

**WUHAN BOILER COMPANY LIMITED**

**2017 QUARTERLY THREE REPORT**

2017—033

**October 2017**

## **Section I Important Notes**

The Board of Directors, the Board of Supervisors as well as all Board Directors, Supervisors and Senior Management of Wuhan Boiler Company Limited (hereinafter referred to as the “Company”) hereby warrant that this Report is authentic, accurate and complete without any misstatement, misleading statement or material omission and will take individual and joint and several liabilities for that.

All Board Directors attended the Board Meeting for reviewing this Report.

Stuart Adam Connor, the Company Principal, Feng Zheng, the Accounting Principal, and Jack Zhang, the Accounting Division’s Principal (Accounting Manager), hereby ensure that the Financial Statements enclosed in this Report are authentic, accurate and complete.

## Section II Company Profile

### I. Major accounting data and financial indexes

Does the Company need to adjust retrospectively or restate accounting data of previous periods?

Yes  No

	Sep. 30, 2017	Dec. 31, 2016	Increase/decrease (%)	
Total assets (RMB)	1,508,869,324.17	1,366,003,628.07	10.46%	
Owners' equity attributable to shareholders of the Company (RMB)	-1,275,543,851.53	-1,409,200,270.67	9.48%	
	Jul. – Sep. 2017	Increase/decrease (%) as compared to same period last year	Jan. – Sep. 2017	Increase/decrease (%) as compared to same period last year
Gross operating revenues (RMB)	515,143,687.84	68.86%	1,096,781,658.40	2.44%
Net profit attributable to shareholders of the Company (RMB)	113,612,503.09	347.47%	133,656,419.14	344.53%
Net profit attributable to shareholders of the Company after excluding non-recurring gains and losses (RMB)	113,443,059.09	341.64%	132,048,087.13	336.26%
Net cash flow from operating activities (RMB)	--	--	18,221,303.56	110.04%
Basic EPS (RMB/share)	0.38	347.86%	0.45	344.08%
Diluted EPS (RMB/share)	0.38	347.86%	0.45	344.08%
The weighted average ROE	8.30%	11.54%	9.62%	13.49%

Items and amounts of non-recurring gains and losses

Applicable  Not applicable

Unit: RMB

Item	Jan.-Sep. 2017	Explanation
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	1,408,332.00	Mainly due to the foreign trade and economic cooperation development fund
Others	200,000.01	Quality compensation
Total	1,608,332.01	--

Explain the reasons if the Company classifies an item as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies – Non-recurring Gains and Losses, or classifies any non-recurring gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Not applicable

In the report period, the Company didn't classify any non-recurring gain/loss item defined or mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Public Listed Companies – Non-recurring Gains and Losses as a recurrent gain/loss item.

## II. Total number of shareholders at the period-end and shareholdings of the top ten shareholders

### 1. Total number of shareholders with common shares and shareholders with preference shares with resumed voting rights as well as shareholdings of the top ten shareholders

Unit: share

Total number of shareholders with common shares at the period-end	5,345	Total number of shareholders with preference shares who had resumed their voting right at the end of the report period (if any)	0			
Shareholdings of the top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of the shares held	Number of the restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
ALSTOM (CHINA) INVESTMENT CO., LTD	Domestic non-state-owned corporation	51.00%	151,470,000	151,470,000		
WUHAN BOILER GROUP CO., LTD	State-owned corporation	6.91%	20,530,000	20,530,000		
WANG XIAO	Domestic natural person	0.90%	2,672,800			
CHEN PENG	Domestic natural person	0.79%	2,331,545			
HU ZHIHONG	Domestic natural person	0.47%	1,390,397			
CHEN CHUYUN	Domestic natural person	0.46%	1,367,450			
LI ZHIJIAN	Domestic natural person	0.43%	1,286,281			

HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	Foreign corporation	0.40%	1,185,114			
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.40%	1,176,836			
ZHUANG CHANGXIONG	Domestic natural person	0.35%	1,045,000			
Shareholdings of the top ten shareholders with non-restricted shares						
Name of shareholder	Number of non-restricted shares held	Type of shares		Type	Number	
		Type	Number			
WANG XIAO	2,672,800	Domestically listed stock for foreign investors	2,672,800			
CHEN PENG	2,331,545	Overseas listed stock for foreign investors	2,331,545			
HU ZHIHONG	1,390,397	Domestically listed stock for foreign investors	1,390,397			
CHEN CHUYUN	1,367,450	Domestically listed stock for foreign investors	1,367,450			
LI ZHIJIAN	1,286,281	Domestically listed stock for foreign investors	1,286,281			
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,185,114	Domestically listed stock for foreign investors	1,185,114			
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,176,836	Domestically listed stock for foreign investors	1,176,836			
ZHUANG CHANGXIONG	1,045,000	Domestically listed stock for foreign investors	1,045,000			
SUN WEIWEI	966,567	Domestically	966,567			

		listed stock for foreign investors	
TANG JUAN	887,236	Domestically listed stock for foreign investors	887,236
Explanation on affiliated relationship or persons acting in concert among the above-mentioned shareholders	The top ten shareholders of the Company are public shareholders with tradable shares. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders with tradable shares and whether there are persons acting in concert among them. The Company is not aware of whether there is any affiliated relationship among the top ten shareholders and the top ten shareholders with tradable share.		
Explanation on the top ten shareholders with common shares participating in the margin trading business (if any)	Not applicable		

Whether the top 10 shareholders with common shares and the top 10 shareholders with tradable common shares of the Company reach agreement of buy-back trading in the report period?

Yes  No

No top 10 shareholders with common shares and top 10 shareholders with tradable common shares of the Company carried out any agreed buy-back trading in the report period.

## **2. Total number of shareholders with preference shares and shareholdings of the top ten shareholders with preference shares**

Applicable  Not applicable

## Section III Significant Events

### I. Major changes of main accounting statement items and financial indicators in the report period, as well as reasons for the changes

√Applicable Not applicable

1. Cash and cash equivalent increased by 347.26%, mainly due to increase on down payment received from Hassyhan, Hubco projects this period;
2. Accounts receivable decreased by 66.71%, mainly due to collection of accounts receivable which are booked in prior period;
3. Other receivables increased by 122.77%, Mainly due to increase on the difference from output VAT calculated by cash collection and by system progress billing recognized;
4. Inventories increased by 474.93%, mainly due to increase on the cost incurred and recognized margin on projects;
5. Other current assets decreased by 99%, mainly due to the settlement and rollover for part of the forward contracts in current period;
6. Deferred tax assets decreased by 54.53%, mainly due to the reversal and write-off of bad debts provision booked in previous years and the release of contract loss provision this period;
7. Other non-current assets increased by 477.82%, mainly due to increase of hedging gain for un-expired forward contracts in this period;
8. Notes payable decreased by 62.55%, mainly due to bank note which issued in the prior period matured in current period;
9. Accounts payable increased by 50.40%, mainly due to the increase of raw material purchasing this period, Hassyhan and Hubco etc;
10. Taxes payable decreased by 114.82%, mainly due to refunding export taxes decrease;
11. Interest payable decreased by 45.90%, mainly due to pay interest booked in prior period;
12. Other current liabilities decreased by 91.80%, mainly due to decrease on hedging losses arising from non-settled forward contracts in the reporting period;
13. Other non-current liabilities increased by 305.77%, mainly due to increase on hedging losses arising from non-settled forward contracts in the reporting period;
14. Business tax and surcharges decreased by 30.67%, mainly due to export sales decrease this period;
15. Selling expenses increased by 38.51%, mainly due to selling department expense increase on tendering etc

this period;

16. Assets impairment loss decreased by 98.79%, mainly due to reversed bad-debt provision more than the same period last year for the AR collection this period;
17. Changes in fair value gains increased by 755.15%, mainly due to the increased of hedging gains arising from exchange rate movement of hedging instrument;
18. Non-operating income increased by 30.49%, mainly due to the foreign trade and economic cooperation development fund;
19. Taxes income expenses increased by 155.94%, mainly due to the increase of temporary deductible differences resulted from the reversal of bad debts provision and the release of contract loss provision booked in previous years this period;
20. Net cash flows from operating activities increased by 110.04%, mainly due to cash collection from projects increase this period;
21. Net cash flow generated from investment activities increased by 46.69%, mainly due to the decrease of cash out paid for fixed assets this period;
22. Net cash flow generated from financing activities decreased by 52.73%, mainly due to the decrease on entrusted loans this period.

