

WUHAN BOILER COMPANY LIMITED

2018 QUARTERLY ONE REPORT

2018—011

April 2018

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 confirm 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 have attended the Board Meeting for reviewing this Report.

Stuart Adam Connor, Company Principal, FENG Zheng, Accounting Principal, and ZHANG Ke, 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 adjust retrospectively or restate accounting data of previous years?

Yes No

	Report period	Same period of last year	YoY change
Gross operating revenues (RMB Yuan)	199,112,498.59	205,029,783.40	-2.89%
Net profit attributable to shareholders of the Company (RMB Yuan)	-30,218,951.64	-24,128,868.10	-25.24%
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (RMB Yuan)	-30,472,784.84	-25,198,312.10	-20.93%
Net cash flow from operating activities (RMB Yuan)	38,328,881.19	206,265,699.52	-81.42%
Basic EPS (RMB Yuan/share)	-0.10	-0.08	-25.00%
Diluted EPS (RMB Yuan/share)	-0.10	-0.08	-25.00%
The weighted average ROE	-2.33%	-1.70%	-0.63%
	Mar. 31, 2018	Dec. 31, 2017	Increase/decrease (%)
Total assets (RMB Yuan)	1,143,632,656.37	1,200,726,969.91	-4.75%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	-1,251,637,865.87	-1,281,838,103.18	2.36%

Items and amounts of non-recurring gains and losses

Applicable Not applicable

Unit: RMB Yuan

Item	Jan.-Mar. 2018	Explanation
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	69,444.00	Deferred incomes of the land use right in the new factory zone of the Company
Operating revenues and expenses other than the above	184,389.20	Compensation from Insurance company
Total	253,833.20	

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

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase / decrease during the report period	Number of restricted shares held	Number of non-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	0	151,470,000			
WUHAN BOILER GROUP CO., LTD	State-owned corporation	6.91%	20,530,000	0	20,530,000			
WANG XIAO	Domestic natural person	0.90%	2,672,800	0		2,672,800		
CHEN PENG	Domestic natural	0.79%	2,331,545	0		2,331,545		

	person							
HU ZHIHONG	Domestic natural person	0.47%	1,390,397	0		1,390,397		
CHEN CHUYUN	Domestic natural person	0.46%	1,367,450	0		1,367,450		
LI ZHIJIAN	Domestic natural person	0.43%	1,286,281	0		1,286,281		
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	Foreign corporation	0.40%	1,185,114	0		1,185,114		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.40%	1,176,836	0		1,176,836		
ZHUANG CHANGXIONG	Domestic natural person	0.35%	1,045,000	0		1,045,000		
Strategic investor or corporation becoming a top ten shareholder due to placing of new shares (if any) (see Note 3)	Not applicable							
Explanation on affiliated relationship or persons acting in concert among the above-mentioned shareholders	Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company) and Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) hold non-tradable shares of the Company. No affiliated relationship exists between Alstom (China) Investment Co., Ltd. (the first principal shareholder of the Company), Wuhan Boiler Group Co., Ltd. (the second principal shareholder of the Company) and the other shareholders with tradable shares, and they are not persons acting in concert as defined in the Administrative Rules on Information Disclosure about Changing of Shareholding Status. 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.							
Shareholdings of the top ten shareholders with non-restricted shares								
Name of shareholder	Number of non-restricted shares held	Type of shares						
		Type	Number					
WANG XIAO	2,672,800	Domestically listed shares	2,672,800					
CHEN PENG	2,331,545	Domestically	2,331,545					

