

# **WUXI LITTLE SWAN COMPANY LIMITED**

## **FIRST QUARTER REPORT 2017**



**April 2017**

## **Section I Important Statements**

**The board of directors (the “Board”), the supervisory board (the “Supervisory Board”), as well as the directors, supervisors and senior executive officers of Wuxi Little Swan Company Limited (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions 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 statements carried in this Report are factual, accurate and complete.**

**This Report and its abstract have 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 Company Profile

### I Key financial results

Indicate by tick mark whether the Company retroactively restated any of its accounting data due to changes of accounting policies or correction of accounting errors.

Yes  No

	January-March 2017	January-March 2016	+/-%
Operating revenues (RMB)	5,690,391,543.42	4,239,779,074.70	34.21%
Net profit attributable to shareholders of the Company (RMB)	397,203,444.77	317,052,211.46	25.28%
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	395,282,206.35	311,794,446.12	26.78%
Net cash flows from operating activities (RMB)	-168,999,611.82	573,548,265.90	-129.47%
Basic earnings per share (RMB/share)	0.63	0.50	26.00%
Diluted earnings per share (RMB/share)	0.63	0.50	26.00%
Weighted average return on equity (%)	6.44%	6.00%	0.44%
	March 31, 2017	December 31, 2016	+/-%
Total assets (RMB)	18,402,498,665.09	18,885,986,837.64	-2.56%
Net assets attributable to shareholders of the Company (RMB)	6,366,107,331.36	5,983,847,862.72	6.39%

Exceptional profit/loss

Applicable  Not applicable

Unit: RMB

Item	January-March 2017	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	354,558.14	
Government subsidies charged to the profit/loss for this 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)	1,551,286.69	
Non-operating income and expense other than the above	845,031.51	
Less: Corporate income tax	412,631.45	
Minority interests (after tax)	417,006.47	

Total	1,921,238.42	--
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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 this Reporting Period.

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

### 1. Numbers of common shareholders and preference shareholders with resumed voting rights, as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end	17,346	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0			
Top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	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	3.54%	22,389,551			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	3.34%	21,097,464			
GREENWOODS CHINA ALPHA MASTER FUND	Foreign corporation	2.82%	17,846,794			
FINANCE BUREAU OF WUXI	State-owned corporation	2.70%	17,054,071			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	Domestic non-state-owned corporation	2.21%	14,007,456			

CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	State-owned corporation	1.61%	10,156,300			
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign corporation	1.44%	9,103,818			
BILL & MELINDA GATES FOUNDATION TRUST	Foreign corporation	1.03%	6,537,874			
Top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares				
		Type	Number			
MIDEA GROUP CO., LTD.	238,948,117	RMB common share				
TITONI INVESTMENTS DEVELOPMENT LTD.	94,204,942	Domestically listed foreign share				
GAOLING FUND,L.P.	22,389,551	Domestically listed foreign share				
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	21,097,464	RMB common share				
GREENWOODS CHINA ALPHA MASTER FUND	17,846,794	Domestically listed foreign share				
FINANCE BUREAU OF WUXI	17,054,071	RMB common share				
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	14,007,456	RMB common share				
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	10,156,300	RMB common share				
HONG KONG SECURITIES CLEARING COMPANY LTD.	9,103,818	RMB common share				
BILL & MELINDA GATES FOUNDATION TRUST	6,537,874	RMB common share				
Related or acting-in-concert parties among the shareholders above	MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.					
Top ten common shareholders conducting securities margin trading (if any)	N/A					

Indicate by tick mark whether any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conducted any promissory repo during this Reporting Period.

Yea  No

No such cases in this Reporting Period.

