

China National Accord Medicines Corporation Ltd.

First Quarterly Report 2015

April 2015

Section I. Important Notes

Board of Directors and the Supervisory Committee of China National Accord Medicines Corporation Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

All Directors are attended the Board Meeting for Quarterly Report deliberation.

Yan Zhigang, person in charge of the Company, Wei Pingxiao, person in charger of accounting works and Zhou Feifei, person in charger of accounting organ (accounting officer) hereby confirm that the Financial Report of this Quarterly Report is authentic, accurate and complete.

Section II. Main financial data and changes of shareholders

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

☐ Yes ☒ No

	Current Period	Same period of last year	Changes of this period over same period of last year
Operating income (RMB)	6,261,714,700.23	5,533,524,159.08	13.16%
Net profit attributable to shareholders of the listed company(RMB)	197,026,237.82	167,818,387.39	17.40%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	192,315,542.07	165,006,263.57	16.55%
Net cash flow arising from operating activities(RMB)	182,179,606.70	-425,683,165.96	142.80%
Basic earnings per share (RMB/Share)	0.543	0.582	-6.70%
Diluted earnings per share (RMB/Share)	0.543	0.582	-6.70%
Weighted average ROE	4.05%	7.21%	-3.16%
	At the end of the reporting period	At the end of last year	Changes of this period-end over same period-end of last year
Total assets (RMB)	13,399,261,901.35	12,828,941,540.90	4.45%
Net assets attributable to shareholder of listed company (RMB)	4,961,634,059.91	4,764,607,822.09	4.14%

Items of non-recurring gains and losses

☒ Applicable ☐ Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-118,671.15	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's	5,091,842.57	Mainly due to follow money received as: one million Yuan of loan interest subsidy received

business)		from Development and Finance Bureau of Longhua New District and Economic Services Bureau by subsidiary of the Company, the 0.9 million Yuan grants for cefdinir and Cefaclor Suspension project received from the Group, the 674,600 Yuan of demolition resettlement compensation for old town received and 400000 Yuan special award for the taxation; the patent award 300000 Yuan for year of 2013 received from Shenzhen Market Supervisory Authority, special supporting fund 229000 Yuan for the engineering lab of new-type Cephalosporin, the 209600 Yuan of the modern logistics public information platform of the third party, the special supporting fund 205300 Yuan of R&D manufacture base for the drugs etc.
Reversal of impairment reserve for account receivable with separate impairment testing	8,430.00	
Other non-operating income and expenditure except for the aforementioned items	663,591.41	
Less: impact on income tax	934,220.09	
Impact on minority shareholders' equity (post-tax)	276.99	
Total	4,710,695.75	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

II. Total number of shareholders at the end of this report period and top ten shareholders

1. Total number of common shareholders at the end of this report period and top ten common shareholders

In shares

Total common shareholders at the end of report period		14,356				
Top ten common shareholders						
Shareholder’s name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Sinopharm Group Co., Ltd.	State-owned legal person	51.00%	184,942,291	74,482,543		
National Social Security Fund 116 combination	Domestic non state-owned legal person	2.12%	7,700,000			
National Social Security Fund 106 combination	Domestic non state-owned legal person	2.01%	7,298,555			
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	Foreign Corporation	1.94%	7,032,720			
BOC—Harvest theme selected mix securities investment fund	Domestic non state-owned Corporation	1.18%	4,274,694			
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses - -018L-FH002 Shen	Domestic non state-owned Corporation	1.16%	4,199,772			
BOC-Harvest research selected stock securities investment fund	Domestic non state-owned Corporation	0.96%	3,489,967			
China Merchants Securities (HK) Co., Limited	Foreign Corporation	0.94%	3,403,702			
GUOTAI JUNAN SECURITIES(H ONGKONG)	Foreign Corporation	0.92%	3,346,576			