		listed shares	foreign shares	
HU ZHIHONG	1,390,397	Domestically listed shares	foreign shares	1,390,397
CHEN CHUYUN	1,367,450	Domestically listed shares	foreign shares	1,367,450
LI ZHIJIAN	1,286,281	Domestically listed shares	foreign shares	1,286,281
HSBC BROKING SECURITIES (ASIA) LIMITED-CLIENTS A/C	1,185,114	Domestically listed shares	foreign shares	1,185,114
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	1,176,836	Domestically listed shares	foreign shares	1,176,836
ZHUANG CHANGXIONG	1,045,000	Domestically listed shares	foreign shares	1,045,000
SUN WEIWEI	966,567	Domestically listed shares	foreign shares	966,567
TANG JUAN	887,236	Domestically listed shares	foreign shares	887,236
Explanation on affiliated relationship or persons acting in concert among the top ten shareholders with tradable shares and between the top ten shareholders with tradable shares and the top ten 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 10 shareholders with common shares participating in the margin trading business (if any) (see Note 4)	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. Notes receivable decreased by 56.07%, mainly due to bank note transferred to vendors for raw material this period;
2. Accounts receivable increased by 32.78%, mainly due to accounts receivables recognized for Hassyan and Hubco projects this period;
3. Down payment increased by 51.27%, mainly due to increase on purchasing material for Hassyan, Hubco projects;
4. Other current assets decreased by 31.36%, mainly because we book output VAT invoices issued and paid but not recognized with customers in other current assets, it decreased in this period;
5. Other non-current assets decreased by 49.38%, mainly due to decrease of hedging gain for un-expired forward contracts in this period;
6. Notes payable increased by 70.24%, mainly due to bank note issued for the raw material;
7. Tax payable decreased by 68.67%, mainly due to input VAT increase;
8. Other payable decreased by 67.07%, mainly due to debt forgiveness from related company-GE Boiler Deutschland GmbH.
9. Other current liabilities decreased by 86.32%, mainly due to decrease on hedging losses arising from non-settled forward contracts in the reporting period;
10. Other non-current liabilities decreased by 94.73%, mainly due to increase on hedging losses arising from non-settled forward contracts in the reporting period;
11. Capital reserve increased by 34.59%, mainly due to debt forgiveness from related company-GE Boiler Deutschland GmbH.
12. Business tax and surcharges increased by 31.60%, mainly due to additional tax for VAT increase this period;
13. Assets impairment loss increased by 138.05%, mainly due to large reversed bad-debt provision for cash collection in the prior period but no same thing this period;
14. Changes in fair value gains decreased by 728.69%, mainly due to the decreased of hedging gains arising from exchange rate movement of hedging instrument;
15. Non-operating income decreased by 76.26%, mainly due to Technology and Development fund from Wuhan Finance Ministry in the prior period but no same thing this period;
16. Income tax expense decreased by 51.29%, mainly due to the increase of the temporary deductible differences resulted from account receivable;
17. Net cash flows from operating activities decreased by 81.42%, mainly due to cash collection from projects decrease this period;
18. Net cash flow generated from investment activities increased by 106.85%, mainly due to the decrease of cash out paid for fixed assets this period;
19. Net cash flow generated from financing activities increased by 55.90%, mainly due to the decrease of entrusted loans this period.

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

Applicable Not applicable

III. Commitments of the Company's actual controller, shareholders, related parties, acquirer, the Company or other commitment makers ongoing in the report period

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						
Executed on time	Yes					

IV. Forecast for the operating results of Jan.-Jun. 2018

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

The Company did not invest in any securities in the report period.

VI. Derivatives investment

Applicable Not applicable

Unit: RMB Ten thousand

Operator	Relation	Related party transaction or not	Type of derivatives investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Amount purchased in reporting period	Amount sold in reporting period	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/losses in report period
HSBC	Non-Relation	No	Forward FX contract	4,061.00	2014/10/28	2020/3/30	4,061.00	81.23	1,062.41		3,079.82	-2.46%	102.84
SCB	Non-Relation	No	Forward FX	3,250.05	2015/2/17	2019/3/29	3,250.05	0.00	615.93		2,634.12	-2.10%	117.65

			contract									
Total	7,311.05			7,311.05	81.23	1,678.34		5,713.94	-4.56%	220.49		
Capital source for derivatives investment	Self-funded											
Any litigation involved	NA											
Disclosure date of the board announcement approving the derivative investment (if any)	April 24, 2018											
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.</p> <p>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 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.</p>											
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	<p>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 2.20MRMB, 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.</p>											

