

China Fangda Group Co., Ltd.

2018 Third Quarter Report

October 2018

I Important Statement

The members of the Board and the Company guarantee that the quarterly report is free from any false information, misleading statement or material omission and are jointly and severally liable for the information's truthfulness, accuracy and integrity.

All the Directors have attended the meeting of the board meeting at which this report was examined.

Mr. Xiong Jianming, the Chairman of Board, Mr. Lin Kebin, the Chief Financial Officer, and Mr. Wu Bohua, the manager of accounting department declare: the Financial Report carried in this report is authentic and completed.

II. General Information

1. Financial Highlight

Whether the Company needs to make retroactive adjustment or restatement of financial data of previous years

☐ Yes ☒ No

	End of the report period		End of last year		Year-on-year change	
Total asset (RMB)	7,654,060,898.26		7,625,422,688.63		0.38%	
Net profit attributable to the shareholders of the listed company (RMB)	3,281,935,462.95		3,238,939,202.18		1.33%	
	This report period	Year-on-year change (%)	Between beginning of the year to the end of the report period		Change from the same period last year	
Turnover (yuan)	793,250,321.93	21.47%	2,235,301,218.46		8.89%	
Net profit attributable to shareholders of the listed company (yuan)	91,338,344.89	-31.44%	321,470,008.08		-11.00%	
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	85,861,046.88	-32.65%	295,566,165.22		-14.57%	
Net cash flow generated by business operation (RMB)	--	--	112,612,558.74		-71.44%	
Basic earnings per share (yuan/share)	0.08	-27.27%	0.28		-9.68%	
Diluted Earnings per share (yuan/share)	0.08	-27.27%	0.28		-9.68%	
Weighted average net income/asset ratio	2.77%	-50.54%	9.77%		-34.47%	

Accidental gain/loss item and amount

☒ Applicable ☐ Inapplicable

In RMB

Item	Amount from beginning of the year to the end of the report period	Notes
Non-current asset disposal gain/loss (including the write-off part)	-3,552,086.89	

for which assets impairment provision is made)		
Subsidies accounted into the current income account (except the government subsidy closely related to the enterprise's business and based on unified national standard quota)	3,985,078.03	
Capital using expense charged to non-financial enterprises and accounted into the current income account	204,402.52	
Gain from entrusted investment or assets management	58,741,769.45	
Gain/loss from change of fair value of transactional financial asset and liabilities, and investment gains from disposal of transactional financial assets and liabilities and sellable financial assets, other than valid period value instruments related to the Company's common businesses	-34,002,548.25	
Influence of one-off adjustment of the current gain/loss according to requirement of tax and accounting laws and regulation on the current gain/loss.	-323,794.00	
Other non-business income and expenditures other than the above	6,888,844.70	
Less: Influenced amount of income tax	6,037,822.70	
Total	25,903,842.86	--

Explanation statement should be made for accidental gain/loss items defined and accidental gain/loss items defined as regular gain/loss items according to the Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss mentioned.

☐ Applicable ☒ Inapplicable

No circumstance that should be defined as recurrent profit and loss according to *Explanation Announcement of Information Disclosure No. 1 - Non-recurring gain/loss* occurs in the report period.

2. Total number of shareholders and shareholding of top 10 shareholders by the end of the report period

1. Ordinary shareholders, preference shareholders with resumed voting rights and top 10 shareholders

In share

Number of shareholders of common shares at the end of the report period		62,786	Number of shareholders of preferred stocks of which voting rights recovered in the report period (if any)		0	
Top 10 Shareholders						
Shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Conditional shares	Pledging or freezing	
					Share status	Amount
Shenzhen Banglin	Domestic non-state legal	9.80%	113,202,154	0	Pledged	31,540,000

Technologies Development Co., Ltd.	person					
Shengjiu Investment Ltd.	Foreign legal person	8.07%	93,202,238	0		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	2.62%	30,331,243	0		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.32%	26,791,488	0		
Fang Wei	Domestic natural person	1.77%	20,446,537	0		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.61%	18,641,097	0		
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	Others	0.90%	10,361,804	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.69%	7,946,483	0		
Yunnan International Trust CO., Ltd. – Yunxia No.3 Collective Fund Trust Program	Others	0.63%	7,270,314	0		
SUN HUNG KAI INVESTMENT	Foreign legal	0.63%	7,269,002	0		

