80 | |
| Assets impairment loss (loss indicated by “-”) | | -356,689.48 |
| Gains from asset disposal (loss is indicated by “-”) | | |
| **III. Operational Profit (Loss is indicated as "－")** | **-5,413,931.37** | **7,953,803.18** |
| Plus: Non-operating income | 534,496.39 | 3,603,152.97 |
| Less: Non-operating expenses | 32,250.48 | 158,477.72 |
| **IV. Total Profit（Total loss is indicated as "－"）** | **-4,911,685.46** | **11,398,478.43** |
| Less: Income tax expenses | 698,038.99 | 2,280,000.00 |
| **V. Net Profit （Net loss is indicated as "－"）** | **-5,609,724.45** | **9,118,478.43** |
| (I) Classification by operating continuity | | |

| | | |
|---|---|---|
| 1.Net profit from continuing operations (net loss is indicated by "-") | -5,609,724.45 | 9,118,478.43 |
| 2.Net profit from discontinued operations (net loss is indicated by "-") | | |
| (II) Classification by ownership | | |
| 1.Net profit attributable to owners of the Parent Company | -5,657,128.21 | 9,664,632.67 |
| 2.Minority interests | 47,403.76 | -546,154.24 |
| **VI. Net Other Comprehensive Income after tax** | **2,070,017.57** | **1,102,097.05** |
| Other net comprehensive income after tax attributable to owners of the Parent Company | 2,070,017.57 | 1,102,097.05 |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1. Changes arising from re-measurement of the defined benefit plan | | |
| 2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method | | |
| 3. Changes in fair value of other equity instruments investment | | |
| 4. Change in fair value of the Enterprise's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive income that will be re-classified into profit or | 2,070,017.57 | 1,102,097.05 |

| | | |
|---|---|---|
| loss | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under the equity method | | |
| 2. Change in fair value of other debt investments | | |
| 3. Gain or loss from change in fair value of available-for-sale financial assets | | |
| 4. Financial assets reclassified into other comprehensive income | | |
| 5. Gain or loss on held-to-maturity investments that are reclassified into available-for-sale financial assets | | |
| 6. Credit impairment provision for other debt investments | | |
| 7. Reserve for cash flow hedging | | |
| 8. Exchange rate differences of financial statements denominated in foreign currency | 2,070,017.57 | 1,102,097.05 |
| 9. Others | | |
| Other net comprehensive income after tax attributable to minority interests | | |
| **VII. Total Comprehensive Income** | **-3,539,706.88** | **10,220,575.48** |
| Total Comprehensive Income Attributable to the owners of the Parent Company | -3,587,110.64 | 10,766,729.72 |

| | | |
|---|---|---|
| Total Comprehensive Income Attributable to the minority Interests | 47,403.76 | -546,154.24 |
| **VIII. Earnings per share** | | |
| (I) Basic earnings per share | -0.0065 | 0.0111 |
| (II) Diluted earnings per share | -0.0065 | 0.0111 |

5.6 Income Statement of Parent Company from Beginning of the Year to End of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Operating Income** | **0.00** | **0.00** |
| Less: Operating cost | 0.00 | 0.00 |
| Taxes & Surcharges | | 15.00 |
| Selling expenses | | |
| Administrative expenses | 7,413,241.64 | 5,990,332.46 |
| R&D expenses | | |
| Finance expenses | 6,597.64 | 2,791.76 |
| Incl：Interest expenses | | |
| Interest Income | 702.82 | -26.07 |
| Plus:：Other income | | |
| Investment income (loss is indicated by "-") | | |
| Incl: Investment income from associates and joint ventures | | |
| Derecognition of Income from financial assets at amortised cost (loss indicated by "-") | | |
| Net gains from hedging exposure (loss is indicated by "-") | | |
| Gains from changes in fair value (loss is | | |

| | | |
|---|---|---|
| indicated by “-”) | | |
| Credit impairment loss (loss indicated by “-”) | | |
| Assets impairment loss (loss indicated by “-”) | | |
| Gains from asset disposal (loss is indicated by “-”) | | |
| **II. Operational Profit (Loss is indicated as "－")** | **-7,419,839.28** | **-5,993,139.22** |
| Plus: Non-operating income | | 3,260,981.25 |
| Less: Non-operating expenses | | |
| **III. Total Profit（Total loss is indicated as "－"）** | **-7,419,839.28** | **-2,732,157.97** |
| Less: Income tax expenses | | |
| **IV. Net Profit（Net loss is indicated as "－"）** | **-7,419,839.28** | **-2,732,157.97** |
| (I) Net profit from continuing operations (net loss is indicated by “-”) | | |
| (II) Net profit from discontinued operations (net loss is indicated by “-”) | | |
| **V. Net Other Comprehensive Income after tax** | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1. Changes arising from re-measurement of the defined benefit plan | | |
| 2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method | | |
| 3. Changes in fair value of other equity instruments | | |

