

# **Wuxi Little Swan Company Limited**

## **Report for the Third Quarter of 2016**



**October 2016**

## **Section I Important Statements**

The Board of Directors, Supervisory Committee, directors, supervisors and senior management of Wuxi Little Swan Company Limited (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this Report is factual, accurate and complete, and shall be jointly and severally liable for any false information, misleading statements or material omissions carried in this Report.

All directors attended the board meeting for the review of this Report.

Mr. Fang Hongbo, Chairman of the board, Mr. Sun Yunan, CFO, and Mr. Xu Yunwei, chief of the accounting organ (chief of accounting), hereby confirm that the financial report carried in this Report is factual, accurate and complete.

This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

## Section II Financial Highlights & Shareholder Changes

### I Highlights of accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year due to change in accounting policies or correction of accounting errors

Yes  No

	30 September 2016		31 December 2015		+/- (%)
Total assets (RMB)	16,629,381,295.68		14,327,655,366.60		16.06%
Net assets attributable to shareholders of the Company (RMB)	5,718,554,534.42		5,124,866,173.14		11.58%
	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)	
Operating revenues (RMB)	4,070,848,719.32	15.98%	12,055,635,914.24	25.42%	
Net profit attributable to shareholders of the Company (RMB)	332,295,999.87	30.28%	913,122,562.45	33.16%	
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	326,278,938.30	48.45%	893,722,941.36	51.76%	
Net cash flows from operating activities (RMB)	--	--	1,927,294,085.23	-25.10%	
Basic earnings per share (RMB/share)	0.53	32.50%	1.44	33.33%	
Diluted earnings per share (RMB/share)	0.53	32.50%	1.44	33.33%	
Weighted average return on equity	5.99%	0.58%	16.81%	1.86%	

Notes: In the fourth quarter of 2015, “to make financial investments with the Company’s own funds” was added to the business scope of the Company. As such, profit/loss on financial investments has been restated as recurrent profit/loss. In order to help investors better understand the business results of the Company, the “net profit attributable to shareholders of the Company after exceptional profit and loss” is restated in the table on the same basis, with the data as follows:

	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)	
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB Yuan)	326,278,938.30	36.25%	893,722,941.36	35.03%	

Exceptional profit and loss

Applicable  Not applicable

Unit: RMB Yuan

Item	January-September 2016	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	-472,842.63	
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	28,148,291.80	
Non-operating income and expense other than the above	2,032,437.79	
Less: Corporate income tax	4,456,258.04	
Minority interests (after tax)	5,852,007.83	
Total	19,399,621.09	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

Applicable  Not applicable

No such cases in the Reporting Period.

## II Total number of shareholders and shareholdings of top 10 shareholders at the period-end

### 1. Total number of ordinary shareholders and preference shareholders who had resumed their voting right & shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period	19,879	Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)	0			
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
MIDEA GROUP CO., LTD.	Domestic non-state-owned corporation	37.78%	238,948,117			
TITONI INVESTMENTS DEVELOPMENT LTD.	Foreign corporation	14.89%	94,204,942			
GAOLING FUND, L.P.	Foreign corporation	3.43%	21,694,456			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	3.08%	19,498,991			
GREENWOODS CHINA ALPHA MASTER FUND	Foreign corporation	2.82%	17,846,794			

FINANCE BUREAU OF WUXI	On behalf of the State	2.70%	17,054,071			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	Domestic non-state-owned corporation	2.13%	13,454,035			
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	State-owned corporation	1.61%	10,156,300			
BILL & MELINDA GATES FOUNDATION TRUST	Foreign corporation	0.87%	5,517,200			
NORGES BANK	Foreign corporation	0.69%	4,333,315			
Shareholdings of top 10 non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares		Type	Number	
		Type	Number			
MIDEA GROUP CO., LTD.	238,948,117	RMB ordinary share	238,948,117			
TITONI INVESTMENTS DEVELOPMENT LTD.	94,204,942	Domestically listed foreign share	94,204,942			
GAOLING FUND, L.P.	21,694,456	Domestically listed foreign share	21,694,456			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	19,498,991	RMB ordinary share	19,498,991			
GREENWOODS CHINA ALPHA MASTER FUND	17,846,794	Domestically listed foreign share	17,846,794			
FINANCE BUREAU OF WUXI	17,054,071	RMB ordinary share	17,054,071			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	13,454,035	RMB ordinary share	13,454,035			
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	10,156,300	RMB ordinary share	10,156,300			
BILL & MELINDA GATES FOUNDATION TRUST	5,517,200	RMB ordinary share	5,517,200			
NORGES BANK	4,333,315	Domestically listed foreign share	4,333,315			
Related or act-in-concert parties among the shareholders above	MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.					
Top 10 ordinary shareholders conducting securities margin trading (if any)	Not applicable					

