東北電氣發展股份有限公司

NEE

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 2021

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**", "**NEE**") 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 2021. The financial information set out in this announcement has been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC (as defined under the Listing Rules) and has been reviewed and considered by the Board and the Audit Committee of the Board.

§ 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 Shang Duoxu, Head of the Company, Shang Duoxu, Chief Financial Officer, and Jin Muhan, Head of Accounting Department (Accounting Supervisor) declare that they guarantee the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

1.4 Definitions

CSRC	China Securities Regulatory Commission
De facto controller of the Company	Hainan Liberation Commonweal Foundation
Beijing Haihongyuan	Beijing Haihongyuan Investment Management Co., Ltd., a substantial shareholder of the Company
NEE, the Company, Northeast Electric	Northeast Electric Development Company Limited
Fuxin Busbar	Fuxin Enclosed Busbar Co., Ltd., a wholly-owned subsidiary of the Company
Garden Lane Hotel	Hainan Garden Lane Flight Hotel Management Co., Ltd., a subsidiary of the Company
HNA Group	HNA Group Co., Ltd., a related party of the Company
Hainan Provincial High Court	Hainan Provincial Higher People's Court
Hainan First Intermediate People's Court	The First Intermediate People's Court of Hainan Province
Tiexi SASAB	Tiexi District State-owned Assets Supervision and Administration Bureau of Shenyang
Shenyang HVS, Shenyang High Voltage Switchgear	Shenyang High Voltage Switchgear Co., Ltd.
Fushun Electric Porcelain	Fushun Electric Porcelain Manufacturing Co., Ltd.

§ 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

Item	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)	33,253,582.08	49.84%	61,699,919.28	2.78%
Net profits attributable to shareholders of the listed company (RMB)	35,678,874.89	-79.67%	23,859,169.86	-85.42%
Net profits attributable to shareholders of the listed company after extraordinary items (RMB)	-2,572,086.61	N/A	-15,291,219.66	N/A
Net cash flows arising from operating activities (RMB)	-	-	-52,357.23	N/A
Basic earnings per share (RMB/Share)	0.0409	-79.67%	0.0273	-85.43%
Diluted earnings per share (RMB/Share)	0.0409	-79.67%	0.0273	-85.43%
Weighted average return on net assets	N/A	N/A	N/A	N/A
Item	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)	207,285,420.12	157,525,808.79	31.59%	
Net assets attributable to shareholders of the listed company (RMB)	-163,593,397.18	-187,420,368.40	N/A	

Description of differences on figures by domestic and foreign accounting standards

□ Applicable √ Not applicable

No difference between net profits and net assets prepared under PRC GAAP and IFRS.

Extraordinary items and the related amount

√ Applicable ☐ Not applicable

Unit: RMB

Item	Amount of the reporting period	Amount from beginning of the year to the end of the reporting period	Remarks
Government subsidy included in the current profits and losses (excluding those closely related to business of the enterprise, and granted fixedly or quantitatively according to national uniform standards)	481,300.41	1,371,092.55	Policy-related demolition, compensation for the construction of the subsidiary's new plant
Other items complying with definitions of extraordinary profit	37,745,190.00	37,745,190.00	Nee win the Tiexi SASAC employee litigation, has no responsibility, reverse the estimated liabilities accrued in the previous period
Other non-operating income and expense other than the above items	24,720.40	34,359.58	
Impact on minority interests(after tax)	249.31	252.61	
Total	**38,250,961.50**	**39,150,389.52**	

Note: During the reporting period, no non-recurring gains or losses as defined and illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Gains or Losses were defined as recurring gains or losses.

2.2 Changes of main items in the financial statements and financial indicators and reasons thereof during the reporting period