LIMITED						
China Life Insurance Co., Ltd. – tradition – general insurance products - 005L-CT001 Shen	Domestic non state-owned Corporation	0.83%	3,000,000			
Top ten common shareholders with unrestricted shares held						
Shareholder’s name	Amount of unrestricted shares held	Type of shares		Amount		
		Type				
Sinopharm Holding Co., Ltd.	110,459,748	RMB shares	ordinary	110,459,748		
National Council for Social Security Fund-116	7,700,000	RMB shares	ordinary	7,700,000		
National Council for Social Security Fund-106	7,298,555	RMB shares	ordinary	7,298,555		
HTHK/CMG FSGUFP-CMG FIRST STATE CHINA GROWTH FD	7,032,720	Domestically listed shares	foreign	7,032,720		
BOC—Harvest theme selected mix securities investment fund	4,274,694	RMB shares	ordinary	4,274,694		
New China Life Insurance Co., Ltd. – Bonus – Individual bonuses - -018L-FH002 Shen	4,199,772	RMB shares	ordinary	4,199,772		
BOC-Harvest research selected stock securities investment fund	3,489,967	RMB shares	ordinary	3,489,967		
China Merchants Securities (HK) Co., Limited	3,403,702	Domestically listed shares	foreign	3,403,702		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	3,346,576	Domestically listed shares	foreign	3,346,576		
China Life Insurance Co., Ltd. – tradition – general insurance products - 005L-CT001 Shen	3,000,000	RMB shares	ordinary	3,000,000		
Explanation on associated relationship among the aforesaid shareholders	BOC—Harvest theme selected mix securities investment fund and BOC-Harvest research selected stock securities investment fund have the same custodian as Harvest Fund Management Co., Ltd.; it is unknown that there exists no associated relationship or belongs to the consistent actionist among the other tradable shareholders regulated by the Management Measure of Information Disclosure on Change of Shareholding for Listed Companies.					

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

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Total shareholders with preferred stock held at Period-end and shares held by top ten shareholders with preferred stock held

☐ Applicable ☒ Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√Applicable □Not applicable

1. Other account receivables: increased 10.45 million Yuan over that of balance at period-begin with growth rate of 36.58%, mainly because the increase of housing lease, deposit, margin and etc. in the Period;
2. Other current assets: decreased 27.86 million Yuan over that of balance at period-begin with growth rate of -69.13%, mainly because the retained VAT decreased in the Period;
3. Short-term loans: increased 494.71 million Yuan over that of balance at period-begin with growth rate of 32.59%, mainly because supply chain financing increased in the Period;
4. Account received in advance: decreased 22.77 million Yuan over that of balance at period-begin with growth rate of -56.45%, mainly because the account paid in advance for the goods from merchants declined in the Period;
5. Wages payable: decreased 69.16 million Yuan over that of balance at period-begin with growth rate of -40.22%, mainly because the remuneration, accrual last year, has distributed in this Period;
6. Tax payable: increased 3,414 Yuan over that of balance at period-begin with growth rate of 44.09%, mainly because provision of enterprise income tax increased in the Period;
7. Interest payable: increased 4.03 million Yuan over that of balance at period-begin with growth rate of 60.51%, mainly because the scale of financing goes up in the Period;
8. Non-current liability due within one year: increased 1.26 million Yuan y-o-y with growth rate of 31.50%, mainly because the member points due within one year increased in the Period;
9. Financial expenses: decreased 20.11 million Yuan y-o-y with growth rate of -42.55%, mainly because of the decrease in loans in the Period;
10. Assets impairment loss: increased 1.4 million Yuan y-o-y with growth rate of 56.78%, mainly because the inventory falling price reserves accrual in the Period increased;
11. Non-operation revenue: increased 2.17 million Yuan y-o-y with growth rate of 57.08%, mainly because the government subsidy received in the Period increased on a y-o-y basis;
12. Non-operation expenditure-losses from disposal of non-current assets: increased 8400 Yuan y-o-y with growth rate of 222.84%, mainly because loss of the fixed assets disposed as vehicles in the Period increased y-o-y;
13. Income tax expenses: increased 12.92 million Yuan y-o-y with growth rate of 30.60%, mainly because profitability improved and income tax expense increased in the Period;
14. Cash received with other operation activities concerned: increased 14.84 million Yuan y-o-y with growth rate of 103.26%, mainly because the margin received government compensation for removal and government grants received in the Period are increase on a y-o-y basis;
15. Net cash flow from operation activity: increased 608 million Yuan y-o-y with growth rate of 142.80%, mainly because the account paid for procurement and vary taxes paid in the Period decreased y-o-y;
16. Net cash received from disposal of fixed assets, intangible assets and other long-term assets: decreased 0.23 million Yuan y-o-y with growth rate of -91.16%, mainly because income from disposal of fixed assets in the Period decreased y-o-y;
17. Cash received with other investment activities: decreased 5.08 million Yuan y-o-y with growth rate of -100%, mainly because the