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea  No

No such cases in the Reporting Period.

## 2. Total number of preference shareholders and shareholdings of the top 10 of them at the period-end

Applicable  Not applicable

## Section III Significant Events

### I Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

Unit: RMB Ten Thousand Yuan

Item	30 September 2016	31 December 2015	+/-	+/- (%)	Note
Monetary funds	207,232.67	304,284.39	-97,051.72	-32%	Purchase of more banks' wealth management products
Accounts receivable	158,769.15	89,607.55	69,161.60	77%	In the current period, sales on credit grew considerably, while in the same period of last year, accounts receivable were settled early
Accounts paid in advance	22,662.05	9,762.86	12,899.19	132%	Increase in prepayments for raw materials
Other accounts receivable	1,467.43	920.82	546.61	59%	Increase in suspense payments for non-operating purposes
Other current assets	836,693.02	573,318.86	263,374.16	46%	Purchase of more banks' wealth management products
Long-term deferred expenses	246.70	423.82	-177.12	-42%	Decrease in amortised expenses on molds
Notes payable	319,980.09	195,306.53	124,673.56	64%	Banker's acceptance bills drawn by the Company were adopted more often in payment
Dividends payable	715.07	540.07	175.00	32%	The dividends for some shareholders were unpaid in the profit distribution for Y2015 in the current period
Item	January-Sept ember 2016	January-Sept ember 2015	+/-	+/- (%)	Note
Asset impairment loss	5,301.58	866.84	4,434.74	512%	Increase in bad-debt provision as a result of increased accounts receivable
Profit on fair value changes	0.00	-24.89	24.89	100%	No forward forex contracts signed in the current period
Non-operating expense	394.14	845.29	-451.15	-53%	Decrease in expenses on the flood control fund
Corporate income tax	20,013.06	13,394.46	6,618.60	49%	Increase in total profit
Net profit	106,449.35	79,871.63	26,577.72	33%	Increase in sales

Minority interests' income	15,137.10	11,296.40	3,840.70	34%	Net profit of subsidiary increased
Net cash flows from financing activities	-37,600.18	-18,585.37	-19,014.81	-102%	Increase in cash paid as dividends

## II Progress on significant events, as well as the influence and solutions

Applicable  Not applicable

## III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform	Controlling shareholder	Commitment concerning shareholding reduction	Where the controlling shareholder Midea Group plans to sell the Company's shares released from trading moratorium held by it via the bid trading system of the Shenzhen Stock Exchange, and Midea Group decreases over 5% shares within six months since the first reduction of holdings, Midea Group will disclose an indicative public announcement on share selling through the Company two trading days before its first reduction of holdings.	2008.02.28	Long-standing	In execution
Commitments made in acquisition documents or shareholding alteration documents	Controlling shareholder and actual controller	Commitment of avoiding horizontal competition	1. As for the commitment of avoiding horizontal competition, Midea Group (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises neither recently nor in the future will engage in any production or operation activity the same as or similar to the recently main business of Little Swan or its controlled enterprises, as well as will neither engage in nor participate in any competitive business the same as the recently main business of Little Swan or its controlled enterprises through controlling other economic entities, institutions, economic organizations. If Little Swan and its controlled enterprises further developed its scope of the operation business on the basis of the recently business, and if the actual controller Mr. He Xiangjian, his immediate	2010.12.01, 2014.06.06	Long-standing	In execution