## 2. Total number of preference shareholders and shareholdings of the top ten of them

Applicable  Not applicable

## Section III Significant Events

### I Changes in the key financial results of this Reporting Period, as well as the reasons for such changes

Unit: RMB Ten Thousand Yuan

Item	March 31, 2017	December 31, 2016	+/-	+/-%	Note
Other accounts receivable	1,632.28	2,369.39	-737.11	-31%	Decreased non-operating suspense payments
Other non-current assets	5,371.78	2,565.58	2,806.20	109%	Increased prepayments for molds
Short-term borrowings	12,345.51	18,381.31	-6,035.80	-33%	Decreased factoring financing
Accounts received in advance	166,229.46	301,434.78	-135,205.32	-45%	Due to the sales cycle
Payroll payable	19,504.65	28,859.22	-9,354.56	-32%	The performance bonuses for the year 2016 had been paid
Other comprehensive income	4,446.89	7,075.75	-2,628.86	-37%	Bank's wealth management products were undue
Item	January-March 2017	January-March 2016	+/-	+/-%	Note
Operating revenues	569,039.15	423,977.91	145,061.24	34%	The sales volume increased
Operating costs	422,870.75	304,729.46	118,141.29	39%	The sales revenue increased
Selling expenses	86,230.08	63,139.65	23,090.43	37%	The sales volume increased
Finance cost	-1,840.06	-3,069.37	1,229.31	-40%	The interest income on deposits decreased
Asset impairment loss	-372.09	1,803.01	-2,175.10	-121%	Inventory falling price provisions were written off
Investment income	10,318.76	2,728.33	7,590.43	278%	Increased income from due bank's wealth management products
Non-operating revenues	1,277.31	768.45	508.86	66%	Increased governmental subsidies
Non-operating expense	33.11	229.33	-196.22	-86%	Decreased loss on disposal of waste fixed assets

Net cash flows from operating activities	-16,899.96	57,354.83	-74,254.79	-129%	Decreased accounts received in advance and increased cash payments for goods and services
Net cash flows from investing activities	-3,112.29	-120,661.14	117,548.85	97%	Smaller increment in investment in bank's wealth management products
Net cash flows from financing activities	-6,035.80	0.00	-6,035.80	-100%	Repayment of short-term borrowings

## II Progress of significant events and their influence and solutions

Applicable  Not applicable

## III Overdue commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers in this Reporting Period or ongoing at the period-end

Commitment	Commitment maker	Type of commitment	Contents	Date of commitment making	Period 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.	02/28/2008	Long-standing	Ongoing
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	12/01/2010, 06/06/2014	Long-standing	Ongoing

			<p>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 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.</p>			
	Controlling shareholder and actual controller	Commitment on regulation of related-party transactions	<p>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</p>	12/01/2010, 06/06/2014	Long-standing	Ongoing



			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 debarb 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.			
	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.	12/01/2010, 06/06/2014	Long-standing	Ongoing
	Controlling shareholder	Commitment on related-party deposits and borrowings	4. As for the commitment on related-party deposits and borrowings, up to April 8, 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	12/01/2010	Long-standing	Ongoing

			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..			
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.	12/01/2010	Long-standing	Ongoing
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 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	12/01/2010	The use right of the “Royalstar” trademark detailed in (2) expired on March 31, 2013 and was not renewed. And the other commitment continues.	Ongoing

			<p>“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.</p>			
	Controlling shareholder	Commitment on social security payment and tax risks	<p>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</p>	12/01/2010	Long-standing	Ongoing

			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.			
	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 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.	03/18/2015	Three years	Ongoing
Commitments made in time of asset restructuring						
Commitments made in time of IPO or refinancing						
Stock ownership incentive commitments						
Other commitments made to Minority interests						
Executed on time or not	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	N/A					

#### IV Operating result forecast for January-June 2017

Warning of a forecast deficit or considerable YoY change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation of why:

Applicable  Not applicable

**V Securities investments**

Applicable  Not applicable

No such cases in the Reporting Period.