monetary fund owned by Sinopharm Holding Shantou on purchasing day, the subsidiary newly acquired in last Period, was listed in the item, and no such account occurred in the Period;

18. Cash paid with other investment activities concerned: increased 2,520,000 Yuan y-o-y with growth rate of 100%, mainly because money for 10% equity of Sinopharm Holding Zhuhai are paid in the Period while no such business occurred at same period of last year;

19. Cash received by investors: decreased 1.94 billion Yuan y-o-y with growth rate of -99.93%, mainly because amount from private placement was received in the same period of last year, and no such business occurred in the Period;

20. Cash inflows from minority investment in subsidiaries: increased 1.47 million Yuan y-o-y with growth rate of 100%, mainly because the enterprise newly established in the Period received investment from minority's while there is no such business occurred at same period last year;

21. Cash received from loan: decreased 186 million Yuan y-o-y with growth rate of -100%, mainly because loans in the Period decreased y-o-y;

22. Cash paid for debt settlement: decreased 383 million Yuan y-o-y with growth rate of -85.73%, mainly because loans payment in the Period decreased y-o-y;

23. Cash paid for distribution of dividend or profit or cash payments for interests: decreased 23.27 million Yuan y-o-y with growth rate of -47.94%, mainly because the loans interest paid in the Period decreased y-o-y;

24. Cash paid with other financing activities concerned: increased 7.94 million Yuan y-o-y with growth rate of 37.68%, mainly because the repay for supply chain financing in the Period increased y-o-y;

25. Net cash flow from financing activity: decreased 1.729 billion Yuan y-o-y with growth rate of -107.24%, mainly because amount from private placement was received in the same period of last year, and no such business occurred in the Period;

26. Influence on cash and cash equivalent from exchange rate movement: increased 4,600 Yuan y-o-y with growth rate of 99.50%, mainly because foreign currency held increased.

II. Analysis and explanation of significant events and their influence and solutions

☐ Applicable ☒ Not applicable

III. Commitments from the Company or shareholders (with over 5% shares held) in or occurred in the previous period but continued to reporting period

☒ Applicable ☐ Not applicable

Commitments	Acceptor	Contents	Commitment time	Commitment period	Implementation
Share Merger Reform					
Commitments in report of acquisition or equity change	Sinopharm Holding	As a large pharmaceutical commercial enterprise whose business involves pharmaceutical wholesale and retail, Sinopharm Holding may overlap with the Company in geographical segmentation during its future business development. To avoid the potential peer competition brought by such geographical overlap, Sinopharm Holding undertakes that, upon	2005-06-21	Long-term effective	Normally implement

