



**CHANGCHAI COMPANY, LIMITED**  
**THIRD QUARTER REPORT 2016**

**October 2016**

## **Section I Important Statements**

**The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Changchai Company, Limited (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.**

**All directors attended the board session for reviewing this report.**

**Shi Xinkun, company principal, Zhang Xin, chief of the accounting work, and Jiang He, chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.**

**This Report is prepared in both Chinese and English. Should there be any discrepancy 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)	3,565,066,772.23	3,232,406,102.20	10.29%	
Net assets attributable to shareholders of the Company (RMB)	2,275,011,627.15	2,002,910,311.01	13.59%	
	July-September 2016	YoY +/- (%)	January-September 2016	YoY +/- (%)
Operating revenues (RMB)	605,182,860.65	-25.77%	1,768,843,582.34	-18.68%
Net profit attributable to shareholders of the Company (RMB)	20,090,608.28	-44.48%	55,108,750.64	-25.27%
Net profit attributable to shareholders of the Company excluding exceptional profit and loss (RMB)	19,718,706.88	-44.53%	48,229,208.49	-32.32%
Net cash flows from operating activities (RMB)	--	--	71,161,321.84	-25.60%
Basic earnings per share (RMB/share)	0.04	-33.33%	0.10	-23.08%
Diluted earnings per share (RMB/share)	0.04	-33.33%	0.10	-23.08%
Weighted average return on equity	0.95%	-0.82%	2.58%	-1.2%

Exceptional profit and loss

Applicable  Not applicable

Unit: RMB

Item	January-September 2016	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	6,119,622.06	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at	7,224,482.97	

certain quotas or amounts according to the government's unified standards		
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	1,237,244.73	
Non-operating income and expense other than the above	-6,147,404.55	
Less: Income tax effects	1,367,290.18	
Minority interests (after tax)	187,112.88	
Total	6,879,542.15	--

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		55,425				
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
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	On behalf of the State	30.43%	170,845,236			
Bank of Communications Co., Ltd.-Changxin Quantified Core Pioneer Mixed Investment Fund	Other	1.03%	5,800,009			
China Merchants Bank Company Limited-Huitianfu Medical Service	Other	0.84%	4,699,919			

Flexible Configuration Hybrid Securities Investment Fund						
KGI ASIA LIMITED	Overseas corporation	0.59%	3,324,845			
Mingsheng Tonghui Asset Management-ICBC-Mingsheng Tonghui No. 6 Juxin Asset Management Product	Other	0.58%	3,231,300			
BNP PARIBAS WEALTH MANAGEMENT HONG KONG BRANCH	Overseas corporation	0.55%	3,099,873			
Huang Lihou	Domestic individual	0.35%	1,949,700			
Du Runsheng	Domestic individual	0.31%	1,758,186			
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas corporation	0.29%	1,626,592			
Li Min	Domestic individual	0.29%	1,618,950			
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			
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	170,845,236	RMB ordinary share	170,845,236			
Bank of Communications Co., Ltd.-Changxin Quantified Core Pioneer Mixed Investment Fund	5,800,009	RMB ordinary share	5,800,009			
China Merchants Bank Company Limited-Huitianfu Medical Service Flexible Configuration Hybrid Securities Investment Fund	4,699,919	RMB ordinary share	4,699,919			
KGI ASIA LIMITED	3,324,845	Domestically listed foreign share	3,324,845			
Mingsheng Tonghui Asset Management-ICBC-Mingsheng Tonghui No. 6 Juxin Asset Management Product	3,231,300	RMB ordinary share	3,231,300			