## II. Progress and influence of significant events, as well as the analysis and explanation on solutions

Applicable  Not applicable

On October 27, 2016, the Boiler Drum Capacity Increase Investment Plan was reviewed and approved at the 20<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors of the Company. On the next day, the Company disclosed the Announcement No. 2016-036 of Wuhan Boiler Company Limited on Resolutions of the 20<sup>th</sup> Meeting of the 6<sup>th</sup> Board of Directors, the Announcement No. 2016-038 of Wuhan Boiler Company Limited on External Investment and other relevant announcements on Securities Times, Ta Kung Pao and the NEEQ website. The technical specification business contract of Boiler Drum Capacity Increase Investment Plan Procurement Principle has been well prepared. The management of the Company has reviewed the market demand carefully and decided to suspend the investment plan, and the investment implementation depends on further analysis of market situation.

## III. Commitments ongoing at the period-end made by the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other parties

Applicable  Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Time of making commitment	Period of commitment	Fulfillment



Commitment on share reform						
Commitment in the acquisition report or the report on equity changes	Alstom (China) Investment Co., Ltd	Disclosed commitment	Avoid horizontal competition	April 14, 2006	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Ensure the independence of the Company	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Avoid horizontal competition	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
	General Electric Company, GE Albany Global Holdings B.V.	Disclosed commitment	Ensure new related party transactions will obtain appropriate approvals	December 28, 2015	Long-term effective	Strictly fulfill the commitment and no breaches
Commitments made in assets reorganization						
Commitments made in IPO or refinancing						
Equity incentive commitment						
Other commitments made to minority shareholders						
Commitments fulfilled on time or not	Yes					

#### IV. Forecast for 2017 annual operating results

Warnings of possible loss or considerable year-on-year change of the accumulated net profit made during the period from the beginning of the year to the end of the next report period according to forecast, as well as explanations on the reasons

Applicable  Not applicable

#### V. Securities investment

Applicable  Not applicable

No such cases in the report period.

## VI. Derivatives Investment

√Applicable □Not applicable

Unit: RMB 0,000

Operator	Relation	Related party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Purchased in report period	Sold in report period	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in report period
HSBC	Non-Relation	No	Forward FX contract	32,814.48	2014-10-28	2020-3-30	32,814.48	165.35	29,597.67		3,382.16	-2.65%	-337.83
SCB	Non-Relation	No	Forward FX contract	59,807.85	2015-2-17	2019-3-29	59,807.85	230.93	52,825.07		6,982.78	-5.46%	-600.58
Total				92,622.33	--	--	92,622.33	396.28	82,422.74		10,364.94	-8.11%	-938.41
Capital source for derivative investment				Self-funded									
Any litigation involved (if applicable)				NA									
Disclosure date of the board announcement approving the derivative investment (if any)				April 28, 2017									
Disclosure date of the Shareholders' Meeting announcement approving the derivative investment (if any)				NA									
Analysis on risks and control measures of derivative products held in the report period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				<p>In order to satisfy needs arising from business development and avoid risk concerning exchange rates, the Company signed forward FX contracts with HSBC, SCB, etc. respectively. For exchange rate fluctuations risk, the Company and banks do collaborative exchange rate trend forecasts, closely track changes in exchange rates, changes in market conditions to implement dynamic management; For liquidity risk, foreign exchange hedging operations carried out by the Company are based on the Company's estimated foreign exchange payments and collection of trade, because the foreign exchange hedging operations match with the actual foreign exchange trade, so this can ensure sufficient fund for settlement at delivery time, there is less affected on the liquidation of the company's current assets; For operational risk, the Company developed a standardized operational processes and authorization management systems, equipped with full-time staff and strictly</p>									