SERVICES LTD	person					
Top 10 holders of unconditional shares						
Shareholder	Amount of shares without sales restriction	Category of shares				
		Category of shares	Amount			
Shenzhen Banglin Technologies Development Co., Ltd.	113,202,154	RMB common shares	113,202,154			
Shengjiu Investment Ltd.	93,202,238	Foreign shares listed in domestic exchanges	93,202,238			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	30,331,243	Foreign shares listed in domestic exchanges	30,331,243			
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	26,791,488	RMB common shares	26,791,488			
Fang Wei	20,446,537	RMB common shares	20,446,537			
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	18,641,097	Foreign shares listed in domestic exchanges	18,641,097			
China Resource SZITIC Trust – China Resource Trust No.13 Collective Trust Program	10,361,804	RMB common shares	10,361,804			
VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,946,483	Foreign shares listed in domestic exchanges	7,946,483			
Yunnan International Trust CO., Ltd. – Yunxia No.3 Collective Fund Trust Program	7,270,314	RMB common shares	7,270,314			
SUN HUNG KAI INVESTMENT SERVICES LTD	7,269,002	Foreign shares listed in domestic exchanges	7,269,002			
Notes to top ten shareholder relationship or "action in concert"	Among the shareholders, Shenzhen Banglin Technology Development Co., Ltd. and Shengjiu Investment Co., Ltd. are parties action-in-concert. Shenzhen Banglin Technology Development Co., Ltd. and Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise are related parties. The Company is not notified of other action-in-concert or related parties among the other holders of current shares.					
Top-10 common share shareholders participating in margin trade (if any)	None					

Agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

☐ Yes ☒ No

No agreed re-purchasing by the Company's top 10 shareholders of common shares and top 10 shareholders of unconditional common shares in the report period

2. Total number of preferred shareholders and shareholding of top 10 preferred shareholders by the end of the report period

☐ Applicable ☒ Inapplicable

III Significant Events

1. Major changes in accounting items and financial data in the report period and reasons

√ Applicable □ Inapplicable

Item	Closing balance (RMB)	Opening balance (RMB)	YOY change (%)	Cause of change
Other current assets	190,251,766.31	439,890,493.06	-56.75%	Decrease in bank financial products
Long-term share equity investment	69,871,054.85	34,142,055.62	104.65%	Increase in investment in joint ventures
Other non-current assets	6,374,713.00	31,130,198.46	-79.52%	Transfer of real estate property that have gone through the transfer procedure into fixed assets
Short-term loans	224,000,000.00	616,000,000.00	-63.64%	Decrease in bank borrowings
Account receivable	243,886,289.04	175,351,686.45	39.08%	Attributable to prepaid engineering payment of new projects
Long-term loans	1,213,400,854.96	893,978,153.39	35.73%	Increase in two-year bank borrowings
Capital reserves	1,454,191.59	72,829,484.96	-98.00%	Attributable to repurchase of shares
Item	Between beginning of the year to the end of the report period (RMB)	Same period last year (RMB)	YOY change (%)	Cause of change
Financial expenses	51,121,831.76	41,975,850.30	21.79%	Increase in loans in H1
Asset impairment loss	13,572,017.23	-48,121,560.56	-128.20%	Change in the accounting estimate of bad debt provision in last year
Gain caused by changes in fair value	-34,326,342.25	2,973,747.00	-1254.31%	Adjustment of fair value of transaction financial assets
Investment income	57,877,044.56	10,861,727.87	432.85%	Mainly attributable to financial products purchased
Net profit	321,470,008.08	360,491,680.00	-10.82%	Mainly attributable to provision of bad debt
Other cash paid for business activities	480,094,332.49	268,199,654.52	79.01%	Mainly due to the increase in various operating margins
Cash received as investment profit	64,596,027.07	13,773,697.27	368.98%	Mainly attributable to investment gains received from financial

				products
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	16,523,904.33	3,540,531.00	366.71%	Proposal of real estate property
Cash paid for construction of fixed assets, intangible assets and other long-term assets	49,609,863.23	33,608,087.17	47.61%	Increase in land use rights
Cash paid to repay debts	780,577,298.43	391,000,000.00	99.64%	Increase in mature bank borrowings