		the transfer of shares of Sinopharm Holding Guangzhou it held to Accord Pharma, “1. it will not newly-establish or broaden within Guangdong any business operation that actually compete with that of Accord Pharma, or set up any new subsidiaries or subordinate enterprises who engage in such business. 2. it will enter into business delineation with Accord Pharma and Sinopharm Holding Guangzhou, thereby giving the three parties clear geographical areas to carry out pharmaceutical wholesale and retail businesses, so as to avoid potential peer competition. Apart from above, Sinopharm Holding will no longer newly-establish any enterprise that may compete with Accord Pharma in the production and R&D of pharmaceutical products.”			
Commitments in assets reorganization					
Commitments make in initial public offering or re-financing	Sinopharm Holding	Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Avoiding Peer Competition that, “I. the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not exist any business or operation that would constitute substantive peer competition with Sinopharm Accord and its controlled enterprises. II. the Company and the enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out in Guangdong and Guangxi any business or activities that would constitute substantive competition with the pharmaceutical commercial businesses of Sinopharm Accord. III. the Company and the enterprises it wholly-owns, controls or has de facto control over will not engage in, participate in or carry out any business or activities that would constitute substantive competition with the pharmaceutical industrial businesses of Sinopharm Accord. IV. the Company will not make use of its control over Sinopharm Accord to damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders).	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		The Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss which may arise out of the Company's violation of the Undertaking."			
	Sinopharm Holding	Sinopharm Holding has undertaken in the Letter of Undertaking from Sinopharm Group Co. Ltd. on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd. that, "I. during the period when the Company takes control over Sinopharm Accord, the Company and the companies or enterprises it directly or indirectly controls (hereinafter referred to as "Connected Party") will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders' meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its	2013-09-05	Long-term effective	Controlling shareholder is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		information disclosure obligation. V. the Company guarantees to attend shareholders' meeting according to the constitutional documents of Sinopharm Accord, exercise its corresponding rights and assumed its corresponding obligations in an equitable manner, not to take advantage of its standing as controlling shareholder to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). VI. the Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the controlling shareholder or connected party of Sinopharm Accord. During the validity of the Undertaking, the Company will indemnify in time Sinopharm Accord from any loss that may arise out of the Company's violation of the Undertaking."			
	Sinopharm Group	"Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Avoiding the Peer Competition with China National Accord Medicines Corporation Ltd. that, "I. in the coming five years, Sinopharm Group intends to take appropriate measures including replacement or acquisition of assets or equity reorganization to solve the problem of peer competition between Weiqida and Sinopharm Accord. II. apart from the matters disclosed in the past and in the Letter of Undertaking, the Company and the enterprises it wholly-owns, controls or has de facto control over (excluding Sinopharm Accord and its controlled enterprises, similarly hereinafter) do not directly engage in, participate in or carry out within the PRC any business or activities that would constitute substantive competition with the production and operation of Sinopharm Accord. The relative undertakings in respect of avoiding peer competition given by the Company in the past remain valid. III. the Company will not take advantage of its control over Sinopharm Accord to	2013-10-16	Long-term effective	Actual controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		damage the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders). IV. the Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the de facto controller or connected party of Sinopharm Accord.”			
	Sinopharm Group	Sinopharm Group has undertaken in the Letter of Undertaking from China National Pharmaceutical Group Corporation on Standardization of the Connected Transactions with China National Accord Medicines Corporation Ltd that, “I. during the period when the Company takes control over Sinopharm Accord, the Company and the companies or enterprises it directly or indirectly controls (hereinafter referred to as “Connected Party”) will strictly standardize the connected transactions with Sinopharm Accord and its controlled enterprises. II. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will enter into standardized connected transaction agreement with Sinopharm Accord according to law. Sinopharm Accord will perform approval procedure according to relevant laws, rules and regulations, other standardization documents and its constitutional documents, and fulfill its obligation to disclose information on connected transactions. III. for those connected transactions beyond avoidance or out of reasonable causes, the Company and Connected Party will determine the prices of connected transactions based on the prices of same or similar transactions entered into by independent third parties of no connection while following the principles of open, fair and just to ensure the fairness. IV. when the board or shareholders’ meeting of Sinopharm Accord votes on the relevant connected transactions involving the Company and other enterprises it controls, the Company will perform obligations including that necessary interested directors and shareholders shall be abstained from voting according to relevant regulations, and follow the legal procedures for approval of connected transactions and fulfill its	2013-09-22	Long-term effective	Actual controller is implement in real earnest, Sinopharm Accord will actively urged the controlling shareholder and actual controller to fulfill commitments