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
Jan. 17, 2018	By phone	Individual	About stock rights confirmation
Jan. 24, 2018	By phone	Individual	About whether the Company's stock could return to the main board, the disclosure date of the Company's 2017 Annual Report and its performance for the year

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 Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	69,047,160.84	96,112,619.64
Deposit reservation for balance		
Outgoing call loans		
Financial assets measured at fair value and of which the changes are recorded into the current gains and losses		5,935.82
Derivative financial assets		
Notes receivable	30,850,000.00	70,230,066.61
Accounts receivable	84,874,746.17	63,922,312.54
Prepayment	25,763,627.64	17,031,061.84
Insurance receivables		
Reinsurance receivables		
Provision of reinsurance contract reserve receivable		
Interest receivable		
Dividend receivable		
Other receivables	8,192,149.19	8,417,521.21
Financial assets purchased under agreement to resell		
Inventories	190,692,567.50	188,873,182.09
Assets held for sale		
Non-current assets due within 1-year		
Other current assets	24,610,016.15	35,855,153.17
Total current assets	434,030,267.49	480,447,852.92
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	630,453,440.79	638,252,905.72
Construction in progress	167,521.37	167,521.37
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	55,403,418.87	56,646,107.97
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	22,694,650.27	23,467,677.98
Other non-current assets	883,357.58	1,744,903.95
Total non-current assets	709,602,388.88	720,279,116.99
Total assets	1,143,632,656.37	1,200,726,969.91
Current liabilities:		
Short-term loans	1,574,800,000.00	1,624,800,000.00
Loans from central bank		
Deposits received and held for others		
Call loans received		
Financial liabilities measured at fair value and of which the changes are recorded into the current gains and losses		716,317.43
Derivative financial liabilities		
Notes payable	170,091,148.64	99,911,367.88
Accounts payable	287,194,357.74	329,921,660.91
Advance from customers	276,048,305.73	255,926,770.40
Financial assets sold under agreements to repurchase		
Fees and commissions payable		

Payroll payable	15,911,777.68	13,969,778.38
Taxes payable	1,820,316.90	5,810,947.64
Interest payable	1,704,036.82	1,704,036.82
Dividend payable	562,000.00	562,000.00
Other payables	35,156,933.46	106,746,820.52
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	1,590,179.27	11,620,345.76
Total current liabilities:	2,364,879,056.24	2,451,690,045.74
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	19,049,354.10	17,616,135.28
Specific payables		
Provision for liabilities		
Deferred incomes	11,134,188.00	11,203,632.00
Deferred income tax liabilities		
Other non-current liabilities	102,820.62	1,950,253.64
Total non-current liabilities	30,286,362.72	30,770,020.92
Total liabilities	2,395,165,418.96	2,482,460,066.66
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserve	235,078,596.41	174,659,407.46

Less: Treasury stock		
Other comprehensive income	2,935,272.11	2,935,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
General risk provision		
Retained earnings	-1,826,070,091.22	-1,795,851,139.58
Total owners' equity attributable to the Company	-1,251,637,865.87	-1,281,838,103.18
Minority interests	105,103.28	105,006.43
Total owners' equity	-1,251,532,762.59	-1,281,733,096.75
Total liabilities & owners' equity	1,143,632,656.37	1,200,726,969.91

Legal representative: Stuart Adam Connor

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

Chief of the accounting division: ZHANG Ke

2. Balance sheet of the Company

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	66,177,446.44	93,245,025.92
Financial assets measured at fair value and of which the changes are recorded into the current gains and losses		5,935.82
Derivative financial assets		
Notes receivable	30,850,000.00	70,230,066.61
Accounts receivable	84,874,746.17	63,922,312.54
Prepayment	25,763,627.64	17,031,061.84
Interest receivable		
Dividend receivable		
Other receivables	8,404,419.28	8,636,014.56
Inventories	190,692,567.50	188,873,182.09
Assets held for sale		
Non-current assets due within 1-year		
Other current assets	24,610,016.15	35,855,153.17
Total current assets	431,372,823.18	477,798,752.55