			family, Midea Group and its controlled other enterprises had executed production of that, would solve the corresponding horizontal competition problems within the reasonable period. If recently there was no any production or operation, would not engage in the similar new business that competed with Little Swan and its controlled enterprises. If there was any situation violated the above commitments, the profits gained from the business related to operation were belongs to Little Swan.			
	Controlling shareholder and actual controller	Commitment on the specification of the related-party transaction	2. The commitment by Midea Group and the actual controller on the specification of the related-party transaction. Midea Group (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises will specify and try their best to reduce the related-party transactions with Little Swan and its controlled enterprises. If occurred the unavoidable related transactions with Little Swan and its controlled enterprises, would sign the normative related-party transactions agreement Little Swan according to laws and would execute the approval procedure according to the relevant regulations to ensure the fairness of the price of the related-party transactions; ensure to execute the information disclose obligation of related-party transactions according to the relevant regulations; ensure not to make advantage of the related-party transactions for illegally transferring the assets and profits of Little Swan, as well as not to make advantage of the related-party transactions for harming to the interests of Little Swan and the shareholders; would not require Little Swan to offer any more favorable condition compared with that offered to the independent third party in any fair trade market transaction; execute the voting debar obligation when involved in the voting of the related events of the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises. If Midea Group and Mr. He Xiangjian violated the above commitments and promises that led to the harm for the equity of Little Swan or other shareholders, Midea Group and Mr. He Xiangjian should take the responsibility of the corresponding liability for damage.	2010.12.01, 2014.06.06	Long-standing	In execution

	Controlling shareholder and actual controller	Commitment on independence	3. As for the commitment on independence, Midea Group and the actual controller Mr. He Xiangjian has promised that, to further ensure the independent operation of Little Swan, Mr. He Xiangjian, Midea Group and its controlled other enterprises would maintain the mutual independent in terms of personnel, finance, assets, business and institutions with Little Swan according to the relevant laws and regulations as well as the normative documents.	2010.12.01, 2014.06.06	Long-standing	In execution
	Controlling shareholder	Commitment on related-party deposits and borrowings	4. As for the commitment on related-party deposits and borrowings, up to 8 April 2010, the Financial Settlement Center of Midea Group had settled all internal deposits and borrowings with Hefei Midea Washing Machine Co., Ltd.; and Midea Group has promised that there will be no more deposits, borrowings or other funds flows incurred between the Financial Settlement Center and Hefei Midea Washing Machine Co., Ltd..	2010.12.01	Long-standing	In execution
	Controlling shareholder	Commitment on housing properties with no ownership certificates	5. The commitment by Midea Group on housing properties with no ownership certificates of the target company for sale is detailed as follows. Two pieces of the buildings of Hefei Midea Washing Machine Co., Ltd. assessed and sold to the Company are of no ownership certificates—the warehouse for half-finished products (176 square meters) and the workshop for injection molding (834 square meters), both located in the old factory on Hewa Road, Hefei. Midea Group has promised that if loss occurs due to the said two buildings without ownership certificates in the asset disposal process in the future, it will assume the loss thus caused and make compensation to the Company.	2010.12.01	Long-standing	In execution
	Controlling shareholder	Commitment on trademarks	6. The commitment by Midea Group on trademarks is detailed as follows. (1) Concerning the “Midea” trademark: Upon approval and implementation of the equity transfer transaction, Midea Group has promised that it will make sure that Hefei Midea Washing Machine Co., Ltd. uses the “Midea” trademark in a proper manner. Hefei Midea Washing Machine Co., Ltd. will be allowed to use the “Midea” trademark with a trademark use fee not more than that paid by Midea Group (the controlling shareholder of Midea Group) and its subsidiaries (currently 3‰ of the annual sales income generated by products using the “Midea” trademark), and upon negotiation and signing of the “Agreement for Trademark Use”. The related-party transactions incurred due to the said use of the “Midea” trademark will be submitted to the decision-making organ	2010.12.01	The use right of the “Royalstar” trademark detailed in (2) expired on 31 March 2013 and was not renewed. And the other commitment continues.	In execution