BNP PARIBAS WEALTH MANAGEMENT HONG KONG BRANCH	3,099,873	Domestically listed foreign share	3,099,873
Huang Lihou	1,949,700	RMB ordinary share	1,949,700
Du Runsheng	1,758,186	RMB ordinary share	1,758,186
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1,626,592	Domestically listed foreign share	1,626,592
Li Min	1,618,950	RMB ordinary share	1,618,950
Related or act-in-concert parties among the shareholders above	It is unknown whether there was any associated relationship among the top ten tradable shareholders and among the top ten shareholders not subject to trading moratorium, or whether they are persons acting in concert as described by Measures for the Administrative of Disclosure of Shareholder Equity Changes.		
Top 10 ordinary shareholders conducting securities margin trading	The shareholder Huang Lihou held the shares of the Company of 1,949,700 shares through the securities guarantee account of the customer credit transactions provided by Guotai Junan Securities Co., Ltd., with the proportion of the share holding of 0.35%; the shareholder Du Runsheng held the shares of the Company of 1,758,186 shares through the securities guarantee account of the customer credit transactions provided by Everbright Securities Co., Ltd., with the proportion of the share holding of 0.31%; the shareholder Li Min held the shares of the Company of 1,618,950 shares through the securities guarantee account of the customer credit transactions provided by Guosen Securities Co., Ltd., with the share holding of 0.29%.		

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

√ Applicable □ Not applicable

(1) Notes receivable at the period-end decreased by RMB159.6052 million from the amount at the year-beginning, a decrease of 32.02%, mainly because notes were adopted more often in settlement with customers before this year to promote payment collection.

(2) Accounts receivable at the period-end increased by RMB377.4436 million from the amount at the year-beginning, an increase of 122.31%, mainly because according to the characteristics in the production and operation of the first nine months, credit sale was properly carried out to extend the market space; and the proportion of multi-cylinder engines in the total sales increased, with most of the customers of multi-cylinder engines being supporting manufacturers for bigger manufacturers, which means relatively long account ages for the Company.

(3) Other accounts receivable at the period-end increased by RMB12.4013 million from the amount at the year-beginning, an increase of 220.56%, mainly because of the temporary loans from the Company's subsidiary Changzhou Housheng Investment Co., Ltd. to Xuzhou East China Foundry General Factory, etc..

(4) Other current assets at the period-end decreased by RMB45.5696 million from the amount at the year-beginning, a decrease of 75.57%, mainly because some bank wealth management products became due and the overpaid VAT decreased.

(5) Available-for-sale financial assets at the period-end increased by RMB270.4755 million from the amount at the year-beginning, an increase of 53.77%, mainly because the market value of the 38,000,000 shares held by the Company in the Bank of Jiangsu increased as it went public in the period.

(6) Construction in progress at the period-end decreased by RMB39.3122 million from the amount at the year-beginning, a decrease of 36.33%, mainly because some construction in progress turned into fixed assets.

(7) Short-term borrowings at the period-end decreased by RMB9.0000 million from the amount at the year-beginning, a decrease of 52.94%, mainly because bank borrowings of controlled subsidiary Changchai Wanzhou Diesel Engine Co., Ltd. decreased.

(8) Accounts received in advance at the period-end increased by RMB10.5532 million from the amount at the year-beginning, an increase of 39.58%, mainly because advances from customers increased.

(9) Payroll payable at the period-end decreased by RMB29.6607 million from the amount at the year-beginning, a decrease of 49.18%, mainly because the salaries and bonuses accrued before this year were partially paid in the current period.

(10) Taxes and surtaxes payable at the period-end decreased by RMB5.9785 million from the amount at the year-beginning, a decrease of 55.37%, mainly because some taxes and surtaxes for the current period were provided for before this year.

(11) Return on investment in the current period decreased by RMB5.3965 million from the amount in the same period of last year, a decrease of 60.71%, mainly because the Company received stock dividends from the Bank of Jiangsu while there were no such events in the current period.