2. Progress of key issues and its impacts and solutions

√ Applicable □ Inapplicable

(1) Report on Repurchase of B-Shares

1. First repurchase in 2018: The Company reviewed and approved the Resolution on the Repurchase of Domestically Listed Foreign Shares (B Shares) of the Company at the 8th meeting of the 8th Board of Directors and the 2017 Annual General Meeting of Shareholders on April 24 2018 and May 15 2018 respectively. From August 13, 2018 to August 16, 2018, the Company spent HKD114,478,923.89 to repurchase 28,160,568 shares of B shares through centralized bidding, and completed the above at China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on August 29, 2018. share repurchase and cancellation procedures. After the cancellation, the Company's total share capital decreased to 1,183,642,254 shares from 1,155,481,686 shares.

2. Second repurchase in 2018: The Company reviewed and approved the Resolution on the Repurchase of Domestically Listed Foreign Shares (B Shares) of the Company at the 10th meeting of the 8th Board of Directors and the first Extraordinary Shareholder Meeting on September 10, 2018 and September 27, 2018 respectively. The Company will use no more than RMB100 million (the actual amount in Hong Kong Dollar will be determined based on the exchange rate of the exchanging date, including exchanging and transaction costs) to repurchase the B shares at the price of no more than HKD4.5/share. Due to the Company's repurchase of B shares, it is necessary to open a special foreign exchange account and make foreign exchange funds to obtain the consent of the relevant departments of the State Administration of Foreign Exchange.

(2) Property Project Development Progress

1. Fangda Town: In the first three quarters of 2018, the Fangda Town project achieved a sales area of 11,462.10 square meters, with a cumulative sales area of 82,023.18 square meters; the commercial investment signing rate reached 86.5%, and plans to start trial operation at the end of October 2018; the second phase of the 1# building has been completed and accepted. It is expected that the planning acceptance will be completed by the end of November. In addition to the Company's own use, the 1# floor has an area of about 70,000 square meters to earn rentals and capital appreciation. Currently, part of the area has been leased and it is expected that there will be rental income starting next year.

2. Nanchang Fenghuangzhou Fangda Center project: The project started construction in May this year. The project covers an area of about 17,000 square meters with a total construction area of about 93,000 square meters. The total construction area is 66,000 square meters. The commercial complex of hotels, apartments and office buildings is planned to be completed and pre-sold at

the end of 2019. The project has been constructed as planned currently.

3. Fangda Bangshen Industrial Park project: The project is located in Fuyong, Bao'an District, Shenzhen. It covers an area of 20,714.9 square meters. The current status is industrial plant. According to the current policy of urban renewal in Bao'an District of Shenzhen, it is planned to serve the (M0+M1) function, which is subject to government approval. The project renewal report for the project is in progress.

4. Shenzhen Henggang Dakanghe renewal project: At the end of September 2018, Shenzhen Zhongrong Litai Investment Co., Ltd., a holding subsidiary of Fangda Real Estate Co., Ltd., a wholly-owned subsidiary of the Company, and Shenzhen Henggang Dakang Co., Ltd. and Shangzhong branch of the Shenzhen Henggang Dakang Co., Ltd. signed a letter of intent for the cooperation of the Dakanghe urban renewal project. The project is located in Dakang Village, Yuanshan Sub-district, Longgang District, Shenzhen, north to Yanhe Road, south to Shanzixia Road, west to Xiaokang Road, and east to Yuying Street. The area to be demolished is about 80,000 square meters. The project is mainly for residential functions and is subject to government approval.

In addition, the Company is also in the process of launching several other key renovation projects in Shenzhen. It is expected that the Company's real estate sales and property leasing will continue to contribute profits to the Company.