Unit: RMB

Changes in balance sheet and reasons therefor				
Items	**30 Sep. 2021**	**31 Dec. 2020**	**Percentage of changes**	**Remarks**
Cash at bank and on hand	17,032,238.37	12,912,725.07	31.90%	Increase in cash at bank and on hand due to hotel business
Notes receivable	1,265,150.80	-	100.00%	Receive bank acceptance draft this year
Accounts receivable	46,905,938.07	32,293,932.13	45.25%	Increase in accounts receivable due to hotel business
Prepayment	1,928,877.24	997,454.96	93.38%	Increase in prepayment due to hotel business
Other receivables	894,235.36	1,958,726.08	-54.35%	Due to the reclassification of VAT input tax
Right-of-use assets	47,807,037.91	16,432,367.74	190.93%	Increase in right-of-use assets due to signing lease contracts
Contractual liabilities	13,957,024.92	6,624,272.90	110.70%	Increase in contractual liabilities due to signing lease contracts
Employee remuneration payable	6,743,700.81	4,753,756.28	41.86%	Increase in employee remuneration payable due to hotel business
Non-current liabilities due within 1 year	38,017,202.79	10,953,560.25	247.08%	Increase in lease liabilities due to signing lease contracts
Lease liabilities	22,676,950.08	11,582,700.60	95.78%	Increase in lease liabilities due to signing lease contracts
Estimated liabilities	34,354,500.00	72,099,690.00	-52.35%	Nee win the Tiexi SASAC employee litigation, has no responsibility, reverse the estimated liabilities accrued in the previous period
Changes in income statement and reasons therefor				

Items	Jan-Sept 2021	Jan-Sept 2020	Percentage of changes	Remarks
Finance expenses	949,929.81	-119,883.63	-	No interest income from deposits of HNA Finance Company and financial expenses accrued for hotel lease liabilities in the current period
Credit impairment loss	12,459.78	7,128.49	74.79%	Due to the provision for bad debts for accounts receivable in the current period
Investment income	-	179,092,820.66	-100.00%	No investment income in this period, debt offset with Shenyang HVS in the same period last year, increased investment income
Other income	1,371,092.55	1,038,010.79	32.09%	Due to the increased in deferred income amortization of Fuxin Busbar
Non-operating income	37,780,383.01	1,211,577.83	3018.28%	Nee win the Tiexi SASAC employee litigation，has no responsibility, reverse the estimated liabilities accrued in the previous period
Non-operating expenses	833.43	2,041.28	-59.17%	Due to the decrease in late payment fees
Income tax expenses	-	280,256.09	-100.00%	Due to the loss of each company in the current period without the provision of income tax
Changes in cash flow statement and reasons therefor				
Items	**Jan-Sept 2021**	**Jan-Sept 2020**	**Percentage of changes**	**Remarks**
Cash received from other operating activities	11,861,710.19	91,867,595.23	-87.09%	Bank deposits of 55 million in the same period last year, none this year
Cash paid for interest, handling charges and commissions	-	6,937.11	-100.00%	No relevant cash expenditures for the current period

Payment of various taxes	1,829,174.41	933,359.75	95.98%	Pay the corporate income tax of the previous year in this period. In the same period last year, due to the influence of the Covid-19, a number of taxes were reduced and exempted
Cash paid for other operating activities	12,994,280.97	25,665,044.73	-49.37%	Due to the decrease in other operating expenses during the period
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,500,000.00	-	100.00%	Subsidiary Fuxin Busbar received the disposal payment from the South Plant in current period
Cash paid for repayments of debts	-	10,500,000.00	-100.00%	No relevant cash expenditures for the current period
Cash paid for dividends, profit distributions or interest payment	-	225,709.27	-100.00%	No relevant cash expenditures for the current period

2.3 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 colspan="2">Total number of ordinary shareholders as at the end of the reporting period</td><td>48,114</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>
</table>

HKSCC Nominees Limited	Overseas legal person	29.44%	257,113,899	0		
Beijing Haihongyuan Investment Management Co., Ltd.	Domestic non-state-owned legal person	9.33%	81,494,850	0	Pledged	81,494,850
Zhao Rui	Domestic non-state-owned legal person	0.80%	6,960,310	0		
Jin Lei	Domestic natural person	0.72%	6,255,600	0		
Miao Haonan	Domestic natural person	0.60%	5,238,812	0		
Huang Tao	Domestic natural person	0.58%	5,095,300	0		
Fu Lianjun	Domestic non-state-owned legal person	0.57%	4,974,489	0		
Zhang Sijia	Domestic natural person	0.54%	4,701,600	0		
Zhang Ping	Domestic natural Person	0.46%	4,058,571	0		
Gao Yan	Domestic natural Person	0.44%	3,858,800	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	257,113,899	Overseas Listed foreign shares (H shares)	257,113,899
Beijing Haihongyuan	81,494,850	Ordinary RMB-denominated shares (A shares)	81,494,850