## 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

Applicable  Not applicable

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Term of commitment	Fulfillment
Commitments made in share reform						
Commitments made in acquisition documents or shareholding alteration documents						
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	Changchai Company, Limited	Bonus commitment	Under the conditions of in future three years (2014-2016) the attributable profit (the remaining profits after the losses have been made up and common reserves have been drawn) of shareholders' reward plan in the year or half year is positive,	2014-05-14	Y2014-2016	In normal execution

		and the cash flow is sufficient, the cash dividends had no influence to the follow-up continuously operation, the profit dividends in cash shall no lower than the 10% of attributable profit realized by the Company and in any three continuous accounting years the accumulative profit dividends in cash shall no less than 30% of the average annual attributable profits realized in three years.			
Executed on time	Yes				

#### 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
2016-09-28	Other	Individual	Number of shareholders
2016-09-28	Other	Individual	Whether the Company conduct recombination
2016-09-27	Other	Individual	Number of shareholders
2016-09-22	Other	Individual	Number of shareholders
2016-09-16	Other	Individual	Number of shareholders
2016-09-03	Other	Individual	Number of shareholders
2016-08-26	Other	Individual	Operation situation of the Company
2016-07-13	Other	Individual	Number of shareholders
2016-06-18	Other	Individual	Situation of the Company's holding of stock of Jiangsu Bank
2016-06-13	Other	Individual	Stock increase/decrease plan of substantial shareholder
2016-06-06	Other	Individual	Number of shareholders
2016-05-25	Other	Individual	Future development plan of the Company
2016-05-25	Other	Individual	Whether the Company conduct recombination
2016-05-19	Other	Individual	Number of shareholders
2016-05-19	Other	Individual	Stock situation of the Company
2016-05-13	Other	Individual	Operation situation of the Company
2016-04-28	Other	Individual	Product situation of the Company
2016-04-27	Other	Individual	Agriculture informationize situation
2016-04-26	Other	Individual	Number of shareholders

2016-04-22	Other	Individual	Operation situation of Changchai Benniu
2016-04-22	Other	Individual	Operation situation of the Company
2016-04-22	Other	Individual	Construction situation of industry park
2016-04-22	Other	Individual	The foreign cooperation of the Company
2016-04-22	Other	Individual	Operation situation of Housheng Investment
2016-04-22	Other	Individual	Future plan of the Company
2016-04-21	Other	Individual	Direction of the future technology product development
2016-04-05	Other	Individual	R&D situation of the Company
2016-03-31	Other	Individual	Future plan of the Company
2016-03-28	Other	Individual	Situation of the Company's participant in refinancing business
2016-03-28	Other	Individual	Situation of the Company's participant in refinancing business
2016-03-15	Other	Individual	Stock situation of the Company
2016-03-10	Other	Individual	Number of shareholders
2016-03-01	Other	Individual	Operation situation of the Company
2016-02-23	Other	Individual	Situation of the Company's participation in Qinghua Xingye Company
2016-02-23	Other	Individual	Number of shareholders
2016-02-22	Other	Individual	Operation situation of Housheng Agricultural Equipment
2016-02-01	Other	Individual	Progress situation of SOE reform of the Company
2016-01-20	Other	Individual	The export business situation of the Company
2016-01-11	Other	Individual	Stock situation of the Company
2016-01-08	Other	Individual	R&D situation of the Company
2016-01-07	Other	Individual	Stock situation of the Company

2016-01-06	Other	Individual	Stock situation of the Company
2016-01-06	Other	Individual	Suggestion for future development plan of the Company
2016-01-06	Other	Individual	Operation situation of jobbing foundry
2016-01-06	Other	Individual	Stock situation of the Company
2016-01-05	Other	Individual	Stock situation of the Company

### **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 Changchai Company, Limited

30 September 2016

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	612,141,492.07	601,312,715.62
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable	338,897,034.31	498,502,274.42
Accounts receivable	686,040,501.34	308,596,920.50
Accounts paid in advance	16,062,589.85	12,882,271.70
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable		
Dividends receivable		
Other accounts receivable	18,023,804.22	5,622,539.81
Financial assets purchased under agreements to resell		
Inventories	287,461,325.80	397,290,012.36
Assets held for sale		
Non-current assets due within one year		
Other current assets	14,735,091.31	60,304,691.41
Total current assets	1,973,361,838.90	1,884,511,425.82
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	773,455,500.00	502,980,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	20,350,741.68	20,769,304.76
Investment property	55,624,774.43	57,281,030.03
Fixed assets	571,219,463.47	554,601,893.23