			of the Company for approval according to the stipulated procedure. As such, interests of the Company and its minority shareholders will be safeguarded. (2) Concerning the “Royalstar” trademark: Midea Group has signed the “Contract for Trademark Use” with Hefei Royalstar Group and obtained the ordinary use rights of the “Royalstar” (both in Chinese and English) trademark. As the transferor in the transfer transaction of equity interests of Royalstar Washing Equipment, Midea Group has promised that within the scope as agreed in the “Contract for Trademark Use”, if any dispute arises between Hefei Midea Washing Machine Co., Ltd. and Hefei Royalstar Group over the former’s execution of the “Contract for Trademark Use”, Little Swan will not be involved. If Hefei Midea Washing Machine Co., Ltd. and Little Swan have to assume any responsibility or loss due to the aforesaid dispute, Midea Group is willing to take on the responsibility instead and make compensations to Hefei Midea Washing Machine Co., Ltd. and Little Swan at full amount.			
	Controlling shareholder	Commitment on social security payment and tax risks	7. The commitment by Midea Group on social security payment and tax risks is detailed as follows. Midea Group has promised that upon the completion of the said equity transfer deal, if Hefei Midea Washing Machine Co., Ltd. is obliged to take on any responsibility or pay relevant fares as required by relevant government authorities due to its social security payment before the said deal, Midea Group is willing to pay relevant fares for Hefei Midea Washing Machine Co., Ltd. to relevant government authorities in a timely manner and assume any other liability. If any loss thus occurs to Hefei Midea Washing Machine Co., Ltd. or Little Swan, Midea Group is willing to assume relevant responsibilities for compensation. Upon the completion of the said equity transfer deal, if income tax evasion or any other tax risk is found in Hefei Midea Washing Machine Co., Ltd., Midea Group is willing to assume relevant legal responsibilities and risks and pay relevant taxes in a timely manner to relevant government authorities; and if any loss thus occurs to Little Swan, Midea Group will assume the corresponding responsibility for compensation.	2010.12.01	Long-standing	In execution
	Controlling shareholder	Commitment on capital safety	8. The commitment by Midea Group on capital safety at the finance companies of the Company: during the validity period of the Financial Services Agreement, when Midea Group occurred emergency situation of payment difficulty at finance companies, it should adopt the effective measures	2015.03.18	Three years	In execution

			such as increase the capital fund of the finance companies according to the actual needs of solving the payment difficulty to ensure the capital safety of the Company.			
Commitments made in time of asset restructuring						
Commitments made in time of IPO or refinancing						
Commitments concerning stock ownership incentive						
Other commitments made to minority shareholders						
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	N/A					

#### IV Performance forecast for Y2016

Warning of possible loss or considerable YoY change in the accumulative net profit made during the year-beginning to the end of the next reporting period, as well as the reasons

Applicable Not applicable

#### V Securities investment

Applicable  Not applicable

No such cases in the Reporting Period.

**VI Investment in derivative financial instruments**

Applicable  Not applicable

No such cases in the Reporting Period.

**VII Visits paid to the Company for purposes of research, communication, interview, etc. during the Reporting Period**

Applicable  Not applicable

Date of visit	Way of visit	Type of visitor	About
2016-07-05 to 2016-07-06	Field research	Institution	Sheet of Investor Relations Activities on 5, 6 July 2016 (No. 2016-04) on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
2016-08-10 to 2016-08-17	Field research	Institution	Sheet of Investor Relations Activities on 10-17 August 2016 (No. 2016-05) on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
2016-09-22 to 2016-09-28	Field research	Institution	Sheet of Investor Relations Activities on 22-28 September 2016 (No. 2016-06) on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

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

Applicable  Not applicable

No such cases in the Reporting Period.

**IX Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties**

Applicable  Not applicable

No such cases in the Reporting Period.