Investment Management Co., Ltd.			
Zhao Rui	6,960,310	Ordinary RMB-denominated shares (A shares)	6,960,310
Jin Lei	6,255,600	Ordinary RMB-denominated shares (A shares)	6,255,600
Miao Haonan	5,238,812	Ordinary RMB-denominated shares (A shares)	5,238,812
Huang Tao	5,095,300	Ordinary RMB-denominated shares (A shares)	5,095,300
Fu Lianjun	4,974,489	Ordinary RMB-denominated shares (A shares)	4,974,489
Zhang Sijia	4,701,600	Ordinary RMB-denominated shares (A shares)	4,701,600
Zhang Ping	4,058,571	Ordinary RMB-denominated shares (A shares)	4,058,571
Gao Yan	3,858,800	Ordinary RMB-denominated shares (A shares)	3,858,800
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)	No		

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 Progress of significant events

3.1 Discloseable and connected transactions lease agreements

In order to enhance the going-concern ability and inject new vitality into the development of the hotel business, the Lease Agreements (where the Properties are leased for hotel business) entered into on 13 July 2021 by Hainan Garden Lane Flight Hotel Management Co., Ltd., a subsidiary of Northeast Electric, and Dalian Changjiang Plaza Co., Ltd.* (大連長江廣場有限公司), Changchun Mingmen Hotel Co., Ltd.* (長春名門飯店有限公司), and Jilin Province Tourism Group Co., Ltd.* (吉林省旅遊集團有限責任公司) was considered and passed at the 22nd meeting of the ninth Northeast Electric Board of Directors and the second Extraordinary General Meeting of 2021. These transactions are beneficial (i) to boosting the Group's turnover and profitability in terms of its catering and accommodation services; (ii) for the Group to continue to utilise the Leased Properties for its hotel catering and accommodation services operations and realise diversification of operations of the Group; and (iii) optimise the Group's income and asset structure.

For details, please refer to the announcements of the Company on the dated 13 July 2021 and 23 August 2021.

3.2 Matters related to bankruptcy reorganization of HNA Group and its related parties

Due to the continuous impact of the global public health emergency on aviation and hotel sectors since 2020, HNA Group Co., Ltd. (the indirect controlling shareholder of the Company, hereinafter referred to as the "HNA Group") and its related parties are exposed to a relatively high liquidity risk. According to the Company's announcements dated 30 January 2021, 10 February 2021, 15 March 2021 and 24 October 2021 respectively, the Hainan Higher People's Court has ruled that the claim for reorganisation of HNA Group and its related parties by the relevant creditor has been accepted. At present, all voting groups of HNA Group and its related parties have passed the reorganization plan (draft).

3.3 Progress of material litigation

（ⅰ） The litigation on Shenyang Tiexi District State-owned Assets Supervision and Administration Bureau vs. the Company for the payment of allowance for staff

The Company received the (2021) Qiong Min Zhong No. 36 Civil Judgment issued by Hainan Provincial High Court on 27 July 2021, Hainan Provincial High Court has given a second-instance judgment on the contract dispute between Tiexi SASAC and Northeast Electric, Shenyang High Voltage Switchgear and New Northeast Electric (Shenyang) High Voltage Switchgear Co., Ltd.: Uphold the item about Northeast Electric of the first-instance Civil Judgment, reject the other claims of the plaintiff Tiexi SASAC. This judgment is final, according to the judgment of the second instance of the above-mentioned court, Northeast Electric does not have to bear the responsibility for repayment.

（ⅱ） The litigation on the application made by Fushun Electric Porcelain for adjudicating NEE as a person subject to enforcement

The Company received the (2021) Qiong Min Zhong No. 537 Civil Judgment issued by the Hainan Provincial High Court on 20 October 2021. The Hainan Provincial High Court held that: Fushun Electric Porcelain's application for the addition of Northeast Electric Development Co., Ltd. to the execution case of Fushun Intermediate People's Court of Liaoning Province [(2015) Fu Zhong Zhi Zi No.00140] lacks factual and legal basis, and its appeal cannot be established. The facts ascertained in the first-instance judgment are clear and applicable. The appeal was rejected and the original verdict was upheld. This judgment is final , according to the judgment of the second instance of the above-mentioned court, Northeast Electric does not have to bear the responsibility for repayment.

For details, please refer to the announcements of the Company on the dated 28 July 2021 and 20 October 2021.

§4 Quarterly Financial Statements (Unaudited)

（ⅰ）Financial Statement

1. Consolidated Balance Sheet

Prepared by: Northeast Electric Development Co., Ltd.