Construction in progress	68,886,297.06	108,198,455.01
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	101,205,625.81	103,101,462.47
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	962,530.88	962,530.88
Other non-current assets		
Total non-current assets	1,591,704,933.33	1,347,894,676.38
Total assets	3,565,066,772.23	3,232,406,102.20
Current liabilities:		
Short-term borrowings	8,000,000.00	17,000,000.00
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable	275,009,300.00	238,200,000.00
Accounts payable	504,547,680.08	535,978,470.07
Accounts received in advance	37,218,909.31	26,665,671.38
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	30,648,690.19	60,309,349.29
Taxes and surtaxes payable	4,819,591.91	10,798,062.93
Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Other accounts payable	249,954,732.71	201,151,632.46
Reinsurance premiums payable		
Insurance contract reserve		
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	2,575,137.38	2,403,287.06
Total current liabilities	1,116,665,475.41	1,096,397,907.02
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		

Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income	52,323,325.48	53,121,605.70
Deferred tax liabilities	102,957,150.00	62,385,825.00
Other non-current liabilities		
Total non-current liabilities	155,280,475.48	115,507,430.70
Total liabilities	1,271,945,950.89	1,211,905,337.72
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	164,328,665.43	164,328,665.43
Less: Treasury shares		
Other comprehensive income	583,423,850.00	353,519,675.00
Special reserve	10,069,746.98	10,069,746.98
Surplus reserve	305,758,285.91	305,758,285.91
Provisions for general risks		
Retained earnings	650,056,752.83	607,859,611.69
Equity attributable to owners of the Company	2,275,011,627.15	2,002,910,311.01
Minority interests	18,109,194.19	17,590,453.47
Total owners' equity	2,293,120,821.34	2,020,500,764.48
Total liabilities and owners' equity	3,565,066,772.23	3,232,406,102.20

Legal representative: Shi Xinkun

Chief of the accounting work: Zhang Xin

Chief of the accounting organ: Jiang He

**2. Balance sheet of the Company**

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	592,194,853.38	572,530,396.20
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable	338,647,034.31	490,777,874.42
Accounts receivable	651,880,603.25	263,878,166.23
Accounts paid in advance	6,423,567.92	6,512,574.55
Interest receivable		
Dividends receivable		
Other accounts receivable	9,270,495.56	4,885,363.01
Inventories	234,583,482.12	348,179,430.41
Assets held for sale		
Non-current assets due within one year		
Other current assets		41,403,182.61
Total current assets	1,833,000,036.54	1,728,166,987.43
Non-current assets:		
Available-for-sale financial assets	766,255,500.00	495,780,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	204,817,241.68	205,235,804.76
Investment property	55,624,774.43	57,281,030.03
Fixed assets	466,619,768.84	445,343,167.61
Construction in progress	68,886,297.06	108,198,455.01
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	79,702,854.21	81,159,855.82
R&D expenses		
Goodwill		
Long-term deferred expenses		
Deferred tax assets	962,530.88	962,530.88
Other non-current assets		
Total non-current assets	1,642,868,967.10	1,393,960,844.11
Total assets	3,475,869,003.64	3,122,127,831.54
Current liabilities:		
Short-term borrowings		

Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable	251,059,300.00	218,200,000.00
Accounts payable	494,789,853.32	527,416,373.82
Accounts received in advance	59,743,226.27	24,537,940.90
Payroll payable	25,359,358.30	55,068,743.12
Taxes and surtaxes payable	2,308,450.47	8,521,233.87
Interest payable		
Dividends payable	3,243,179.97	3,243,179.97
Other accounts payable	239,166,601.87	194,650,090.70
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,075,669,970.20	1,031,637,562.38
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income	52,323,325.48	53,121,605.70
Deferred tax liabilities	102,957,150.00	62,385,825.00
Other non-current liabilities		
Total non-current liabilities	155,280,475.48	115,507,430.70
Total liabilities	1,230,950,445.68	1,147,144,993.08
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	183,071,147.70	183,071,147.70
Less: Treasury shares		
Other comprehensive income	583,423,850.00	353,519,675.00
Special reserve	10,069,746.98	10,069,746.98
Surplus reserve	305,758,285.91	305,758,285.91
Retained earnings	601,221,201.37	561,189,656.87
Total owners' equity	2,244,918,557.96	1,974,982,838.46
Total liabilities and owners' equity	3,475,869,003.64	3,122,127,831.54

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

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	605,182,860.65	815,273,308.97
Including: Sales income	605,182,860.65	815,273,308.97
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	582,629,416.88	774,219,303.45
Including: Cost of sales	508,400,386.36	693,638,845.88
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	1,478,280.66	563,797.34
Selling expenses	26,870,375.76	30,732,717.78
Administrative expenses	42,789,316.00	40,783,750.57
Finance costs	-2,058,233.97	-5,054,282.87
Asset impairment loss	5,149,292.07	13,554,474.75
Add: Profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	1,590,796.01	3,987,809.68
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	24,144,239.78	45,041,815.20
Add: Non-operating revenue	3,378,070.25	3,706,277.10
Including: Profit on disposal of non-current assets	6,504.85	
Less: Non-operating expense	2,636,463.10	3,411,848.65
Including: Loss on disposal of non-current assets	147,330.43	
4. Total profit (“-” means loss)	24,885,846.93	45,336,243.65
Less: Corporate income tax	4,661,917.24	8,577,332.74
5. Net profit (“-” means loss)	20,223,929.69	36,758,910.91
Net profit attributable to owners of the Company	20,090,608.28	36,184,587.95
Minority interests’ income	133,321.41	574,322.96
6. Other comprehensive income net of tax	320,237,050.00	-192,578,275.00
Other comprehensive income net of tax attributable to owners of the Company	320,237,050.00	-192,578,275.00

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	320,237,050.00	-192,578,275.00
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	320,237,050.00	-192,578,275.00
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		
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	340,460,979.69	-155,819,364.09
Attributable to owners of the Company	340,327,658.28	-156,393,687.05
Attributable to minority interests	133,321.41	574,322.96
8. Earnings per share		
8.1 Basic earnings per share	0.04	0.06
8.2 Diluted earnings per share	0.04	0.06

Legal representative: Shi Xinkun

Chief of the accounting work: Zhang Xin

Chief of the accounting organ: Jiang He

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

Unit: RMB

Item	July-September 2016	July-September 2015
1. Operating revenues	599,271,501.38	817,184,146.88
Less: Operating costs	508,435,908.29	705,546,162.78
Business tax and surtaxes	1,285,307.03	366,089.65
Selling expenses	24,541,083.94	25,077,177.08
Administrative expenses	39,285,195.41	37,405,232.36
Finance costs	-2,178,342.93	-5,340,820.47
Asset impairment loss	5,073,416.96	13,554,474.75
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	1,433,422.80	3,501,904.83
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	24,262,355.48	44,077,735.56
Add: Non-operating revenue	3,245,542.27	3,499,082.46
Including: Profit on disposal of non-current assets	6,504.85	
Less: Non-operating expense	2,636,463.10	3,362,572.28
Including: Loss on disposal of non-current assets	147,330.43	
3. Total profit (“-” means loss)	24,871,434.65	44,214,245.74
Less: Corporate income tax	4,537,787.81	8,206,775.79
4. Net profit (“-” means loss)	20,333,646.84	36,007,469.95
5. Other comprehensive income net of tax	320,237,050.00	-192,578,275.00
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	320,237,050.00	-192,578,275.00
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	320,237,050.00	-192,578,275.00
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	340,570,696.84	-156,570,805.05
7. Earnings per share		
7.1 Basic earnings per share	0.04	0.06
7.2 Diluted earnings per share	0.04	0.06