## Section IV Financial Statements

### I Financial statements

#### 1. Consolidated balance sheet

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,072,326,734.13	3,042,843,924.81
Settlement reserves		
Lendings to banks and other financial institutions		
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	1,953,085,588.14	2,205,189,379.10
Accounts receivable	1,587,691,496.49	896,075,475.63
Accounts paid in advance	226,620,522.71	97,628,578.17
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	22,536,571.63	22,932,602.74
Dividends receivable		
Other accounts receivable	14,674,339.33	9,208,180.08
Financial assets purchased under agreement to resell		
Inventories	811,050,787.55	745,412,967.52
Assets held for sale		
Non-current assets due within one year		
Other current assets	8,366,930,158.87	5,733,188,604.23
Total current assets	15,054,916,198.85	12,752,479,712.28
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	200,000.00	200,000.00

Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		
Investment property	65,428,381.37	68,843,047.52
Fixed assets	976,470,361.91	1,019,528,291.60
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	193,593,020.90	197,521,625.03
R&D expense		
Goodwill		
Long-term deferred expenses	2,466,998.75	4,238,244.38
Deferred income tax assets	306,719,068.57	251,881,220.89
Other non-current assets	29,587,265.33	32,963,224.90
Total non-current assets	1,574,465,096.83	1,575,175,654.32
Total assets	16,629,381,295.68	14,327,655,366.60
Current liabilities:		
Short-term borrowings		
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Loans from banks and other financial institutions		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable	3,199,800,850.15	1,953,065,274.06
Accounts payable	2,675,939,708.45	2,419,807,341.95
Accounts received in advance	1,296,793,781.53	1,652,908,781.44
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	209,250,904.65	248,280,716.92
Taxes and fares payable	315,052,471.75	325,108,227.91
Interest payable		
Dividends payable	7,150,684.06	5,400,652.06

Other accounts payable	217,172,901.20	171,807,137.94
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	1,930,899,475.92	1,521,734,293.24
Total current liabilities	9,852,060,777.71	8,298,112,425.52
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	24,901,715.48	28,439,299.25
Special payables		
Estimated liabilities	9,784,866.43	9,981,021.44
Deferred income	3,055,633.26	3,395,533.29
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	37,742,215.17	41,815,853.98
Total liabilities	9,889,802,992.88	8,339,928,279.50
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	1,189,171,898.76	1,164,014,947.85
Less: Treasury stock		
Other composite income	69,714,790.97	34,813,284.64
Special reserves		
Surplus reserves	332,594,722.29	332,594,722.29
Provisions for general risks		

Retained profit	3,494,585,358.40	2,960,955,454.36
Total equity attributable to owners of the Company	5,718,554,534.42	5,124,866,173.14
Minority interests	1,021,023,768.38	862,860,913.96
Total owners' equity	6,739,578,302.80	5,987,727,087.10
Total liabilities and owners' equity	16,629,381,295.68	14,327,655,366.60

## 2. Balance sheet of the Company

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,197,622,090.28	2,092,430,579.63
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes receivable	1,122,362,535.34	1,410,210,597.47
Accounts receivable	2,841,147,444.70	1,183,394,794.67
Accounts paid in advance	193,294,747.91	98,437,350.05
Interest receivable	18,777,618.64	18,918,219.18
Dividends receivable		
Other accounts receivable	20,884,912.71	6,351,010.17
Inventories	532,982,821.58	482,807,868.13
Assets held for sale		
Non-current assets due within one year		
Other current assets	3,918,154,430.67	3,178,113,808.28
Total current assets	9,845,226,601.83	8,470,664,227.58
Non-current assets:		
Available-for-sale financial assets	150,000.00	150,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	1,306,323,041.57	1,306,323,041.57
Investment property	7,246,792.45	8,040,536.02
Fixed assets	488,728,518.74	514,950,803.50
Construction in progress		
Engineering materials		

Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	93,263,742.75	95,281,467.96
R&D expense		
Goodwill		
Long-term deferred expenses	2,295,495.48	3,873,799.88
Deferred income tax assets	211,768,968.20	159,759,565.25
Other non-current assets	22,289,730.15	23,027,173.60
Total non-current assets	2,132,066,289.34	2,111,406,387.78
Total assets	11,977,292,891.17	10,582,070,615.36
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes payable	1,992,190,097.99	1,519,749,295.73
Accounts payable	2,731,595,434.41	2,038,397,769.71
Accounts received in advance	753,423,299.24	1,060,643,231.20
Payroll payable	153,874,955.15	184,287,498.34
Taxes and fares payable	204,353,801.54	224,024,964.68
Interest payable		
Dividends payable	7,150,684.06	5,400,652.06
Other accounts payable	139,188,067.08	95,009,275.20
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	1,293,632,088.86	944,905,437.98
Total current liabilities	7,275,408,428.33	6,072,418,124.90
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		