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	630,610,417.78	638,409,882.71
Construction in progress	167,521.37	167,521.37
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	55,403,418.87	56,646,107.97
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	22,694,650.27	23,467,677.98
Other non-current assets	883,357.58	1,744,903.95
Total non-current assets	734,743,865.87	745,420,593.98
Total assets	1,166,116,689.05	1,223,219,346.53
Current liabilities:		
Short-term loans	1,574,800,000.00	1,624,800,000.00
Financial liabilities measured at fair value and of which the changes are recorded into the current gains and losses		716,317.43
Derivative financial liabilities		
Notes payable	170,091,148.64	99,911,367.88
Accounts payable	287,630,357.74	330,357,660.91
Advance from customers	276,048,305.73	255,926,770.40
Payroll payable	15,742,181.70	13,800,182.40
Taxes payable	1,820,316.90	5,810,947.64
Interest payable	1,704,036.82	1,704,036.82
dividend payable		
Other payables	73,029,442.79	144,619,513.84
Liabilities held for sale		

Non-current liabilities due within 1-year		
Other current liabilities	1,590,179.27	11,620,345.76
Total current liabilities:	2,402,455,969.59	2,489,267,143.08
Non-current liabilities:		
Long-term loans		
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables	19,049,354.10	17,616,135.28
Specific payables		
Provision for liabilities		
Deferred incomes	11,134,188.00	11,203,632.00
Deferred income tax liabilities		
Other non-current liabilities	102,820.62	1,950,253.64
Total non-current liabilities	30,286,362.72	30,770,020.92
Total liabilities	2,432,742,332.31	2,520,037,164.00
Owners' equity:		
Share capital	297,000,000.00	297,000,000.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserve	235,273,493.07	174,854,304.12
Less: Treasury stock		
Other comprehensive income	2,935,272.11	2,935,272.11
Specific reserve		
Surplus reserve	39,418,356.83	39,418,356.83
Retained earnings	-1,841,252,765.27	-1,811,025,750.53
Total owners' equity	-1,266,625,643.26	-1,296,817,817.47
Total liabilities & owners' equity	1,166,116,689.05	1,223,219,346.53

3. Consolidated income statement

Unit: RMB Yuan

Item	Jan.-Mar. 2018	Jan.-Mar. 2017
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I. Total revenue	199,112,498.59	205,029,783.40
Including: Sales revenue	199,112,498.59	205,029,783.40
Interest income		
Insurance fee income		
Fee and commission income		
II. Total Operating Cost	227,141,490.36	228,915,000.28
Including: Cost of sales	192,523,849.14	201,388,752.23
Interest expenses		
Service charge and commission income		
Insurance discharge payment		
Claim expenses-net		
Provision for insurance contract reserve-net		
Insurance policy dividend paid		
Reinsurance expense		
Business taxes and surcharges	4,554,066.24	3,460,641.91
Selling expenses	2,898,042.45	3,485,064.96
Administrative expenses	8,433,269.79	8,320,293.72
Financial costs	15,165,948.64	21,631,735.73
Impairment loss on assets	3,566,314.10	-9,371,488.27
Add: Gains/(losses) from changes in fair value (“-” means loss)	-1,670,668.54	265,737.34
Gain/(loss) from investment (“-” means loss)		
Including: income from investment on associates and jointly ventures		
Foreign exchange gains (“-” means loss)		
Assets dispose gains (“-” means loss)		
Other income		
III. Operating profit/- loss	-29,699,660.31	-23,619,479.54
Add: non-operating income	253,833.21	1,069,444.00
Less: non-operating expenses		
IV. Total profit(“-” means losses)	-29,445,827.10	-22,550,035.54
Less: income tax expenses	773,027.71	1,587,091.35
V. Net profit(“-” means losses)	-30,218,854.81	-24,137,126.89
1.Net continuing operating profit		
2.Termination of operating net profit		