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

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	1,768,843,582.34	2,175,169,209.66
Including: Sales income	1,768,843,582.34	2,175,169,209.66
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	1,712,694,317.75	2,094,126,375.43
Including: Cost of sales	1,492,994,650.79	1,872,711,948.61
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	3,495,808.07	2,843,809.77
Selling expenses	86,388,850.36	88,791,816.70
Administrative expenses	121,277,931.70	125,184,774.75
Finance costs	-6,869,369.26	-11,727,986.61
Asset impairment loss	15,406,446.09	16,322,012.21
Add: Profit on fair value changes (“-” means loss)		0.00
Return on investment (“-” means loss)	3,491,931.65	8,888,413.12
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	59,641,196.24	89,931,247.35
Add: Non-operating revenue	14,014,264.30	7,370,389.00
Including: Profit on disposal of non-current assets	6,119,622.06	106,674.56
Less: Non-operating expense	6,784,303.82	6,244,506.81
Including: Loss on disposal of non-current assets	179,739.42	14,758.29
4. Total profit (“-” means loss)	66,871,156.72	91,057,129.54

Less: Corporate income tax	11,243,665.36	16,080,776.07
5. Net profit (“-” means loss)	55,627,491.36	74,976,353.47
Net profit attributable to owners of the Company	55,108,750.64	73,747,987.13
Minority interests’ income	518,740.72	1,228,366.34
6. Other comprehensive income net of tax	270,475,500.00	-34,647,000.00
Other comprehensive income net of tax attributable to owners of the Company	270,475,500.00	-34,647,000.00
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	270,475,500.00	-34,647,000.00
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	270,475,500.00	-34,647,000.00
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		
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests		
7. Total comprehensive income	326,102,991.36	40,329,353.47
Attributable to owners of the Company	325,584,250.64	39,100,987.13
Attributable to minority interests	518,740.72	1,228,366.34
8. Earnings per share		
8.1 Basic earnings per share	0.10	0.13
8.2 Diluted earnings per share	0.10	0.13

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

Unit: RMB

Item	January-September 2016	January-September 2015
1. Operating revenues	1,762,967,830.04	2,188,415,911.23
Less: Operating costs	1,508,621,223.35	1,905,887,198.60
Business tax and surtaxes	2,948,488.79	2,458,335.46
Selling expenses	79,839,342.39	80,828,891.79
Administrative expenses	109,216,619.09	114,270,739.10
Finance costs	-7,536,817.79	-12,780,416.48
Asset impairment loss	15,182,514.35	16,322,012.21
Add: profit on fair value changes (“-” means loss)		
Return on investment (“-” means loss)	2,618,686.92	7,011,777.30
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	57,315,146.78	88,440,927.85
Add: Non-operating revenue	13,149,831.83	6,551,363.13
Including: Profit on disposal of non-current assets	6,119,622.06	106,674.56
Less: Non-operating expense	6,684,303.82	6,162,644.65
Including: Loss on disposal of non-current assets	179,739.42	14,758.29
3. Total profit (“-” means loss)	63,780,674.79	88,829,646.33
Less: Corporate income tax	10,837,520.79	15,254,623.61
4. Net profit (“-” means loss)	52,943,154.00	73,575,022.72
5. Other comprehensive income net of tax	270,475,500.00	-34,647,000.00
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	270,475,500.00	-34,647,000.00
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	270,475,500.00	-34,647,000.00
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	323,418,654.00	38,928,022.72
7. Earnings per share		
7.1 Basic earnings per share	0.10	0.13
7.2 Diluted earnings per share	0.10	0.13