**VI Investments in derivative financial instruments**

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

**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 by the controlling shareholder or its related parties for non-operating purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

## Section IV Financial Statements

### I Financial statements

#### 1. Consolidated balance sheet

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	4,181,117,303.03	4,272,077,211.11
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable	1,478,890,302.67	1,297,609,202.29
Accounts receivable	1,400,073,560.81	1,465,654,497.90
Accounts paid in advance	133,343,509.48	131,513,792.18
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	31,844,191.18	26,755,807.07
Dividends receivable		
Other accounts receivable	16,322,824.31	23,693,886.54
Financial assets purchased under agreements to resell		
Inventories	1,252,235,093.98	1,724,837,944.69
Assets held for sale		
Non-current assets due within one year		
Other current assets	8,264,728,111.43	8,385,724,282.16
Total current assets	16,758,554,896.89	17,327,866,623.94
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	63,891,876.25	64,854,903.25
Fixed assets	979,174,930.68	970,859,291.03
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	190,973,951.44	192,283,486.15
R&D expenses		
Goodwill		
Long-term deferred expenses	4,477,822.34	4,387,728.14
Deferred tax assets	351,507,376.69	299,879,029.23
Other non-current assets	53,717,810.80	25,655,775.90
Total non-current assets	1,643,943,768.20	1,558,120,213.70
Total assets	18,402,498,665.09	18,885,986,837.64
Current liabilities:		
Short-term borrowings	123,455,086.90	183,813,064.12
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	2,812,341,286.89	2,620,549,815.47
Accounts payable	3,283,950,717.98	3,335,089,672.06
Accounts received in advance	1,662,294,599.30	3,014,347,762.24
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	195,046,514.35	288,592,163.29
Taxes payable	486,228,300.38	412,238,029.96
Interest payable		
Dividends payable	7,150,684.06	7,150,684.06
Other accounts payable	214,809,660.69	199,926,402.04
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	2,220,797,766.56	1,844,413,154.26
Total current liabilities	11,006,074,617.11	11,906,120,747.50
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	15,511,381.91	16,101,348.60
Special payables		
Provisions	1,727,340.89	1,727,340.89
Deferred income	2,829,033.24	2,942,333.25
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	20,067,756.04	20,771,022.74
Total liabilities	11,026,142,373.15	11,926,891,770.24
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,202,834,758.89	1,191,490,133.01
Less: Treasury shares		
Other comprehensive income	44,468,922.57	70,757,524.61
Special reserve		
Surplus reserve	332,594,722.29	332,594,722.29
Provisions for general risks		
Retained earnings	4,153,721,163.61	3,756,517,718.81
Equity attributable to owners of the Company	6,366,107,331.36	5,983,847,862.72



Minority interests	1,010,248,960.58	975,247,204.68
Total owners' equity	7,376,356,291.94	6,959,095,067.40
Total liabilities and owners' equity	18,402,498,665.09	18,885,986,837.64

## 2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,392,057,674.52	2,397,428,457.92
Financial assets at fair value through profit/loss		
Derivative financial assets		
Notes receivable	1,167,769,362.91	1,088,559,252.21
Accounts receivable	2,703,374,457.44	2,310,254,576.98
Accounts paid in advance	91,519,964.89	89,477,823.29
Interest receivable	23,257,010.49	18,798,031.69
Dividends receivable		
Other accounts receivable	11,244,547.08	16,176,106.89
Inventories	795,962,784.83	1,068,494,123.28
Assets held for sale		
Non-current assets due within one year		
Other current assets	4,886,453,220.85	4,965,682,855.69
Total current assets	12,071,639,023.01	11,954,871,227.95
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	1,375,785,041.57	1,375,785,041.57
Investment property	7,457,569.02	7,546,955.16
Fixed assets	508,411,436.85	490,047,802.72
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	91,918,592.57	92,591,167.64

R&D expenses		
Goodwill		
Long-term deferred expenses	2,182,777.60	1,817,228.83
Deferred tax assets	235,361,232.00	197,091,251.29
Other non-current assets	31,229,500.20	18,313,858.80
Total non-current assets	2,252,496,149.81	2,183,343,306.01
Total assets	14,324,135,172.82	14,138,214,533.96
Current liabilities:		
Short-term borrowings	79,489,819.18	123,943,093.80
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable	1,889,791,518.86	1,508,017,904.49
Accounts payable	4,144,096,482.16	3,913,090,507.89
Accounts received in advance	966,664,635.76	1,854,711,663.46
Payroll payable	145,780,276.01	216,530,836.37
Taxes payable	329,229,818.80	249,034,768.38
Interest payable		
Dividends payable	7,150,684.06	7,150,684.06
Other accounts payable	132,711,123.11	143,124,857.82
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	1,428,776,934.56	1,173,641,937.69
Total current liabilities	9,123,691,292.50	9,189,246,253.96
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		
Deferred tax liabilities		