Key issue	Date of disclosure	Information source
Announcement on the resolutions of the 8 th meeting of the 8 th Board of Directors and the plan for repurchasing domestically listed foreign shares (B shares)	26.04.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn
Announcement on Resolutions of the General Shareholders' Meeting 2017	16.05.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn
Notice on Canceling Repurchased Shares	31.08.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn
Announcement on the resolutions of the 10 th meeting of the 8 th Board of Directors and the plan for repurchasing domestically listed foreign shares (B shares)	11.09.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn
Resolution of the 1 st Extraordinary Shareholders' Meeting 2018	28.09.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn
Voluntary Disclosure of Information on the Letter of Intent for the Signing of the City Renewal Project by The Company's Subsidiary	12.10.18	<i>China Securities Journal, Shanghai Securities Daily, Securities Times, HKCD</i> (English) and www.cninfo.com.cn

3. Commitments that have not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

☐ Applicable ☒ Inapplicable

There is no commitment that has not been fulfilled by actual controller, shareholders, related parties, acquirers of the Company

4. Forecast of operating performance in 2018

Warning and reasons of possible net loss or substantial change from the last period between the beginning of the year and the end of the next report period

☐ Applicable ☒ Inapplicable

5. Securities investment

☒ Applicable ☐ Inapplicable

Securities	Code	Abbreviation	Initial investment cost	Accounting method	Opening book value	Gain/losses caused by changes in fair value	Accumulative changes in fair value accounting into the income account	Amount purchased in the period	Amount sold in the period	Gain/losses	Closing book value	Accounting item	Capital source
Fund	004223	Jinxinduo Strategy Selected Flexible Portfolio	200,000,000.00	Measurement at fair value	199,998,000.00	-34,002,548.25	0.00	199,998,000.00	0.00	35,707,239.85	165,995,451.75	Transactional financial assets	Self-owned fund
Total			200,000,000.00	--	199,998,000.00	-34,002,548.25	0.00	199,998,000.00	0.00	35,707,239.85	165,995,451.75	--	--
Disclosure date of approval by the Board of Directors of securities investment			07.09.18										
Disclosure date of securities investment approval by the Shareholders' Meeting (if any)			None										

6. Entrusted wealth management

√ Applicable □ Inapplicable

In RMB10,000

Type	Source of fund	Amount	Undue balance	Due balance to be recovered
Bank financial products	Self-owned fund	581,810	11,352	0
Total		581,810	11,352	0

Specific circumstances of high-risk entrusted financing with large individual amount or low security, poor liquidity, and no cost protection

□ Applicable √ Inapplicable

Entrusted financial management expected to fail to recover the principal or likely result in impairment

□ Applicable √ Inapplicable

7. Derivative investment

√ Applicable □ Inapplicable

In RMB10,000

Derivative investment operator	Relationship	Related transaction	Type	Initial amount	Start date	End date	Initial investment amount	Amount in this period	Amount sold in this period	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the closing net assets in the report period	Actual gain/loss in the report period
Shanghai Futures Exchange	None	No	Shanghai aluminum	151.25	26.10.17	31.07.19	151.25	13,741.62	12,842.32		1,050.55	0.32%	-99.51
Total				151.25	--	--	151.25	13,741.62	12,842.32		1,050.55	0.32%	-99.51
Capital source				Self-owned fund									
Lawsuit (if any)				None									
Disclosure date of derivative				31.10.17									

investment approval by the Board of Directors (if any)	
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)	None
Risk analysis and control measures for the derivative holding in the report period (including without limitation market, liquidity, credit, operation and legal risks)	To prevent the risk of fluctuation of raw material prices, the Company adopted the aluminum futures exchanged at the domestic futures exchange to provide hedging for aluminum as a raw material for the Company. The Company has set up and implemented the Provincial Regulations on China Fangda Group Domestic Futures Hedging to prevent risks.
Changes in the market price or fair value of the derivative in the report period, the analysis of the derivative's fair value should disclose the method used and related assumptions and parameters.	Fair value of derivatives are measured at open prices in the futures market
Material changes in the accounting policies and rules related to the derivative in the report period compared to last period	None
Opinions of independent directors on the Company's derivative investment and risk controlling	None

8. Reception of investigations, communications, or interviews in the reporting period

√ Applicable □ Inapplicable

Time/date	Way	Visitor	Disclosure of information
18.07.18	Telephone communication	Individual	Inquiry about approval progress of the B share repurchase
24.07.18	Telephone communication	Individual	Inquiry about the Company's operation condition
06.08.18	Telephone communication	Individual	Inquiry about the progress of the Fangda Town project
17.08.18	Telephone communication	Individual	Inquiry about the B share repurchase
24.08.18	Telephone communication	Individual	Inquiry about the Company's future development strategy
04.09.18	Telephone communication	Individual	Inquiry about the Company's operation condition
12.09.18	Telephone communication	Individual	Inquiry about project bidding