Including: Attributable to equity holders of the parent company	-30,218,951.64	-24,128,868.10
Minority interest	96.83	-8,258.79
VI. Other comprehensive income		
Attributable to owners of the Company		
A. Not reclassified subsequently to profit or loss		
1. Changes in net liabilities or assets by remeasurement of defined benefit plans		
2. The proportion of other comprehensive income in investee entities cannot be classified as profit/loss under the equity method		
B. Reclassified subsequently to profit or loss		
1. The proportion of other comprehensive income in investee entities shall be reclassified as profit/loss under the equity method		
2. Profit/(loss) from changes in fair value of available for sale financial assets		
3. Profit/(loss) from reclassifying held-to-maturity investments to available-for-sale financial assets		
4. Valid proportion of profit/(loss) from hedging in cash flows		
5. Differences from translation of foreign currency financial statements		
6. Others		
Minority's total other comprehensive income after tax		
VII. Total comprehensive income attributable to:	-30,218,854.81	-24,137,126.89
Equity holders for the company	-30,218,951.64	-24,128,868.10
Minority interests	96.83	-8,258.79
VIII. Earnings per share		
(I) Basic earnings per share (RMB/share)	-0.10	-0.08
(II) Diluted earnings per share (RMB/share)	-0.10	-0.08

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 last period being RMB 0.00 .

Legal representative: Stuart Adam Connor

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

Chief of the accounting division: ZHANG Ke

4. Income statement of the Company

Unit: RMB Yuan

Item	Jan.-Mar. 2018	Jan.-Mar. 2017
I. Total revenue	199,112,498.59	205,029,783.40
Less: Cost of sales	192,523,849.14	201,388,752.23
Business tax and surcharges	4,554,066.24	3,460,641.91
Selling expenses	2,898,042.45	3,485,064.96
Administrative expenses	8,433,269.79	8,320,293.72
Financial costs	15,167,885.32	21,633,587.97
Impairment loss on assets	3,572,537.35	-9,367,147.20
Add: Gains/(losses) from changes in fair value ("-" means loss)	-1,670,668.54	265,737.34
Gain/(loss) from investment ("-" means loss)		
Including: income from investment on associates and jointly ventures		
Assets dispose gains ("-" means loss)		
Other income		
II. Operating profit/- loss	-29,707,820.24	-23,625,672.85
Add: non-operating income	253,833.21	1,069,444.00
Less: non-operating expenses		
III. Total profit("-" means losses)	-29,453,987.03	-22,556,228.85
Less: income tax expenses	773,027.71	1,587,091.35
IV. Net profit("-" means losses)	-30,227,014.74	-24,143,320.20
1. Net continuing operating profit		
2. Termination of operating net profit		
V. Other comprehensive income		
A. Not reclassified subsequently to profit or loss		
1. Changes in net liabilities or assets by remeasurement of defined benefit plans		
2. The proportion of other comprehensive income in investee entities cannot be classified as profit/loss under the equity method		
B. Reclassified subsequently to profit or loss		
1. The proportion of other comprehensive income in investee entities shall be reclassified as profit/loss under		

the equity method		
2. Profit/(loss) from changes in fair value of available for sale financial assets		
3. Profit/(loss) from reclassifying held-to-maturity investments to available-for-sale financial assets		
4. Valid proportion of profit/(loss) from hedging in cash flows		
5. Differences from translation of foreign currency financial statements		
6. Others		
VI. Total comprehensive income	-30,227,014.74	-24,143,320.20
VIII. Earnings per share		
(I) Basic earnings per share (RMB/share)		
(II) Diluted earnings per share (RMB/share)		