Special payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	7,275,408,428.33	6,072,418,124.90
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	1,341,908,852.05	1,319,496,538.02
Less: Treasury stock		
Other composite income	35,719,567.85	13,608,826.40
Special reserves		
Surplus reserves	319,944,578.39	319,944,578.39
Retained profit	2,371,823,700.55	2,224,114,783.65
Total owners' equity	4,701,884,462.84	4,509,652,490.46
Total liabilities and owners' equity	11,977,292,891.17	10,582,070,615.36

### 3. Consolidated income statement for the Reporting Period

Unit: RMB Yuan

Item	July-September 2016	July-September 2015
1. Operating revenues	4,070,848,719.32	3,510,072,100.54
Including: Sales income	4,070,848,719.32	3,510,072,100.54
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	3,669,637,983.51	3,198,907,863.33
Including: Cost of sales	3,016,876,202.80	2,583,468,348.47
Interest expenses		
Fee and commission expenses		

Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	17,636,853.40	19,754,705.85
Selling expenses	539,563,649.92	495,065,883.50
Administrative expenses	101,096,489.36	161,344,800.11
Finance costs	-30,617,265.06	-70,719,418.82
Asset impairment loss	25,082,053.07	9,993,544.22
Add: Profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	63,442,725.63	25,864,076.79
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	464,653,461.44	337,028,314.00
Add: Non-operating revenue	9,451,463.63	21,611,774.63
Including: Profit on disposal of non-current assets	20,217.78	
Less: Non-operating expense	1,706,463.30	3,404,577.63
Including: Loss on disposal of non-current assets	371,314.11	
4. Total profit (“-” means loss)	472,398,461.77	355,235,511.00
Less: Corporate income tax	72,828,206.62	55,028,201.18
5. Net profit (“-” means loss)	399,570,255.15	300,207,309.82
Net profit attributable to owners of the Company	332,295,999.87	255,058,086.34
Minority interests’ income	67,274,255.28	45,149,223.48
6. Other comprehensive income net of tax	4,246,647.68	1,226,885.57
Other comprehensive income net of tax attributable to owners of the Company	1,964,616.39	1,226,885.57
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss	1,964,616.39	1,226,885.57
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets	1,962,537.08	

6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences	2,079.31	1,226,885.57
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests	2,282,031.29	
7. Total comprehensive income	403,816,902.83	301,434,195.39
Attributable to owners of the Company	334,260,616.26	256,284,971.92
Attributable to minority interests	69,556,286.57	45,149,223.47
8. Earnings per share		
8.1 Basic earnings per share	0.53	0.40
8.2 Diluted earnings per share	0.53	0.40

#### 4. Income statement of the Company for the Reporting Period

Unit: RMB Yuan

Item	July-September 2016	July-September 2015
1. Operating revenues	2,922,039,454.40	2,647,909,682.72
Less: Operating costs	2,334,276,302.85	2,045,857,912.17
Business tax and surtaxes	12,900,966.92	12,612,735.77
Selling expenses	335,708,432.38	349,207,178.77
Administrative expenses	72,985,560.69	118,831,368.42
Finance costs	-20,072,180.35	-48,976,872.61
Asset impairment loss	16,504,313.87	3,828,984.75
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	30,279,080.67	16,566,655.20
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	200,015,138.70	183,115,030.65
Add: Non-operating revenue	3,387,007.20	10,604,914.48
Including: Profit on disposal of non-current assets		
Less: Non-operating expense	674,514.67	1,749,739.07
Including: Loss on disposal of non-current assets	347,731.17	
3. Total profit (“-” means loss)	202,727,631.23	191,970,206.06
Less: Corporate income tax	31,992,675.86	29,992,841.90
4. Net profit (“-” means loss)	170,734,955.37	161,977,364.16

5. Other comprehensive income net of tax	-3,229,072.28	
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss	-3,229,072.28	
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets	-3,229,072.28	
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	167,505,883.09	161,977,364.16
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