		information disclosure obligation. V. the Company guarantees not to take advantage of its standing as actual controller to seek unjust interests, or to use connected transactions to illegally transfer capital or profit out of Sinopharm Accord, or to prejudice the legal interests of Sinopharm Accord and other shareholders (especially minority shareholders).”VI. the Letter of Undertaking takes effect since the date of issue and will remain effective during the entire period when the Company has been the actual controller or connected party of Sinopharm Accord.			
Other commitments to minority shareholders of the Company					
Completed on time or not	Yes				

IV. Predict of the business performance from January to June 2015

Warnings and reasons of the predict that the cumulative net profit from the begin of the year to the end of next report period may be loss or have great changes comparing with the same period of last year

☐Applicable ☒Not applicable

V. Securities Investment

☐ Applicable ☒ Not applicable

No security investment in the Period.

VI. Explanation on equity of other listed company held

☐ Applicable ☒ Not applicable

No equity of other listed company held in Period-end.

VII. Derivative investment

☐ Applicable ☒ Not applicable

No derivative investment in the Period.

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

☐ Applicable ☒ Not applicable

NO registration form for receiving research, communication or interview in the Period.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by China National Accord Medicines Corporation Ltd.

2015-03-31

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	874,682,834.63	867,562,115.54
Settlement provisions		
Capital lent		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	770,803,147.42	618,995,440.09
Accounts receivable	7,571,256,086.70	7,018,312,673.19
Accounts paid in advance	111,773,033.33	96,043,154.40
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	39,027,837.66	28,574,927.90
Purchase restituted finance asset		
Inventories	2,171,496,461.86	2,322,333,262.87
Divided into assets held for sale		
Non-current asset due within one year		
Other current assets	12,444,236.68	40,308,591.47
Total current assets	11,551,483,638.28	10,992,130,165.46
Non-current assets:		

Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment	170,314,693.96	157,604,846.85
Investment property	70,116,287.93	73,836,850.51
Fixed assets	735,073,467.01	745,557,829.35
Construction in progress	349,235,832.66	330,218,696.56
Engineering material		
Disposal of fixed asset		
Productive biological asset		
Oil and gas asset		
Intangible assets	143,277,041.55	144,383,753.87
Expense on Research and Development	5,619,315.47	5,619,315.47
Goodwill	79,378,833.15	79,378,833.15
Long-term expenses to be apportioned	37,903,104.97	39,154,232.03
Deferred income tax asset	86,063,967.10	85,146,479.50
Other non-current asset	170,795,719.27	175,910,538.15
Total non-current asset	1,847,778,263.07	1,836,811,375.44
Total assets	13,399,261,901.35	12,828,941,540.90
Current liabilities:		
Short-term loans	2,012,664,966.38	1,517,954,528.88
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	1,525,344,836.15	1,468,166,640.64
Accounts payable	3,895,524,304.35	3,988,878,234.03
Accounts received in advance	17,569,538.10	40,339,905.63
Selling financial asset of repurchase		
Commission charge and		

commission payable		
Wage payable	102,798,856.26	171,958,142.88
Taxes payable	111,589,593.99	77,445,669.46
Interest payable	10,700,617.28	6,666,712.19
Dividend payable		
Other accounts payable	367,743,030.24	412,347,201.51
Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Divided into liability held for sale		
Non-current liabilities due within 1 year	5,260,000.00	4,000,000.00
Other current liabilities		
Total current liabilities	8,049,195,742.75	7,687,757,035.22
Non-current liabilities:		
Long-term loans	47,351,573.85	39,695,448.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	2,896,000.00	2,896,000.00
Special accounts payable	1,287,000.00	1,287,000.00
Projected liabilities		
Deferred income	174,529,601.70	176,366,201.15
Deferred income tax liabilities	23,767,710.79	24,297,076.57
Other non-current liabilities	45,427,343.31	45,427,343.31
Total non-current liabilities	295,259,229.65	289,969,069.03
Total liabilities	8,344,454,972.40	7,977,726,104.25
Owner's equity:		
Share capital	362,631,943.00	362,631,943.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		