	control their authority to conduct foreign exchange hedging operations; while strengthening business related personnel training and professional ethics , and improving quality of personnel, and the establishing anomalies timely reporting system to avoid the occurrence of operational risk at the maximum; For credit risk, the Company's counterparties of foreign exchange hedging are reputable business and the company has established long-term business relationship with large commercial banks and foreign banks, so, basically there is no performance risk; For legal risk, the Company conducted foreign exchange hedging operations legally in accordance with relevant laws and regulations and relevant transaction management practices, and signed a legal agreement with the counterparties for clear and accurate terms to avoid possible legal disputes at the maximum; and the Company has carried out sufficient assessment and effective control on possible risk concerning credit, operation and cash flows.
Changes of market prices or fair values in the report period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	The company recognized the gain and loss of fair values of the invested derivatives, the fair values loss of the invested derivatives this period was RMB9.3841 million, the calculation of fair values was based on the contract values and forward rate quote of end of this accounting period provided by the related business partners which was accordance with the expiry date of each forward contracts.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the report period compared to the previous report period	No major change
Independent Directors' opinions on derivatives investment and risk control	The foreign exchange trading for hedging purpose made by WBC in order to prevent exchange rate risk is based on reasonable estimation and current need for foreign exchange payment and collection. The business process is compliant with laws and regulations. There is almost no market risk, no performance risk and no impact on liquidity of WBC. WBC has established organization, business procedures, approval process and Internal Control Rules on Derivatives Investment for foreign exchange trading, so as to improve foreign exchange risk management and prevent exchange rate risk through derivatives investment business.

## VII. Researches, visits and interviews received in this report period

√Applicable □Not applicable

Date	Way of reception	Visitor type	Main inquiry information
Aug. 16, 2017	By phone	Individual	About the Company's performance forecast for the first half of 2017
Sep. 4, 2017	By phone	Individual	About whether the Company could return to the main board and the Company's performance forecast for 2017

**VIII. Illegal provision of guarantees for external parties**

Applicable  Not applicable

No such cases in the report period.

**IX. Occupation of the Company's funds by its controlling shareholders or its related parties for non-operating purposes**

Applicable  Not applicable

No such cases in the report period.

**X. Targeted measures taken to help people lift themselves out of poverty**

Applicable  Not applicable

## Section IV Financial Statements

### I. Financial statements

#### 1. Consolidated balance sheet

Prepared by Wuhan Boiler Company Limited

Unit: RMB

Item	Sep. 30, 2017	Dec. 31, 2016
Current assets:		
Monetary funds	73,876,427.45	16,517,402.72
Deposit reservation for balance		
Outgoing call loans		
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	59,774,500.00	79,452,000.00
Accounts receivable	89,949,273.86	270,180,404.46
Prepayment	142,957,681.83	111,065,769.39
Insurance receivables		
Reinsurance receivables		
Provision of reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other receivables	30,392,432.04	13,642,890.58
Financial assets purchased under agreement to resell		
Inventories	372,257,214.30	64,748,400.29
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	436,519.42	43,648,647.66
Total current assets	769,644,048.90	599,255,515.10
Non-current assets:		

Loan and payment on other's behalf disbursed		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment		
Investment property		
Fixed assets	645,913,254.21	666,328,226.59
Construction in progress	617,244.44	487,631.32
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	57,669,271.81	60,584,933.95
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	16,426,612.77	36,128,496.90
Other non-current assets	18,598,892.04	3,218,824.21
Total non-current assets	739,225,275.27	766,748,112.97
Total assets	1,508,869,324.17	1,366,003,628.07
Current liabilities:		
Short-term loans	1,574,800,000.00	1,489,590,000.00
Loans from central bank		
Deposits received and held for others		
Call loans received		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	48,913,855.88	130,619,704.26
Accounts payable	440,122,163.64	292,624,858.43
Advance from customers	560,943,509.82	659,771,587.39
Financial assets sold under agreements to repurchase		