Other non-current liabilities		
Total non-current liabilities		
Total liabilities	9,123,691,292.50	9,189,246,253.96
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,361,027,672.05	1,350,656,531.65
Less: Treasury shares		
Other comprehensive income	27,861,473.36	37,515,343.84
Special reserve		
Surplus reserve	319,944,578.39	319,944,578.39
Retained earnings	2,859,122,392.52	2,608,364,062.12
Total owners' equity	5,200,443,880.32	4,948,968,280.00
Total liabilities and owners' equity	14,324,135,172.82	14,138,214,533.96

### 3. Consolidated income statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	5,690,391,543.42	4,239,779,074.70
Including: Sales income	5,690,391,543.42	4,239,779,074.70
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	5,288,019,742.72	3,845,333,762.02
Including: Cost of sales	4,228,707,468.84	3,047,294,578.28
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	29,239,701.58	25,562,733.25

Selling expenses	862,300,832.44	631,396,475.18
Administrative expenses	189,893,301.82	153,743,559.27
Finance costs	-18,400,643.85	-30,693,728.10
Asset impairment loss	-3,720,918.11	18,030,144.14
Add: Profit on fair value changes (“-” means loss)		
Investment income (“-” means loss)	103,187,613.01	27,283,315.31
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	505,559,413.71	421,728,627.99
Add: Non-operating income	12,773,084.59	7,684,539.49
Including: Profit on disposal of non-current assets	378,918.14	99,572.65
Less: Non-operating expense	331,135.41	2,293,319.12
Including: Loss on disposal of non-current assets	24,360.00	
4. Total profit (“-” means loss)	518,001,362.89	427,119,848.36
Less: Corporate income tax	79,585,643.44	66,073,486.70
5. Net profit (“-” means loss)	438,415,719.45	361,046,361.66
Net profit attributable to owners of the Company	397,203,444.77	317,052,211.46
Minority interests’ income	41,212,274.68	43,994,150.20
6. Other comprehensive income net of tax	-32,896,936.37	12,551,896.48
Other comprehensive income net of tax attributable to owners of the Company	-26,288,602.05	11,324,431.84
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	-26,288,602.05	11,324,431.84
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	-26,287,126.90	11,325,961.79
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	-1,475.15	-1,529.95
6.2.6 Other		

Other comprehensive income net of tax attributable to minority interests	-6,608,334.32	1,227,464.64
7. Total comprehensive income	405,518,783.08	373,598,258.14
Attributable to owners of the Company	370,914,842.72	328,376,643.30
Attributable to minority interests	34,603,940.36	45,221,614.84
8. Earnings per share		
8.1 Basic earnings per share	0.63	0.50
8.2 Diluted earnings per share	0.63	0.50