Capital public reserve	1,863,894,533.34	1,863,894,533.34
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	181,315,971.50	181,315,971.50
Provision of general risk		
Retained profit	2,553,791,612.07	2,356,765,374.25
Total owner's equity attributable to parent company	4,961,634,059.91	4,764,607,822.09
Minority interests	93,172,869.04	86,607,614.56
Total owner's equity	5,054,806,928.95	4,851,215,436.65
Total liabilities and owner's equity	13,399,261,901.35	12,828,941,540.90

Legal Representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institute: Zhou Feifei

2. Balance Sheet of Parent Company

In RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	224,476,789.36	257,173,314.81
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes receivable	4,826,619.30	47,389,669.59
Accounts receivable	599,365,937.37	513,791,982.48
Account paid in advance	3,720,376.61	5,047,755.80
Interest receivable	1,886,079.13	1,890,165.10
Dividends receivable		
Other receivables	1,142,166,550.88	1,111,423,809.76
Inventories	161,098,976.95	184,880,147.05
Divided into assets held for sale		
Non-current assets maturing within one year		
Other current assets	39,482.38	2,560,096.51
Total current assets	2,137,580,811.98	2,124,156,941.10

Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	2,784,714,188.34	2,772,004,341.23
Investment property	4,985,769.90	5,272,980.96
Fixed assets	16,441,771.27	17,175,509.65
Construction in progress	321,855,843.98	299,290,846.13
Project materials		
Disposal of fixed assets		
Productive biological assets		
Oil and natural gas assets		
Intangible assets	36,530,494.15	36,923,545.12
Research and development costs		
Goodwill		
Long-term deferred expenses	5,404,665.63	5,681,186.10
Deferred income tax assets	2,800,803.02	2,800,803.02
Other non-current assets	61,633,726.33	68,103,087.93
Total non-current assets	3,234,367,262.62	3,207,252,300.14
Total assets	5,371,948,074.60	5,331,409,241.24
Current liabilities:		
Short-term borrowings	300,000,000.00	202,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable	172,640,734.42	274,584,574.89
Accounts payable	357,192,001.76	314,477,971.19
Accounts received in advance	292,420.06	322,008.81
Wage payable	14,504,526.83	20,339,767.52
Taxes payable	17,628,327.90	13,695,533.72
Interest payable	172,307.47	86,831.07
Dividend payable		
Other accounts payable	413,869,192.67	447,928,781.45

Divided into liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	1,276,299,511.11	1,273,435,468.65
Non-current liabilities:		
Long-term loans	47,351,573.85	39,695,448.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable	226,000.00	226,000.00
Special accounts payable	800,000.00	800,000.00
Projected liabilities		
Deferred income	5,000,000.00	5,000,000.00
Deferred income tax liabilities	3,773,319.00	3,773,319.00
Other non-current liabilities		
Total non-current liabilities	57,150,892.85	49,494,767.00
Total liabilities	1,333,450,403.96	1,322,930,235.65
Owners' equity:		
Share capita	362,631,943.00	362,631,943.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	1,869,692,921.70	1,869,692,921.70
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	181,315,971.50	181,315,971.50
Retained profit	1,624,856,834.44	1,594,838,169.39
Total owner's equity	4,038,497,670.64	4,008,479,005.59
Total liabilities and owner's equity	5,371,948,074.60	5,331,409,241.24