Fees and commissions payable		
Payroll payable	8,512,365.41	9,496,707.89
Taxes payable	-2,146,620.86	14,485,260.65
Interest payable	1,726,387.50	3,191,324.34
Dividend payable	562,000.00	562,000.00
Other payables	100,688,469.33	106,582,211.90
Amount due to reinsurance		
Insurance contract provision		
Entrusted trading of securities		
Amount payable under security underwriting		
Liabilities held for sale		
Non-current liabilities due within 1-year		
Other current liabilities	2,613,039.35	31,875,499.06
Total current liabilities	2,736,735,170.07	2,738,799,153.92
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	19,159,888.09	20,576,911.56
Specific payables		
Provision for liabilities		
Deferred income	11,273,076.00	11,481,408.00
Deferred income tax liabilities		
Other non-current liabilities	17,140,142.23	4,224,109.81
Total non-current liabilities	47,573,106.32	36,282,429.37
Total liabilities	2,784,308,276.39	2,775,081,583.29
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		

Capital reserves	174,659,407.46	174,659,407.46
Less: Treasury stock		
Other comprehensive income	3,492,272.11	3,492,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
General risk provision		
Retained earnings	-1,790,113,887.93	-1,923,770,307.07
Total owners' equity attributable to the Company	-1,275,543,851.53	-1,409,200,270.67
Minority interests	104,899.31	122,315.45
Total owners' equity	-1,275,438,952.22	-1,409,077,955.22
Total liabilities & owners' equity	1,508,869,324.17	1,366,003,628.07

Legal representative: Stuart Adam Connor  
Chief of the accounting division: Jack Zhang

Person-in-charge of the accounting work: Feng Zheng

## 2. Balance sheet of the Company

Unit: RMB

Item	Sep. 30, 2017	Dec. 31, 2016
Current assets:		
Monetary funds	71,010,976.38	13,658,394.87
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	59,774,500.00	79,452,000.00
Accounts receivable	89,949,273.86	270,180,404.46
Prepayment	142,957,681.83	111,065,769.39
Interest receivable		
Dividend receivable		
Other receivables	30,627,748.88	13,929,491.61
Inventories	372,257,214.30	64,748,400.29
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	436,519.42	43,648,647.66
Total current assets	767,013,914.67	596,683,108.28



Non-current assets:		
Available-for-sale financial assets		
Investment held to maturity		
Long-term receivables		
Long-term equity investment	24,984,500.00	24,984,500.00
Investment property		
Fixed assets	646,070,231.20	666,485,203.58
Construction in progress	617,244.44	487,631.32
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	57,669,271.81	60,584,933.95
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	16,426,612.77	36,128,496.90
Other non-current assets	18,598,892.04	3,218,824.21
Total non-current assets	764,366,752.26	791,889,589.96
Total assets	1,531,380,666.93	1,388,572,698.24
Current liabilities:		
Short-term loans	1,574,800,000.00	1,489,590,000.00
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	48,913,855.88	130,619,704.26
Accounts payable	440,558,163.64	293,060,858.43
Advance from customers	560,943,509.82	659,771,587.39
Payroll payable	8,342,769.43	9,327,111.91
Taxes payable	-2,146,620.86	14,485,260.65
Interest payable	1,726,387.50	3,191,324.34
Dividend payable		
Other payables	138,561,162.64	144,454,905.22
Liabilities held for sale		

Non-current liabilities due within 1 year		
Other current liabilities	2,613,039.35	31,875,499.06
Total current liabilities	2,774,312,267.40	2,776,376,251.26
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	19,159,888.09	20,576,911.56
Specific payables		
Provision for liabilities		
Deferred income	11,273,076.00	11,481,408.00
Deferred income tax liabilities		
Other non-current liabilities	17,140,142.23	4,224,109.81
Total non-current liabilities	47,573,106.32	36,282,429.37
Total liabilities	2,821,885,373.72	2,812,658,680.63
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	174,854,304.12	174,854,304.12
Less: Treasury stock		
Other comprehensive income	3,492,272.11	3,492,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
Retained earnings	-1,805,269,639.85	-1,938,850,915.45
Total owners' equity	-1,290,504,706.79	-1,424,085,982.39
Total liabilities & owners' equity	1,531,380,666.93	1,388,572,698.24