18.09.18	Telephone communication	Individual	Inquiry about the second repurchase of B shares
26.09.18	Telephone communication	Individual	Inquiry about the Company's operation condition in Q3

9. Incompliant external guarantee

☐ Applicable ☒ Inapplicable

The Company made no incompliant external guarantee in the report period.

10. Non-operating capital use by the controlling shareholder or related parties in the reporting term

☐ Applicable ☒ Inapplicable

The controlling shareholder and its affiliates occupied no capital for non-operating purpose of the Company during the report period.

11. Performance of poverty relieving responsibilities

(1) As of the disclosure date of this report, the Company has donated RMB680,000 for the precision poverty alleviation project in 2018, as follows:

1. In order to help the Lianhua County of Pingxiang City, Jiangxi Province to achieve poverty alleviation, the Company donated 500,000 yuan to Pingxiang City Charity Association of Jiangxi Province for the development of lily industry in Shanbei Village, Liushi Township, Lianhua County, and Tianyu Village, Fanglou Town, Lianhua County.
2. The Company donated a photovoltaic poverty alleviation power station to the Dongshui Villagers Committee of Xishan Town Lianping County Guangdong Province with a value of about RMB150,000.
3. Donated RMB30,000 to two students at Jiangxi Ganzhou Zhanggong district Shahe Longcun village.

(2) In addition to the above donation, the Company's follow-up plan for accurate poverty alleviation is RMB2.7 million as follows:

1. In order to improve the education level in poverty-stricken areas, the Company will expand and repair the existing school buildings (originally donated by the company) of Fangda Hope Primary School in Lianbu Town, Nanchang New District. The total donation is about RMB1.2 million.
2. Donate RMB1 million to Shenzhen Nanshan District Charity Association.
3. In the fourth quarter of 2019, the Company will donate RMB500,000 to Pingxiang City Charity Association of Jiangxi Province for the development of lily industry in Shanbei Village, Liushi Township, Lianhua County, and Tianyu Village, Fanglou Town, Lianhua County.

The Company will continue to fulfill its social responsibility for precision poverty alleviation, and make donations from time to time based on business development.

IV Financial Statements

1. Financial statements

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

30.09.18

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	1,008,372,077.31	1,180,398,479.51
Settlement provision		
Outgoing call loan		
Financial assets measured at fair value with variations accounted into current income account	165,995,451.75	
Derivative financial assets		
Receivable notes and accounts receivable	2,142,020,148.72	1,960,008,863.36
Including: receivable notes	59,191,445.40	39,636,437.20
Account receivable	2,082,828,703.32	1,920,372,426.16
Prepayment	55,338,220.09	54,680,269.84
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	89,535,473.67	60,904,672.69
Repurchasing of financial assets		
Inventory	722,087,035.00	819,610,960.67
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	190,251,766.31	439,890,493.06
Total current assets	4,373,600,172.85	4,515,493,739.13
Non-current assets:		

Loan and advancement provided		
Sellable financial assets	28,562,575.67	28,562,575.67
Investment held until mature		
Long-term receivable		
Long-term share equity investment	69,871,054.85	34,142,055.62
Investment real estate	2,366,568,070.17	2,253,794,404.55
Fixed assets	460,150,040.28	468,118,279.18
Construction in process	3,995,443.70	2,668,198.62
Productive biological assets		
Gas & petrol		
Intangible assets	80,953,867.78	58,869,444.53
R&D expense		
Goodwill		
Long-term amortizable expenses	10,551,623.36	2,046,202.29
Deferred income tax assets	253,433,336.60	230,597,590.58
Other non-current assets	6,374,713.00	31,130,198.46
Total of non-current assets	3,280,460,725.41	3,109,928,949.50
Total of assets	7,654,060,898.26	7,625,422,688.63
Current liabilities		
Short-term loans	224,000,000.00	616,000,000.00
Loans from Central Bank		
Deposit received and held for others		
Call loan received		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities	873,025.00	159,000.00
Payable notes and accounts	1,395,368,228.45	1,479,313,284.40
Prepayment received	243,886,289.04	175,351,686.45
Selling of repurchased financial assets		
Fees and commissions payable		
Employees' wage payable	22,039,905.86	40,399,130.75
Taxes payable	115,007,477.94	136,955,516.44
Other payables	619,017,843.11	503,614,822.66
Reinsurance fee payable		