| | | |
|---|---|---|
| investment | | |
| 4. Change in fair value of the Enterprise’s own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive income that will be re-classified into profit or loss | | |
| 1. Other comprehensive income that can be reclassified into profit or loss under the equity method | | |
| 2. Change in fair value of other debt investments | | |
| 3. Gain or loss from change in fair value of available-for-sale financial assets | | |
| 4. Financial assets reclassified into other comprehensive income | | |
| 5. Gain or loss on held-to-maturity investments that are reclassified into available-for-sale financial assets | | |
| 6. Credit impairment provision for other debt investments | | |
| 7. Reserve for cash flow hedging | | |
| 8. Exchange rate differences of financial statements denominated in foreign currency | | |

| | | |
|---|---|---|
| 9. Others | | |
| **VI. Total Comprehensive Income** | **-7,419,839.28** | **-2,732,157.97** |
| **VII. Earnings per share:** | | |
| (I) Basic earnings per share | -0.0085 | -0.0031 |
| (II) Diluted earnings per share | -0.0085 | -0.0031 |

5.7 Consolidated Cash Flow Statement from Beginning of the Year to End of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Cash flow from operating activities** | | |
| Cash from sale of goods and rendering of services | 66,895,034.14 | 30,842,006.22 |
| Net increase in customer deposits and deposits from banks and other financial institutions | | |
| Net increase in borrowings from central bank | | |
| Net increase in placements from other financial institutions | | |
| Cash received as premiums of original insurance contracts | | |
| Net cash received from reinsurance business | | |
| Net increase in policyholder deposits and investment funds | | |
| Cash received as interests, handling charges and commissions | | |
| Net increase in placements from banks and other financial institutions | | |
| Net increase in funds of repurchase business | | |
| Net cash received from securities trading agency services | | |

| | | |
|---|---|---|
| Tax rebates received | | 429,588.42 |
| Cash received from other operating activities | 20,758,457.77 | 63,257,190.94 |
| **Sub-total of cash inflows from operating activities** | **87,653,491.91** | **94,528,785.58** |
| Cash paid to goods purchased and labor service received | 40,627,956.25 | 22,923,988.12 |
| Net increase in loans and advances to customers | | |
| Net increase in deposits with central bank and other financial institutions | | |
| Cash paid for original insurance contract claims | | |
| Net increase in loans to banks and other financial institutions | | |
| Cash paid for interest, handling charges and commissions | | |
| Cash paid for policyholder dividend | | |
| Cash paid to and for employees | 16,759,338.12 | 14,880,745.75 |
| Payment of various taxes | 2,117,505.83 | 1,313,013.53 |
| Cash paid for other operating activities | 39,083,328.89 | 90,081,260.72 |
| **Sub-total of cash outflows for operating activities** | **98,588,129.09** | **129,199,008.12** |
| **Net Cash Flow from operating activities** | **-10,934,637.18** | **-34,670,222.54** |
| **II. Cash flow from investing activities** | | |
| Cash received upon disposal of investments | | |
| Cash received from return on investments | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 390,000.00 |
| Net cash received upon disposal of subsidiaries and | | 103,000,000.00 |

| | | |
|---|---|---|
| other business units | | |
| Cash received from other investing activities | | |
| **Sub-total of cash inflows from investing activities** | | **103,390,000.00** |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | 178,924.91 | 5,645,708.37 |
| Cash paid for investment | | |
| Net increase in pledged loans | | |
| Net cash paid for acquisition of subsidiaries and other business units | | |
| Cash paid for other Investing activities | | |
| **Sub-total of cash outflows from investing activities** | **178,924.91** | **5,645,708.37** |
| **Net Cash Flow from investing activities** | **-178,924.91** | **97,744,291.63** |
| **III. Cash flow from financing activities** | | |
| Cash received from absorbing investment | | |
| Incl: cash received by subsidiaries from minority shareholders | | |
| Cash received from borrowings | | |
| Cash received from other financing activities | | |
| **Sub-total of cash inflows from financing activities** | | |
| Cash paid for repayments of debts | | |
| Cash paid for dividends, profit distributions or interest payment | 131,478.61 | 26,778.69 |
| Incl: dividend and profit paid to minority shareholders by subsidiaries | | |
| Cash paid for other | | |