### 5. Consolidated income statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB Yuan

Item	January-September 2016	January-September 2015
1. Operating revenues	12,055,635,914.24	9,611,975,965.14
Including: Sales income	12,055,635,914.24	9,611,975,965.14
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	10,948,766,070.41	8,804,565,769.65
Including: Cost of sales	8,829,467,976.48	7,041,009,821.12
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		

Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Business tax and surtaxes	62,360,730.86	57,452,288.11
Selling expenses	1,730,895,706.04	1,345,059,132.80
Administrative expenses	367,042,544.04	434,300,798.21
Finance costs	-94,016,729.52	-81,924,696.40
Asset impairment loss	53,015,842.51	8,668,425.80
Add: Profit on fair value changes (“-” means loss)		-248,907.75
Return on investment (“-” means loss)	130,758,204.67	97,684,604.61
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	1,237,628,048.50	904,845,892.35
Add: Non-operating revenue	30,937,449.39	36,267,977.30
Including: Profit on disposal of non-current assets	137,055.45	444,371.81
Less: Non-operating expense	3,941,368.67	8,452,933.88
Including: Loss on disposal of non-current assets	609,898.08	684,135.21
4. Total profit (“-” means loss)	1,264,624,129.22	932,660,935.77
Less: Corporate income tax	200,130,598.37	133,944,603.89
5. Net profit (“-” means loss)	1,064,493,530.85	798,716,331.88
Net profit attributable to owners of the Company	913,122,562.45	685,752,354.91
Minority interests' income	151,370,968.40	112,963,976.97
6. Other comprehensive income net of tax	40,511,423.04	1,200,139.88
Other comprehensive income net of tax attributable to owners of the Company	34,901,506.32	1,200,139.88
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss	34,901,506.32	1,200,139.88
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets	34,892,633.31	
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		

6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences	8,873.01	1,200,139.88
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests	5,609,916.72	
7. Total comprehensive income	1,105,004,953.89	799,916,471.76
Attributable to owners of the Company	948,024,068.77	686,952,494.78
Attributable to minority interests	156,980,885.12	112,963,976.98
8. Earnings per share		
8.1 Basic earnings per share	1.44	1.08
8.2 Diluted earnings per share	1.44	1.08

## 6. Income statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB Yuan

Item	January-September 2016	January-September 2015
1. Operating revenues	8,967,860,546.46	7,156,452,912.99
Less: Operating costs	6,859,231,278.20	5,464,993,451.84
Business tax and surtaxes	46,137,270.20	38,003,931.52
Selling expenses	1,230,788,719.89	971,149,732.18
Administrative expenses	282,209,180.40	313,002,396.68
Finance costs	-65,789,102.80	-54,431,862.98
Asset impairment loss	38,000,316.38	2,590,943.92
Add: profit on fair value changes (“-” means loss)		-169,471.35
Return on investment (“-” means loss)	47,585,175.04	59,711,217.63
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	624,868,059.23	480,686,066.11
Add: Non-operating revenue	6,170,352.44	13,977,041.12
Including: Profit on disposal of non-current assets	99,572.65	184,324.80
Less: Non-operating expense	1,109,079.32	5,101,838.54
Including: Loss on disposal of non-current assets	582,622.45	111,821.73
3. Total profit (“-” means loss)	629,929,332.35	489,561,268.69
Less: Corporate income tax	102,727,757.06	61,153,089.84
4. Net profit (“-” means loss)	527,201,575.29	428,408,178.85

5. Other comprehensive income net of tax	22,110,741.45	
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss	22,110,741.45	
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets	22,110,741.45	
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	549,312,316.74	428,408,178.85
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 7. Consolidated cash flow statement for the period from the year-beginning to the end of the Reporting Period

Unit: RMB Yuan

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	10,031,334,899.28	8,539,671,109.04
Net increase in money deposits from customers and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		