Insurance contract provision		
Entrusted trading of securities		
Entrusted selling of securities		
Liabilities held for sales		
Non-current liabilities due in 1 year	200,000,000.00	200,000,000.00
Other current liabilities	9,070,899.28	9,531,014.81
Total current liabilities	2,829,263,668.68	3,161,324,455.51
Non-current liabilities:		
Long-term loans	1,213,400,854.96	893,978,153.39
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	6,153,757.80	6,368,353.05
Deferred earning	10,493,331.29	10,489,483.94
Deferred income tax liabilities	312,813,822.58	314,323,040.56
Other non-current liabilities		
Total of non-current liabilities	1,542,861,766.63	1,225,159,030.94
Total liabilities	4,372,125,435.31	4,386,483,486.45
Owner's equity:		
Share capital	1,155,481,686.00	1,183,642,254.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	1,454,191.59	72,829,484.96
Less: Shares in stock		
Other miscellaneous income	7,993,054.60	8,585,847.99
Special reserves		
Surplus reserves	109,891,642.20	110,690,396.65
Common risk provisions		
Retained profit	2,007,114,888.56	1,863,191,218.58
Total of owner's equity belong to the parent company	3,281,935,462.95	3,238,939,202.18

Minor shareholders' equity		
Total of owners' equity	3,281,935,462.95	3,238,939,202.18
Total of liabilities and owner's interest	7,654,060,898.26	7,625,422,688.63

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	Closing balance	Opening balance
Current asset:		
Monetary capital	290,288,470.86	310,299,329.68
Financial assets measured at fair value with variations accounted into current income account	66,398,014.70	
Derivative financial assets		
Receivable note and accounts receivable	200,000,000.00	408,154.54
Including: receivable notes	200,000,000.00	
Account receivable		408,154.54
Prepayment	105,517.23	349,740.31
Other receivables	1,142,808,005.45	823,793,780.45
Inventory		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	10,448,688.38	100,176,058.36
Total current assets	1,710,048,696.62	1,235,027,063.34
Non-current assets:		
Sellable financial assets	28,562,575.67	28,562,575.67
Investment held until mature		
Long-term receivable		
Long-term share equity investment	983,339,494.35	925,349,494.35
Investment real estate	307,321,568.00	307,321,568.00
Fixed assets	54,334,157.41	55,816,611.77
Construction in process		
Productive biological assets		

Gas & petrol		
Intangible assets	2,195,142.36	2,293,133.59
R&D expense		
Goodwill		
Long-term amortizable expenses	9,321,312.20	460,000.00
Deferred income tax assets	23,429,841.64	23,409,576.18
Other non-current assets		
Total of non-current assets	1,408,504,091.63	1,343,212,959.56
Total of assets	3,118,552,788.25	2,578,240,022.90
Current liabilities		
Short-term loans	200,000,000.00	250,000,000.00
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Payable notes and accounts	673,941.85	606,941.85
Prepayment received	693,045.60	721,888.86
Employees' wage payable	966,155.33	2,151,237.91
Taxes payable	1,151,777.67	11,721,681.36
Other payables	675,206,700.81	287,972,808.37
Liabilities held for sales		
Non-current liabilities due in 1 year		
Other current liabilities		
Total current liabilities	878,691,621.26	553,174,558.35
Non-current liabilities:		
Long-term loans	500,000,000.00	
Bond payable		
Including: preferred stock		
Perpetual bond		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	63,713,846.42	63,864,007.22
Other non-current liabilities		