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Mar. 2018	Jan.-Mar. 2017
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	193,206,975.82	426,930,551.21
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	9,577,260.60	4,223,769.10
Other cash received from operating activities		1,456,940.04
Sub-total of cash inflow from operating activities	202,784,236.42	432,611,260.35
Cash paid for goods and services	86,008,859.54	129,995,661.31
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	51,051,774.40	57,587,692.12
Cash paid for all types of taxes	11,879,024.56	21,809,158.75
Other cash paid relating to operating activities	15,515,696.73	16,953,048.65
Sub-total of cash outflows from operating activities	164,455,355.23	226,345,560.83
Net cash flows from operating activities	38,328,881.19	206,265,699.52
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	78,806.04	44,574.36
Sub-total of cash inflows of investing activities	78,806.04	44,574.36
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,195,430.65
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		1,195,430.65
Net cash flow from investing activities	78,806.04	-1,150,856.29
3. Cash flows from financing activities		
Cash received from investment		
Including: cash received from minority shareholders of subsidiaries		
Cash received from borrowings		55,000,000.00
Cash received from bonds issuing		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities		55,000,000.00
Cash paid for repayment of borrowings	50,000,000.00	189,790,000.00
Cash paid for dividends, profit distribution or interest	15,464,269.33	13,647,159.99
Including: dividends or profits paid to minority shareholders by subsidiaries		
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	65,464,269.33	203,437,159.99
Net cash flow from financing activities	-65,464,269.33	-148,437,159.99

4. Effect of foreign exchange rate changes on cash and cash equivalents	-8,876.70	70,241.77
5. Net increase in cash and cash equivalents	-27,065,458.80	56,747,925.01
Add: cash and cash equivalents at the beginning of this period	96,112,619.64	16,517,402.72
6. Cash and cash equivalents at the end of this period	69,047,160.84	73,265,327.73

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	Jan.-Mar. 2018	Jan.-Mar. 2017
1. Cash flows from operating activities		
Cash received from sales of goods or rendering of services	193,206,975.82	426,930,551.21
Tax returned	9,577,260.60	4,223,769.10
Other cash received from operating activities		1,456,940.04
Sub-total of cash inflow from operating activities	202,784,236.42	432,611,260.35
Cash paid for goods and services	86,008,859.54	129,995,661.31
Cash paid to and for employees	51,051,774.40	57,587,692.12
Cash paid for all types of taxes	11,879,024.56	21,809,158.75
Other cash paid relating to operating activities	15,515,666.73	16,953,018.65
Sub-total of cash outflows from operating activities	164,455,325.23	226,345,530.83
Net cash flows from operating activities	38,328,911.19	206,265,729.52
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	76,655.36	42,430.12
Sub-total of cash inflows of investing activities	76,655.36	42,430.12
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,195,430.65
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		1,195,430.65
Net cash flow from investing activities	76,655.36	-1,153,000.53
3. Cash flows from financing activities		
Cash received from investment		
Cash received from borrowings		55,000,000.00
Cash received from issuing bonds		
Other cash received relating to financing activities		
Sub-total of cash inflows of financing activities		55,000,000.00
Cash paid for repayment of borrowings	50,000,000.00	189,790,000.00
Cash paid for dividends, profit distribution or interest	15,464,269.33	13,647,159.99
Other cash paid relating to financing activities		
Sub-total of cash outflows of financing activities	65,464,269.33	203,437,159.99
Net cash flow from financing activities	-65,464,269.33	-148,437,159.99
4. Effect of foreign exchange rate changes on cash and cash equivalents	-8,876.70	70,241.77
5. Net increase in cash and cash equivalents	-27,067,579.48	56,745,810.77

Add: cash and cash equivalents at the beginning of this period	93,245,025.92	13,658,394.87
6. Cash and cash equivalents at the end of this period	66,177,446.44	70,404,205.64

II. Auditor's report

Is this report audited?

Yes No

This report is not audited.