Net increase in funds in repurchase business		
Tax refunds received	60,063,076.13	47,592,234.87
Cash received from other operating activities	72,368,190.31	88,908,550.74
Subtotal of cash inflows from operating activities	10,163,766,165.72	8,676,171,894.65
Cash paid for goods and services	5,404,416,316.25	3,685,447,682.88
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	679,507,180.35	658,321,640.98
Taxes and fares paid	640,844,887.26	475,664,243.74
Cash paid for other operating activities	1,511,703,696.63	1,283,515,207.24
Subtotal of cash outflows from operating activities	8,236,472,080.49	6,102,948,774.84
Net cash flows from operating activities	1,927,294,085.23	2,573,223,119.81
2. Cash flows from investing activities:		
Cash received from retraction of investments	6,210,000,000.00	5,143,950,000.00
Cash received as return on investments	130,758,204.67	97,933,583.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	823,553.94	462,167.75
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	48,649,720.52	
Subtotal of cash inflows from investing activities	6,390,231,479.13	5,242,345,751.73
Cash paid to acquire fixed assets, intangible assets and other long-term assets	17,222,953.39	63,575,280.09
Cash paid for investment	8,756,000,000.00	7,681,050,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	8,773,222,953.39	7,744,625,280.09
Net cash flows from investing activities	-2,382,991,474.26	-2,502,279,528.36
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		214,745,075.98
Cash received from issuance of bonds		

Cash received from other financing activities		
Subtotal of cash inflows from financing activities		214,745,075.98
Repayment of borrowings		114,978,442.79
Cash paid for interest expenses and distribution of dividends or profit	376,001,781.77	285,620,324.29
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities	376,001,781.77	400,598,767.08
Net cash flows from financing activities	-376,001,781.77	-185,853,691.10
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-831,699,170.80	-114,910,099.65
Add: Opening balance of cash and cash equivalents	2,792,685,328.69	1,516,739,804.86
6. Closing balance of cash and cash equivalents	1,960,986,157.89	1,401,829,705.21

### 8. Cash flow statement of the Company for the period from the year-beginning to the end of the Reporting Period

Unit: RMB Yuan

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	5,783,703,284.45	4,942,262,530.17
Tax refunds received		4,291,106.27
Cash received from other operating activities	38,053,714.94	57,770,418.14
Subtotal of cash inflows from operating activities	5,821,756,999.39	5,004,324,054.58
Cash paid for goods and services	3,722,465,740.78	1,827,998,436.15
Cash paid to and for employees	458,460,415.27	435,882,808.80
Taxes and fares paid	449,874,162.78	285,171,204.10
Cash paid for other operating activities	1,083,982,648.54	896,760,873.18
Subtotal of cash outflows from operating activities	5,714,782,967.37	3,445,813,322.23
Net cash flows from operating activities	106,974,032.02	1,558,510,732.35
2. Cash flows from investing activities:		
Cash received from retraction of investments	3,685,000,000.00	3,495,100,000.00
Cash received as return on investments	47,585,175.04	59,960,197.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	791,986.33	98,032.70
Net cash received from disposal of subsidiaries or other business units		

Cash received from other investing activities	39,953,305.21	
Subtotal of cash inflows from investing activities	3,773,330,466.58	3,555,158,229.70
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,841,421.83	29,652,085.40
Cash paid for investment	4,236,000,000.00	4,537,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	4,241,841,421.83	4,566,652,085.40
Net cash flows from investing activities	-468,510,955.25	-1,011,493,855.70
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings		15,234,122.32
Cash received from issuance of bonds		
Cash received from other financing activities		
Subtotal of cash inflows from financing activities		15,234,122.32
Repayment of borrowings		15,234,122.32
Cash paid for interest expenses and distribution of dividends or profit	376,001,781.77	284,785,192.80
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities	376,001,781.77	300,019,315.12
Net cash flows from financing activities	-376,001,781.77	-284,785,192.80
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-737,538,705.00	262,231,683.85
Add: Opening balance of cash and cash equivalents	1,866,443,114.64	600,231,105.51
6. Closing balance of cash and cash equivalents	1,128,904,409.64	862,462,789.36

## II Auditor's report

Is this Report audited?

Yes  No

This Report is unaudited.

Legal representative: Fang Hongbo

Wuxi Little Swan Company Limited

25 October 2016