Total of non-current liabilities	563,713,846.42	63,864,007.22
Total liabilities	1,442,405,467.68	617,038,565.57
Owner's equity:		
Share capital	1,155,481,686.00	1,183,642,254.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	360,835.52	71,736,128.89
Less: Shares in stock		
Other miscellaneous income	8,756,553.46	8,756,553.46
Special reserves		
Surplus reserves	109,891,642.20	110,690,396.65
Retained profit	401,656,603.39	586,376,124.33
Total of owners' equity	1,676,147,320.57	1,961,201,457.33
Total of liabilities and owner's interest	3,118,552,788.25	2,578,240,022.90

3. Consolidated Income Statement of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Total revenue	793,250,321.93	653,038,212.34
Incl. Business income	793,250,321.93	653,038,212.34
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	686,317,916.32	527,570,947.26
Incl. Business cost	568,150,146.71	469,496,033.48
Interest expense		
Fee and commission paid		
Insurance discharge payment		
Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend		

paid		
Reinsurance expenses		
Taxes and surcharges	37,823,332.32	27,720,396.62
Sales expense	10,702,477.61	16,873,111.63
Administrative expense	37,002,879.24	35,616,297.32
R&D cost	3,572,516.18	5,291,541.42
Financial expenses	17,349,510.08	16,078,535.41
Including: interest cost	25,702,800.18	15,564,921.17
Interest income	-3,207,162.41	-1,380,729.08
Asset impairment loss	11,717,054.18	-38,213,427.20
Add: other gains	1,058,639.79	3,104,151.04
Investment gains ("-" for loss)	31,632,282.15	3,981,131.60
Incl. Investment gains from affiliates and joint ventures		-647,094.54
Gains from change of fair value ("-" for loss)	-25,429,705.00	2,274,935.37
Exchange gains ("-" for loss)		
Investment gains ("-" for loss)	-1,981,867.64	-6,928.66
3. Operational profit ("-" for loss)	112,211,754.91	134,820,554.43
Plus: non-operational income	464,154.45	-554,556.29
Less: non-operational expenditure	167,066.97	1,036,077.29
4. Gross profit ("-" for loss)	112,508,842.39	133,229,920.85
Less: Income tax expenses	21,170,497.50	256,484.21
5. Net profit ("-" for net loss)	91,338,344.89	132,973,436.64
(1) Net profit from continuous operation ("-" for net loss)	91,338,344.89	132,973,436.64
(2) Net profit from discontinuous operation ("-" for net loss)		
Net profit attributable to the owners of parent company	91,338,344.89	133,216,451.43
Minor shareholders' equity		-243,014.79
6. After-tax net amount of other misc. incomes	1,286,962.78	8,481,869.86
After-tax net amount of other misc. incomes attributed to parent's owner	1,286,962.78	8,481,869.86
(1) Other misc. incomes that		

cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
(2) Other misc. incomes that will be re-classified into gain and loss	1,286,962.78	8,481,869.86
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow	1,232,080.00	96,269.40
5. Translation difference of foreign exchange statement	54,882.78	-279,121.37
6. Others		8,664,721.83
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	92,625,307.67	141,455,306.50
Total of misc. incomes attributable to the owners of the parent company	92,625,307.67	141,698,321.29
Total misc gains attributable to the minor shareholders		-243,014.79
8. Earnings per share:		
(1) Basic earnings per share	0.08	0.11
(2) Diluted earnings per share	0.08	0.11

Net profit contributed by entities merged under common control in the report period was RMB0.00, net profit realized by parties merged during the previous period is RMB0.00.

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

4. Consolidated Income Statement of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Turnover	7,795,537.50	7,143,696.79
Less: Operation cost	559,020.48	863,777.60
Taxes and surcharges	324,914.12	333,780.40
Sales expense		0.00
Administrative expense	5,790,565.51	5,766,693.63
R&D cost		
Financial expenses	9,138,885.73	-1,173,575.45
Including: interest cost	9,896,208.34	1,146,635.83
Interest income	-408,881.16	-2,340,011.51
Asset impairment loss	-17,615.04	56,567.43
加: Other gains		
Investment gains ("-" for loss)	11,500,427.84	1,479,735.59
Incl. Investment gains from affiliates and joint ventures		876,182.79
Gains from change of fair value ("-" for loss)	-10,171,856.57	1,820,847.37
Investment gains ("-" for loss)	-55,328.84	
2. Operational profit ("-" for loss)	-6,726,990.87	4,597,036.14
Plus: non-operational income	2,500.00	4,105.20
Less: non-operational expenditure	5,494.62	121,000.00
3. Gross profit ("-" for loss)	-6,729,985.49	4,480,141.34
Less: Income tax expenses		-10,035,082.23
4. Net profit ("-" for net loss)	-6,729,985.49	14,515,223.57
(1) Net profit from continuous operation ("-" for net loss)	-6,729,985.49	14,515,223.57
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		8,664,721.83
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive		