30 September 2021

Unit: RMB

Items	30 September 2021	31 December 2020
Current Assets:		
Cash at bank and on hand	17,032,238.37	12,912,725.07
Settlement provisions		
Loans to banks and other financial institutions		
Trading financial assets		
Derivative financial assets		
Notes Receivable	1,265,150.80	
Accounts Receivable	46,905,938.07	32,293,932.13
Receivables Financing		
Prepayment	1,928,877.24	997,454.96
Premium Receivable		
Amounts receivable from reinsurers		
Provision for reinsurance contracts receivable		
Other Receivables	20,194,795.56	19,230,044.90
Incl: Interests Receivable		
Dividends Receivable		
Buying back the sale of financial assets		
Inventory	16,884,861.17	16,710,311.95
Contractual assets		
Assets held for sale		
Non-current asset due within 1 year		
Other current asset	894,235.36	1,958,726.08
Total current assets	**105,106,096.57**	**84,103,195.09**
Non-current Assets:		
Loans and advances		
Debt investment		
Other debt investment		
Held-to-maturity investments		
Long-term receivables		

Long-term equity investments		
Other equity instruments investments		
Other non-current financial assets		
Investment properties		
Fixed Assets	42,492,012.24	44,911,967.97
Construction in progress		
Productive biological assets		
Oil and gas assets		
Right-of-use assets	47,807,037.91	16,432,367.74
Intangible Assets	11,880,273.40	12,078,277.99
Research & development expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets		
Total non-current assets	**102,179,323.55**	**73,422,613.70**
Total Assets	**207,285,420.12**	**157,525,808.79**
Current Liabilities:		
Short-term Borrowings		
Borrowing from the Central Bank		
Placements from banks and other financial institutions		
Trading financial liabilities		
Derivative financial liabilities		
Notes Payable		
Accounts Payable	27,871,390.89	21,344,941.14
Advances from customers		
Contractual liabilities	13,957,024.92	6,624,272.90
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	6,743,700.81	4,753,756.28
Taxes Payable	3,965,984.86	4,744,439.95
Other Payables	184,602,027.58	181,225,923.07
Incl: Interests Payable		
Dividends Payable		
Handling charge and commission payable		
Amounts due to reinsurers		
Liabilities held for sale		
Non-current liabilities due within 1 year	38,017,202.79	10,953,560.25
Other current Liabilities		
Total current liabilities	**275,157,331.85**	**229,646,893.59**
Non-current liabilities:		
Provision for insurance contracts		
Long-term Borrowings		
Bonds Payable		
Incl: Preferred shares		
Perpetual bonds		
Lease liabilities	22,676,950.08	11,582,700.60
Long-term Payables		
Long-term employee remuneration payable		
Estimated Liabilities	34,354,500.00	72,099,690.00
Deferred income	36,516,385.35	29,425,846.58
Deferred tax liabilities		
Other Non-Current Liabilities		
Total Non-Current Liabilities	**93,547,835.43**	**113,108,237.18**
Total Liabilities	**368,705,167.28**	**342,755,130.77**
Shareholders' Equity:		
Share Capital	873,370,000.00	873,370,000.00
Other Equity Instruments		
Incl: Preferred shares		
Perpetual bonds		
Capital reserve	1,083,997,337.88	1,083,997,337.88
Less: Treasury Stocks		

Other Comprehensive Income	-258,196,798.77	-258,031,515.00
Special Reserve		
Surplus Reserve	108,587,124.40	108,587,124.40
Provision for general risk		
Retained profits	-1,971,351,060.69	-1,995,343,315.68
Total equity attributable to the owners of the Parent Company	-163,593,397.18	-187,420,368.40
Minority interests	2,173,650.02	2,191,046.42
Total shareholders' equity	**-161,419,747.16**	**-185,229,321.98**
Total liabilities and shareholders' equity	**207,285,420.12**	**157,525,808.79**

2. Consolidated Income Statement of the Reporting Period

Unit: RMB

Items	Amount for the current period	Amount for the previous period
I. Total Operating Revenue	**61,699,919.28**	**60,031,262.65**
Incl.: Operating income	61,699,919.28	60,031,262.65
Interest income		
Earned premium		
Handling charges and commission income		
II. Total Operating Cost	**76,996,328.17**	**77,494,958.80**
Incl.: Operating cost	37,109,018.69	39,328,445.72
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	570,314.13	621,784.86
Selling expenses	17,127,770.18	22,477,753.89
Administrative expenses	19,804,786.57	15,186,857.96
R&D expenses	1,434,508.79	