### 3. Consolidated income statement for the report period

Unit: RMB

Item	Jul.-Sep. 2017	Jul.-Sep. 2016
I. Total sales	515,143,687.84	305,075,320.89
Including: Sales	515,143,687.84	305,075,320.89
Interest income		
Premium income		
Handling charges and commission income		
II. Total cost of sales	412,390,858.33	347,677,022.19
Including: Cost of sales	351,668,546.51	314,409,540.04
Interest expenses		
Service charge and commission income		
Cash surrender value		
Claim expenses-net		
Provision for insurance contract reserves-net		
Insurance policy dividend paid		
Reinsurance expense		
Taxes and surtaxes	3,790,145.28	136,110.56
Distribution expenses	15,752,657.37	5,830,058.06
Administrative expenses	19,083,312.60	11,721,088.66
Financial costs	28,868,332.95	34,416,733.97
Impairment loss	-6,772,136.38	-18,836,509.10
Add: gain/(loss) from change in fair value (“-” means loss)	16,065,394.07	60,530.66
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
Foreign exchange difference (“-” means loss)		
Other income		
III. Business profit (“-” means loss)	118,818,223.58	-42,541,170.64
Add: non-business income	169,444.00	1,038,544.01
Including: Gains on disposal of non-current assets		

Less: non-business expense		
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	118,987,667.58	-41,502,626.63
Less: income tax expense	5,383,065.02	4,458,066.17
V. Net profit (“-” means loss)	113,604,602.56	-45,960,692.80
Attributable to owners of the Company	113,612,503.09	-45,908,800.53
Minority interest income	-7,900.53	-51,892.27
VI. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains		

and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	113,604,602.56	-45,960,692.80
Attributable to owners of the Company	113,612,503.09	-45,908,800.53
Attributable to minority shareholders	-7,900.53	-51,892.27
VIII. Earnings per share		
(I) Basic earnings per share	0.38	-0.15
(II) Diluted earnings per share	0.38	-0.15

Where business mergers under the same control occurred in the report period, the net profit achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the same period of last year being RMB0.00.

Legal representative: Stuart Adam Connor  
Chief of the accounting division: Jack Zhang

Person-in-charge of the accounting work: Feng Zheng

#### 4. Income statement of the Company for the report period

Unit: RMB

Item	Jul.-Sep. 2017	Jul.-Sep. 2016
I. Total sales	515,143,687.84	305,075,320.89
Less: cost of sales	351,668,546.51	314,409,540.04
Taxes and surtaxes	3,790,145.28	136,110.56
Distribution expenses	15,752,657.37	5,830,058.06
Administrative expenses	19,083,312.60	11,721,088.66
Financial costs	28,870,322.42	34,418,888.74
Impairment loss	-6,743,557.91	-18,646,418.92
Add: gain/(loss) from change in fair value (“-” means loss)	16,065,394.07	60,530.66
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		

Other income		
II. Business profit (“-” means loss)	118,787,655.64	-42,733,415.59
Add: non-business income	169,444.00	1,038,544.01
Including: Gains on disposal of non-current assets		
Less: non-business expense		
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	118,957,099.64	-41,694,871.58
Less: income tax expense	5,383,065.02	4,458,066.17
IV. Net profit (“-” means loss)	113,574,034.62	-46,152,937.75
V. After-tax net amount of other comprehensive incomes		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		

5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total comprehensive incomes	113,574,034.62	-46,152,937.75
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

### 5. Consolidated income statement for Jan.-Sep. 2017

Unit: RMB

Item	Jan.-Sep. 2017	Jan.-Sep. 2016
I. Total sales	1,096,781,658.40	1,070,630,879.95
Including: Sales	1,096,781,658.40	1,070,630,879.95
Interest income		
Premium income		
Handling charges and commission income		
II. Total cost of sales	957,073,252.50	1,117,089,321.11
Including: Cost of sales	886,870,522.45	1,029,044,023.18
Interest expenses		
Service charge and commission income		
Cash surrender value		
Claim expenses-net		
Provision for insurance contract reserves-net		
Insurance policy dividend paid		
Reinsurance expense		
Taxes and surtaxes	8,197,714.94	11,824,202.17
Distribution expenses	22,428,888.45	16,192,416.90
Administrative expenses	36,547,415.89	29,531,327.94
Financial costs	68,944,701.16	63,656,787.57
Impairment loss	-65,915,990.39	-33,159,436.65
Add: gain/(loss) from change in fair value (“-” means loss)	12,024,149.22	-1,835,333.80

Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
Foreign exchange difference (“-” means loss)		
Other income		
III. Business profit (“-” means loss)	151,732,555.12	-48,293,774.96
Add: non-business income	1,608,332.01	1,232,499.91
Including: Gains on disposal of non-current assets		
Less: non-business expense		
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	153,340,887.13	-47,061,275.05
Less: income tax expense	19,701,884.13	7,697,900.42
V. Net profit (“-” means loss)	133,639,003.00	-54,759,175.47
Attributable to owners of the Company	133,656,419.14	-54,658,492.65
Minority interest income	-17,416.14	-100,682.82
VI. After-tax net amount of other comprehensive incomes		
After-tax net amount of other comprehensive incomes attributable to owners of the Company		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		



1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	133,639,003.00	-54,759,175.47
Attributable to owners of the Company	133,656,419.14	-54,658,492.65
Attributable to minority shareholders	-17,416.14	-100,682.82
VIII. Earnings per share		
(I) Basic earnings per share	0.45	-0.18
(II) Diluted earnings per share	0.45	-0.18

Where business mergers under the same control occurred in the current period, the net profit achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the same period of last year being RMB 0.00.

## 6. Income statement of the Company for Jan.-Sep. 2017

Unit: RMB

Item	Jan.-Sep. 2017	Jan.-Sep. 2016
I. Total sales	1,096,781,658.40	1,070,630,879.95
Less: cost of sales	886,870,522.45	1,029,044,023.18
Taxes and surtaxes	8,197,714.94	11,824,202.17
Distribution expenses	22,428,888.45	16,192,416.90
Administrative expenses	36,547,415.89	29,531,327.94

Financial costs	68,950,706.38	63,662,981.23
Impairment loss	-65,864,268.21	-32,966,395.85
Add: gain/(loss) from change in fair value (“-” means loss)	12,024,149.22	-1,835,333.80
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and joint ventures		
Other income		
II. Business profit (“-” means loss)	151,674,827.72	-48,493,009.42
Add: non-business income	1,608,332.01	1,232,499.91
Including: Gains on disposal of non-current assets		
Less: non-business expense		
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	153,283,159.73	-47,260,509.51
Less: income tax expense	19,701,884.13	7,697,900.42
IV. Net profit (“-” means loss)	133,581,275.60	-54,958,409.93
V. After-tax net amount of other comprehensive incomes		
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		

2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total comprehensive incomes	133,581,275.60	-54,958,409.93
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 7. Consolidated cash flow statement for Jan.-Sep. 2017

Unit: RMB

Item	Jan.-Sep. 2017	Jan.-Sep. 2016
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	987,300,842.63	869,790,495.55
Net increase of deposits received and held for others		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial institutions		
Cash received against original insurance contracts		
Cash received from reinsurance		
Net increase of client deposit and investment		
Net increase of disposal of financial assets measured at fair value of which changes are recorded into current gains and losses		

Cash received as interest, fees and commissions		
Net increase of inter-bank fund received		
Net increase of cash received under repurchasing		
Tax returned	36,143,359.71	48,243,840.68
Other cash received from operating activities	7,062,460.00	9,253,603.75
Sub-total of cash inflow from operating activities	1,030,506,662.34	927,287,939.98
Cash paid for goods and services	728,919,565.46	833,696,492.83
Net increase of loans and advances		
Net increase of deposit in central bank, banks and other financial institutions		
Cash paid for original contract claim		
Cash paid for interest, fees and commissions		
Cash paid for policy dividend		
Cash paid to and for employees	174,397,108.89	186,369,534.31
Cash paid for all types of taxes	63,434,062.53	56,699,876.90
Other cash paid relating to operating activities	45,534,621.90	32,067,864.03
Sub-total of cash outflows from operating activities	1,012,285,358.78	1,108,833,768.07
Net cash flows from operating activities	18,221,303.56	-181,545,828.09
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment income		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of		