| | | |
|---|---|---|
| financing activities | | |
| **Sub-total of cash outflows from financing activities** | **131,478.61** | **26,778.69** |
| **Net Cash Flow from financing activities** | **-131,478.61** | **-26,778.69** |
| **IV. Effect of foreign exchange rate changes on cash and cash equivalents** | **1,094.82** | **19,786.69** |
| **V. Net increase of cash and cash equivalent** | **-11,243,945.88** | **63,067,077.09** |
| Plus: Balance of cash and cash equivalents at the beginning of the period | 84,724,338.23 | 8,408,461.77 |
| **VI. Balance of cash and cash equivalents at the end of the period** | **73,480,392.35** | **71,475,538.86** |

5.8 Cash Flow Statement of Parent Company from Beginning of the Year to End of the Reporting Period

Unit: RMB

| Items | Amount for the current period | Amount for the previous period |
|---|---|---|
| **I. Cash flow from operating activities** | | |
| Cash from sale of goods and rendering of services | | |
| Tax rebates received | | |
| Cash received from other operating activities | 9,898,855.68 | 143,036,945.41 |
| **Sub-total of cash inflows from operating activities** | **9,898,855.68** | **143,036,945.41** |
| Cash paid to goods Purchased and labor service received | | |
| Cash paid to and for employees | 5,663,400.53 | 3,893,960.70 |
| Payment of various taxes | | 1,677.30 |
| Cash paid for other operating activities | 4,346,016.71 | 69,161,197.65 |
| **Sub-total of cash outflows for operating activities** | **10,009,417.24** | **73,056,835.65** |
| **Net Cash Flow from operating activities** | **-110,561.56** | **69,980,109.76** |
| **II. Cash flow from investing activities** | | |

| | | |
|---|---|---|
| Cash received upon disposal of investments | | |
| Cash received from return on investments | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | |
| Net cash received upon disposal of subsidiaries and other business units | | |
| Cash received from other investing activities | | |
| **Sub-total of cash inflows from investing activities** | | |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | | |
| Cash paid for investment | | |
| Net cash paid for acquisition of subsidiaries and other business units | | |
| Cash paid for other investing activities | | |
| **Sub-total of cash outflows from investing activities** | | |
| **Net Cash Flow from investing activities** | | |
| **III. Cash flow from financing activities** | | |
| Cash received from absorbing investment | | |
| Cash received from borrowings | | |
| Cash received from other financing activities | | |
| **Sub-total of cash inflows from financing activities** | | |
| Cash paid for repayments of debts | | |
| Cash paid for dividends, profit distributions or interest payment | | |

| | | |
|---|---|---|
| Cash paid for other financing activities | | |
| **Sub-total of cash outflows from financing activities** | | |
| **Net Cash Flow from financing activities** | | |
| **IV. Effect of foreign exchange rate changes on cash and cash equivalents** | **-696.38** | |
| **V. Net increase of cash and cash equivalent** | **-111,257.94** | **69,980,109.76** |
| Plus: Balance of cash and cash equivalents at the beginning of the period | 131,150.21 | 20,119.58 |
| **VI. Balance of cash and cash equivalents at the end of the period** | **19,892.27** | **70,000,229.34** |

Legal Representative: Zhu Jie Chief Financial Officer: Wang Kai head of the accounting department: Xing Liwen

5.9 Adjustment of the Financial Statements

The related conditions on the adjustment of the financial statements at the beginning of the year of initial implementation arising from initial implementation of new financial instrument standard, new income standard and new lease standard

☐ Applicable √ Not applicable

Retrospective adjustment of the previous comparative data by initial adoption of new financial instrument standard and new lease standard

☐ Applicable √ Not applicable

5.10 Audit Report

Whether the third quarterly report has been audited

□ Yes ✓ No

The Company’s third quarterly report is unaudited.

By order of the Board

**Zhu Jie**

*Chairman*

Haikou, Hainan Province, the PRC
30 October 2019

*As at the date of the Statement, the Board comprises of five executive Directors, namely Mr. Zhu Jie, Mr. Li Rui, Ms. Ma Yun, Mr. Bao Zongbao and Mr. Su Weiguo; and three independent non-executive Directors, namely Mr. Li Ming, Mr. Qian Fengsheng and Mr. Fang Guangrong.*

** For identification purpose only*