Finance expenses	949,929.81	-119,883.63
Incl : Interest expenses	897,073.50	1,087,961.71
Interest income	-40,495.28	-1,270,911.15
Plus: Other income	1,371,092.55	1,038,010.79
Investment income (loss is indicated by “-”)		179,092,820.66
Incl: Investment income from associates and joint ventures		
Derecognition of income from financial assets at amortised cost (loss is indicated by “-”)		
Exchange gains (loss is 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 is indicated by “-”)	-12,459.78	-7,128.49
Assets impairment loss (loss is indicated by “-”)		
Gains from asset disposal (loss is indicated by “-”)		
III. Operational Profit (Loss is indicated as "－")	-13,937,776.12	162,660,006.81
Plus: Non-operating income	37,780,383.01	1,211,577.83
Less: Non-operating expenses	833.43	2,041.28
IV. Total Profit（Total loss is indicated as "－"）	23,841,773.46	163,869,543.36
Less: Income tax expenses		280,256.09

V.Net Profit （Net loss is indicated as "－"）	23,841,773.46	163,589,287.27
(I) Classification by operating continuity		
1.Net profit from continuing operations (net loss is indicated by "-")	23,841,773.46	163,589,287.27
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	23,859,169.86	163,647,821.31
2.Minority interests	-17,396.40	-58,534.04
VI.Net Other Comprehensive Income after tax	-165,283.77	-656,322.13
Other net comprehensive income after tax attributable to owners of the Parent Company	-165,283.77	-656,322.13
(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	-165,283.77	-656,322.13

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. Financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Exchange rate differences of financial statements denominated in foreign currency	-165,283.77	-656,322.13
7. Others		
Other net comprehensive income after tax attribute able to minority interests		
VII. Total Comprehensive Income	**23,676,489.69**	**162,932,965.14**
Total Comprehensive Income Attributable to the owners of the Parent Company	23,676,489.69	162,991,499.18
Total Comprehensive Income Attributable to the Minority Interests		
VIII. Earnings per share		
(I)Basic earnings per share	0.0273	0.1874
(II)Diluted earnings per share	0.0273	0.1874

3. 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	50,433,384.24	50,560,585.93
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 Policy holder 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	133,085.13	
Cash received from other operating activities	11,861,710.19	91,867,595.23
Sub-total of cash inflows from operating activities	**62,428,179.56**	**142,428,181.16**
Cash paid to goods purchased and labor service received	31,825,960.77	38,791,413.46

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		6,937.11
Cash paid for policyholder dividend		
Cash paid to and for employees	15,831,120.64	12,953,440.54
Payment of various taxes	1,829,174.41	933,359.75
Cash paid for other operating activities	12,994,280.97	25,665,044.73
Sub-total of cash out flows for operating activities	**62,480,536.79**	**78,350,195.59**
Net Cash Flow from operating activities	**-52,357.23**	**64,077,985.57**
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	5,500,000.00	
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	**5,500,000.00**	
Cash paid for acquisition of fixed assets, intangible assets and other long-term		

assets		
Cash paid for investment		48,435,719.34
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		**48,435,719.34**
Net Cash Flow from investing activities	**5,500,000.00**	**-48,435,719.34**
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		10,500,000.00
Cash paid for dividends, profit distributions or interest payment		225,709.27
Incl: dividend and profit paid to minority shareholders by subsidiaries		
Cash paid for other financing activities		
Sub-total of cash out flows from financing activities		**10,725,709.27**
Net Cash Flow from financing activities		**-10,725,709.27**
IV. Effect of foreign exchange rate changes on cash and cash equivalents	**41,827.81**	**41,224.15**

V.Net increase of cash and cash equivalent	**5,489,470.58**	**4,957,781.11**
Plus: Balance of cash and cash equivalents at the beginning of the period	8,535,909.71	74,527,767.65
VI. Balance of cash and cash equivalents at the end of the period	**14,025,380.29**	**79,485,548.76**

Legal Representative: ZhuJie   Chief Financial Officer: Shang Duoxu   Head of Accounting Department: JinMuhan

（ⅱ）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

(ⅲ) 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

Shang Duoxu

Chairman

Haikou, Hainan Province, the PRC
29 October 2021

As at the date of this Announcement, the Board comprises of five executive Directors, namely Mr. Shang Duoxu, Mr. Wang Yongfan, Mr. Su Weiguo, Mr. Guo Qianli and Mr. Li Guoqing; and three independent non-executive Directors, namely Mr. Li Ming, Mr. Fang Guangrong and Mr. Wang Hongyu.

* *For identification purpose only*