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

Unit: RMB

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,878,758,216.61	1,984,543,237.07
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	25,451,713.41	17,902,474.19
Cash received from other operating activities	13,809,723.65	12,526,725.39
Subtotal of cash inflows from operating activities	1,918,019,653.67	2,014,972,436.65
Cash paid for goods and services	1,484,652,767.18	1,573,265,648.42
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	245,376,567.76	228,131,676.49
Taxes and surtaxes paid	58,392,898.88	59,653,475.56
Cash paid for other operating activities	58,436,098.01	58,277,552.71
Subtotal of cash outflows from operating activities	1,846,858,331.83	1,919,328,353.18
Net cash flows from operating activities	71,161,321.84	95,644,083.47
2. Cash flows from investing activities:		
Cash received from retraction of investments	38,000,000.00	2,109,642.19
Cash received as return on investments	3,654,493.73	7,782,737.77
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	29,140.00	283,604.57
Net cash received from disposal of subsidiaries or other business units		0.00
Cash received from other investing activities		0.00
Subtotal of cash inflows from investing activities	41,683,633.73	10,175,984.53
Cash paid to acquire fixed assets, intangible assets and other long-term assets	56,932,317.04	46,939,756.27
Cash paid for investment		20,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		0.00
Cash paid for other investing activities	26,000,000.00	23,000,000.00
Subtotal of cash outflows from investing activities	82,932,317.04	89,939,756.27
Net cash flows from investing activities	-41,248,683.31	-79,763,771.74
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	8,000,000.00	12,000,000.00
Cash received from issuance of bonds		
Cash received from other financing activities		4,046.87
Subtotal of cash inflows from financing activities	8,000,000.00	12,004,046.87
Repayment of borrowings	17,000,000.00	20,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	13,454,068.45	12,344,836.73
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities		
Sub-total of cash outflows from financing activities	30,454,068.45	32,344,836.73
Net cash flows from financing activities	-22,454,068.45	-20,340,789.86
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	7,458,570.08	-4,460,478.13

Add: Opening balance of cash and cash equivalents	526,716,238.21	464,761,820.50
6. Closing balance of cash and cash equivalents	534,174,808.29	460,301,342.37

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

Unit: RMB

Item	January-September 2016	January-September 2015
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,741,441,987.77	2,000,329,758.45
Tax refunds received	25,451,713.41	17,902,474.19
Cash received from other operating activities	11,815,279.64	10,273,377.45
Subtotal of cash inflows from operating activities	1,778,708,980.82	2,028,505,610.09
Cash paid for goods and services	1,394,962,034.09	1,621,637,795.69
Cash paid to and for employees	220,651,723.97	204,419,916.17
Taxes and surtaxes paid	51,852,861.28	55,166,479.12
Cash paid for other operating activities	54,891,634.27	55,229,062.40
Subtotal of cash outflows from operating activities	1,722,358,253.61	1,936,453,253.38
Net cash flows from operating activities	56,350,727.21	92,052,356.71
2. Cash flows from investing activities:		
Cash received from retraction of investments	20,000,000.00	
Cash received as return on investments	3,037,250.00	6,740,101.95
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	29,140.00	106,674.57
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	23,066,390.00	6,846,776.52
Cash paid to acquire fixed assets, intangible assets and other long-term assets	54,711,256.90	44,666,156.27
Cash paid for investment		20,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	54,711,256.90	64,666,156.27
Net cash flows from investing activities	-31,644,866.90	-57,819,379.75
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings		
Cash received from issuance of bonds		

Cash received from other financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	12,911,609.50	11,227,486.52
Cash paid for other financing activities		0.00
Sub-total of cash outflows from financing activities	12,911,609.50	11,227,486.52
Net cash flows from financing activities	-12,911,609.50	-11,227,486.52
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	11,794,250.81	23,005,490.44
Add: Opening balance of cash and cash equivalents	503,933,918.79	430,758,675.98
6. Closing balance of cash and cash equivalents	515,728,169.60	453,764,166.42

## II Auditor's report

Is this Report audited?

Yes  No

This Report is unaudited.