#### 4. Income statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	4,189,686,640.88	3,090,853,563.00
Less: Operating costs	3,213,206,584.63	2,259,939,915.08
Taxes and surtaxes	19,175,030.95	19,651,012.59
Selling expenses	559,809,986.80	481,965,327.52
Administrative expenses	164,027,140.24	125,466,388.65
Finance costs	-16,399,560.75	-25,425,553.41
Asset impairment loss	-1,435,675.97	13,164,671.57
Add: profit on fair value changes (“-” means loss)		
Investment income (“-” means loss)	44,422,835.24	7,682,222.22
Including: Share of profit/loss of associates and joint ventures		
2. Operating profit (“-” means loss)	295,725,970.22	223,774,023.21
Add: Non-operating income	1,412,826.87	2,209,315.20
Including: Profit on disposal of non-current assets	56,502.60	99,572.65
Less: Non-operating expense	298,795.41	1,374,415.91
Including: Loss on disposal of non-current assets		
3. Total profit (“-” means loss)	296,840,001.68	224,608,922.50
Less: Corporate income tax	46,081,671.31	34,660,291.98
4. Net profit (“-” means loss)	250,758,330.37	189,948,630.52
5. Other comprehensive income net of tax	-9,653,870.47	8,512,924.14
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	-9,653,870.47	8,512,924.14
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	-9,653,870.47	8,512,924.14
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	241,104,459.90	198,461,554.66
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,956,810,503.02	3,078,123,735.58
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	16,580,287.82	
Cash received from other operating activities	21,257,432.18	29,195,276.02
Subtotal of cash inflows from operating activities	3,994,648,223.02	3,107,319,011.60
Cash paid for goods and services	2,973,752,966.09	1,460,899,639.17
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	368,240,959.82	298,371,022.35
Taxes paid	173,229,722.56	226,899,499.05
Cash paid for other operating activities	648,424,186.37	547,600,585.13
Subtotal of cash outflows due to operating activities	4,163,647,834.84	2,533,770,745.70
Net cash flows from operating activities	-168,999,611.82	573,548,265.90
2. Cash flows from investing activities:		
Cash received from retraction of investments	1,535,000,000.00	1,895,000,000.00
Cash received as investment income	103,187,613.01	27,283,315.31
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	425,120.74	116,500.00
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	14,223,931.51	20,632,286.64
Subtotal of cash inflows from investing activities	1,652,836,665.26	1,943,032,101.95
Cash paid to acquire fixed assets, intangible assets and other long-term assets	53,959,515.98	3,643,548.60
Cash paid for investment	1,630,000,000.00	3,146,000,000.00
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 due to investing activities	1,683,959,515.98	3,149,643,548.60
Net cash flows from investing activities	-31,122,850.72	-1,206,611,446.65
3. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
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	60,357,981.22	

Cash paid for interest expenses and distribution of dividends or profit		
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities		
Sub-total of cash outflows due to financing activities	60,357,981.22	
Net cash flows from financing activities	-60,357,981.22	
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-260,480,443.76	-633,063,180.75
Add: Opening balance of cash and cash equivalents	4,171,689,917.21	2,792,685,328.69
6. Closing balance of cash and cash equivalents	3,911,209,473.45	2,159,622,147.94

## 6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,642,335,799.19	1,884,113,725.72
Tax refunds received		
Cash received from other operating activities	8,534,729.25	17,939,349.96
Subtotal of cash inflows from operating activities	2,650,870,528.44	1,902,053,075.68
Cash paid for goods and services	1,837,967,509.35	1,162,262,194.02
Cash paid to and for employees	270,566,541.10	212,137,786.99
Taxes paid	90,098,052.42	155,701,868.69
Cash paid for other operating activities	451,445,149.64	417,610,973.90
Subtotal of cash outflows due to operating activities	2,650,077,252.51	1,947,712,823.60
Net cash flows from operating activities	793,275.93	-45,659,747.92
2. Cash flows from investing activities:		
Cash received from retraction of investments	885,000,000.00	1,000,000,000.00
Cash received as investment income	44,422,835.24	7,682,222.22
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	105,897.44	116,500.00
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	11,123,931.51	15,104,692.20
Subtotal of cash inflows from investing activities	940,652,664.19	1,022,903,414.42
Cash paid to acquire fixed assets, intangible assets and other long-term assets	26,323,172.01	1,142,846.70



Cash paid for investment	910,000,000.00	1,586,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Subtotal of cash outflows due to investing activities	936,323,172.01	1,587,142,846.70
Net cash flows from investing activities	4,329,492.18	-564,239,432.28
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	44,453,274.62	
Cash paid for interest expenses and distribution of dividends or profit		
Cash paid for other financing activities		
Sub-total of cash outflows due to financing activities	44,453,274.62	
Net cash flows from financing activities	-44,453,274.62	
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-39,330,506.51	-609,899,180.20
Add: Opening balance of cash and cash equivalents	2,353,708,554.75	1,866,443,114.64
6. Closing balance of cash and cash equivalents	2,314,378,048.24	1,256,543,934.44

## II Auditor's report

Is this Report audited?

Yes  No

This Report is not audited.

Wuxi Little Swan Company Limited

Legal representative: Fang Hongbo

April 22, 2017