3. Consolidated Profit Statement

In RMB

Item	Current Period	Last Period
I. Total operating income	6,261,714,700.23	5,533,524,159.08
Including: Operating income	6,261,714,700.23	5,533,524,159.08
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	6,022,798,273.95	5,333,488,597.29
Including: Operating cost	5,727,401,760.21	5,029,648,506.06
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	13,110,911.30	16,456,412.89
Sales expenses	149,553,656.91	140,963,077.19
Administration expenses	101,713,713.18	96,697,790.30
Financial expenses	27,144,103.26	47,251,787.11
Losses of devaluation of asset	3,874,129.09	2,471,023.74
Add: Changing income of fair value(Loss is listed with "-")		
Investment income (Loss is listed with "-")	12,709,847.11	10,759,866.17
Including: Investment income on affiliated company and joint venture	12,709,847.11	10,759,866.17
Exchange income (Loss is listed with "-")		
III. Operating profit (Loss is listed with "-")	251,626,273.39	210,795,427.96

Add: Non-operating income	5,960,690.37	3,794,783.96
Including: Disposal gains of non-current asset	2,827.43	87,847.28
Less: Non-operating expense	323,927.54	392,320.33
Including: Disposal loss of non-current asset	121,498.58	37,633.78
IV. Total Profit (Loss is listed with “-”)	257,263,036.22	214,197,891.59
Less: Income tax expense	55,141,543.92	42,222,561.34
V. Net profit (Net loss is listed with “-”)	202,121,492.30	171,975,330.25
Net profit attributable to owner’s of parent company	197,026,237.82	167,818,387.39
Minority shareholders’ gains and losses	5,095,254.48	4,156,942.86
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		

3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	202,121,492.30	171,975,330.25
Total comprehensive income attributable to owners of parent Company	197,026,237.82	167,818,387.39
Total comprehensive income attributable to minority shareholders	5,095,254.48	4,156,942.86
VIII. Earnings per share:		
(i) Basic earnings per share	0.543	0.582
(ii) Diluted earnings per share	0.543	0.582

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

Legal Representative: Yan Zhigang

Person in charge of accounting works: Wei Pingxiao

Person in charge of accounting institute: Zhou Feifei

4. Profit Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Operating income	682,110,778.60	630,928,100.07
Less: Operating cost	651,556,733.03	606,916,889.78
Operating tax and extras	1,291,426.07	1,448,928.34
Sales expenses	11,197,849.92	10,773,372.91
Administration expenses	10,188,227.73	10,935,015.93
Financial expenses	-15,344,108.10	-825,878.75
Losses of devaluation of asset	142,228.63	202,141.81

Add: Changing income of fair value(Loss is listed with “-”)		
Investment income (Loss is listed with “-”)	12,709,847.11	10,759,866.17
Including: Investment income on affiliated company and joint venture	12,709,847.11	10,759,866.17
II. Operating profit (Loss is listed with “-”)	35,788,268.43	12,237,496.22
Add: Non-operating income	2.62	68,960.33
Including: Disposal gains of non-current asset		
Less: Non-operating expense	0.01	
Including: Disposal loss of non-current asset		
III. Total Profit (Loss is listed with “-”)	35,788,271.04	12,306,456.55
Less: Income tax expense	5,769,605.99	386,647.60
IV. Net profit (Net loss is listed with “-”)	30,018,665.05	11,919,808.95
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		

2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	30,018,665.05	11,919,808.95
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	6,225,835,431.92	5,724,848,719.86
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and		

investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received	333,471.38	458,279.02
Other cash received concerning operating activities	29,217,661.76	14,374,722.13
Subtotal of cash inflow arising from operating activities	6,255,386,565.06	5,739,681,721.01
Cash paid for purchasing commodities and receiving labor service	5,644,089,272.34	5,702,098,302.24
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	215,442,209.33	200,359,447.38
Taxes paid	132,719,577.58	172,863,504.48
Other cash paid concerning operating activities	80,955,899.11	90,043,632.87
Subtotal of cash outflow arising from operating activities	6,073,206,958.36	6,165,364,886.97
Net cash flows arising from operating activities	182,179,606.70	-425,683,165.96
II. Cash flows arising from investing activities:		
Cash received from recovering		

investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	22,330.68	252,600.00
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	0.00	5,080,588.84
Subtotal of cash inflow from investing activities	22,330.68	5,333,188.84
Cash paid for purchasing fixed, intangible and other long-term assets	49,381,727.56	45,663,080.22
Cash paid for investment		
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	252,000.00	
Subtotal of cash outflow from investing activities	49,633,727.56	45,663,080.22
Net cash flows arising from investing activities	-49,611,396.88	-40,329,891.38
III. Cash flows arising from financing activities		
Cash received from absorbing investment	1,470,000.00	1,941,759,896.01
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	1,470,000.00	
Cash received from loans		186,993,124.89
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	1,470,000.00	2,128,753,020.90
Cash paid for settling debts	63,839,764.78	447,290,917.24

Cash paid for dividend and profit distributing or interest paying	25,275,601.52	48,547,024.91
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	29,012,559.76	21,072,437.76
Subtotal of cash outflow from financing activities	118,127,926.06	516,910,379.91
Net cash flows arising from financing activities	-116,428,354.06	1,611,842,640.99
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	9,250.41	4,636.82
V. Net increase of cash and cash equivalents	15,919,534.17	1,145,834,220.47
Add: Balance of cash and cash equivalents at the period -begin	854,212,006.84	1,097,948,354.45
VI. Balance of cash and cash equivalents at the period -end	870,131,541.01	2,243,782,574.92

6. Cash Flow Statement of Parent Company

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	711,445,698.87	750,568,332.49
Write-back of tax received		
Other cash received concerning operating activities	3,324,178.44	3,210,375.82
Subtotal of cash inflow arising from operating activities	714,769,877.31	753,778,708.31
Cash paid for purchasing commodities and receiving labor service	697,915,966.60	765,087,858.27
Cash paid to/for staff and workers	18,182,948.12	15,533,624.52

Taxes paid	6,338,325.38	2,462,773.93
Other cash paid concerning operating activities	8,502,230.29	5,047,627.07
Subtotal of cash outflow arising from operating activities	730,939,470.39	788,131,883.79
Net cash flows arising from operating activities	-16,169,593.08	-34,353,175.48
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	15,334,120.54	15,446,654.64
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	735,380,315.47	904,600,000.00
Subtotal of cash inflow from investing activities	750,714,436.01	920,046,654.64
Cash paid for purchasing fixed, intangible and other long-term assets	43,164,474.15	17,326,293.40
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities	765,721,572.00	1,341,643,308.59
Subtotal of cash outflow from investing activities	808,886,046.15	1,358,969,601.99
Net cash flows arising from investing activities	-58,171,610.14	-438,922,947.35
III. Cash flows arising from financing activities		
Cash received from absorbing investment		1,941,759,896.01
Cash received from loans	57,656,125.85	50,000,000.00

Cash received from issuing bonds		
Other cash received concerning financing activities		56,300,000.00
Subtotal of cash inflow from financing activities	57,656,125.85	2,048,059,896.01
Cash paid for settling debts	10,000,000.00	395,000,000.00
Cash paid for dividend and profit distributing or interest paying	4,011,288.08	16,123,526.33
Other cash paid concerning financing activities	2,000,160.00	12,544,637.52
Subtotal of cash outflow from financing activities	16,011,448.08	423,668,163.85
Net cash flows arising from financing activities	41,644,677.77	1,624,391,732.16
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		
V. Net increase of cash and cash equivalents	-32,696,525.45	1,151,115,609.33
Add: Balance of cash and cash equivalents at the period -begin	257,173,314.81	218,342,947.03
VI. Balance of cash and cash equivalents at the period -end	224,476,789.36	1,369,458,556.36

II. Audit report

Whether the first quarterly report had been audited or not

☐ Yes ☒ No

The first quarterly report of the Company had not been audited.