subsidiaries and other operating units		
Other cash received relating to investing activities	158,241.69	193,952.82
Sub-total of cash inflows of investing activities	158,241.69	193,952.82
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	4,556,922.44	8,444,408.80
Cash paid for acquisition of investments		
Net increase of pledge loans		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities		
Sub-total of cash outflows of investing activities	4,556,922.44	8,444,408.80
Net cash flow from investing activities	-4,398,680.75	-8,250,455.98
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received from minority shareholders of subsidiaries		
Cash received from borrowings	440,000,000.00	544,509,993.00
Cash received from bonds issuing		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	440,000,000.00	544,509,993.00
Cash paid for repayment of borrowings	354,790,000.00	408,251,517.84
Cash paid for dividends, profit distribution or interest	41,670,028.74	44,147,806.54
Including: dividends or profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities		
Sub-total of cash outflows of	396,460,028.74	452,399,324.38

financing activities		
Net cash flow from financing activities	43,539,971.26	92,110,668.62
4. Effect of foreign exchange rate changes on cash and cash equivalents	-3,569.34	-6,334,690.00
5. Net increase in cash and cash equivalents	57,359,024.73	-104,020,305.45
Add: cash and cash equivalents at the beginning of this period	16,517,402.72	172,209,825.09
6. Cash and cash equivalents at the end of this period	73,876,427.45	68,189,519.64

### 8. Cash flow statement of the Company for Jan.-Sep. 2017

Unit: RMB

Item	Jan.-Sep. 2017	Jan.-Sep. 2016
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	987,300,842.63	869,790,495.55
Tax returned	36,143,359.71	48,243,840.68
Other cash received from operating activities	7,062,460.00	9,253,603.75
Sub-total of cash inflow from operating activities	1,030,506,662.34	927,287,939.98
Cash paid for goods and services	728,919,565.46	833,696,492.83
Cash paid to and for employees	174,397,108.89	186,369,534.31
Cash paid for all types of taxes	63,434,062.53	56,699,876.90
Other cash paid relating to operating activities	45,534,531.90	32,067,774.03
Sub-total of cash outflows from operating activities	1,012,285,268.78	1,108,833,678.07
Net cash flows from operating activities	18,221,393.56	-181,545,738.09
2. Cash flows from investing activities		
Cash received from retraction of investment		
Cash received from investment income		

Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities	151,708.47	187,427.16
Sub-total of cash inflows of investing activities	151,708.47	187,427.16
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	4,556,922.44	8,444,408.80
Cash paid for acquisition of investments		
Net cash paid for acquisition of subsidiaries and other operating units		
Other cash paid relating to investing activities		
Sub-total of cash outflows of investing activities	4,556,922.44	8,444,408.80
Net cash flow from investing activities	-4,405,213.97	-8,256,981.64
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings	440,000,000.00	544,509,993.00
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities	440,000,000.00	544,509,993.00
Cash paid for repayment of borrowings	354,790,000.00	408,251,517.84
Cash paid for dividends, profit distribution or interest	41,670,028.74	44,147,806.54
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	396,460,028.74	452,399,324.38

Net cash flow from financing activities	43,539,971.26	92,110,668.62
4. Effect of foreign exchange rate changes on cash and cash equivalents	-3,569.34	-6,334,690.00
5. Net increase in cash and cash equivalents	57,352,581.51	-104,026,741.11
Add: cash and cash equivalents at the beginning of this period	13,658,394.87	169,364,389.01
6. Cash and cash equivalents at the end of this period	71,010,976.38	65,337,647.90

Legal representative: Stuart Adam Connor  
Chief of the accounting division: Jack Zhang

Person-in-charge of the accounting work: Feng Zheng

## II. Auditor's report

Is this Report audited?

Yes  No

This Report is unaudited.

October 30, 2017