income that cannot be transferred to profit or loss under the equity method		
(2) Other misc. incomes that will be re-classified into gain and loss		8,664,721.83
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow		
5. Translation difference of foreign exchange statement		
6. Others		8,664,721.83
6. Total of misc. incomes	-6,729,985.49	23,179,945.40
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Income Statement Between the Beginning of the Year and End of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Total revenue	2,235,301,218.46	2,052,749,153.63
Incl. Business income	2,235,301,218.46	2,052,749,153.63
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	1,860,230,298.85	1,645,174,343.12
Incl. Business cost	1,503,636,322.43	1,372,893,960.45
Interest expense		
Fee and commission paid		
Insurance discharge payment		

Net claim amount paid		
Net insurance policy reserves provided		
Insurance policy dividend paid		
Reinsurance expenses		
Taxes and surcharges	139,027,527.35	131,792,673.42
Sales expense	37,762,618.85	40,010,393.40
Administrative expense	103,542,065.13	97,403,916.43
R&D cost	11,567,916.09	9,219,109.68
Financial expenses	51,121,831.76	41,975,850.30
Including: interest cost	56,940,394.38	49,152,652.50
Interest income	-6,869,263.66	-11,242,432.46
Asset impairment loss	13,572,017.23	-48,121,560.56
Add: other gains	3,757,831.37	4,512,602.04
Investment gains ("-" for loss)	57,877,044.56	10,861,727.87
Incl. Investment gains from affiliates and joint ventures	0.00	-1,273,726.16
Gains from change of fair value ("-" for loss)	-34,326,342.25	2,973,747.00
Exchange gains ("-" for loss)		
Investment gains ("-" for loss)	-3,533,733.22	-94,172.98
3. Operational profit ("-" for loss)	398,845,720.07	425,828,714.44
Plus: non-operational income	7,530,192.86	3,952,958.80
Less: non-operational expenditure	689,227.40	1,265,404.51
4. Gross profit ("-" for loss)	405,686,685.53	428,516,268.73
Less: Income tax expenses	84,216,677.45	68,024,588.73
5. Net profit ("-" for net loss)	321,470,008.08	360,491,680.00
(1) Net profit from continuous operation ("-" for net loss)	321,470,008.08	360,491,680.00
(2) Net profit from discontinuous operation ("-" for net loss)		
Net profit attributable to the owners of parent company	321,470,008.08	361,219,770.86
Minor shareholders' equity		-728,090.86
6. After-tax net amount of other misc.	-592,793.39	6,699,639.71

incomes		
After-tax net amount of other misc. incomes attributed to parent's owner	-592,793.39	6,699,639.71
(1) Other misc. incomes that cannot be re-classified into gain and loss		
1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
(2) Other misc. incomes that will be re-classified into gain and loss	-592,793.39	6,699,639.71
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow	-606,921.25	-1,685,960.75
5. Translation difference of foreign exchange statement	14,127.86	-279,121.37
6. Others		8,664,721.83
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	320,877,214.69	367,191,319.71
Total of misc. incomes attributable to the owners of the parent company	320,877,214.69	367,919,410.57
Total misc gains attributable to the minor shareholders		-728,090.86
8. Earnings per share:		
(1) Basic earnings per share	0.28	0.31
(2) Diluted earnings per share	0.28	0.31

Net profit contributed by entities merged under common control in the report period was RMB0.00, net profit realized by parties merged during the previous period is RMB0.00.

6. Income Statement of the Parent Between the Beginning of the Year and End of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Turnover	22,907,827.70	20,997,817.08
Less: Operation cost	1,232,598.73	1,667,373.48
Taxes and surcharges	975,716.94	987,119.06
Sales expense		
Administrative expense	15,924,036.36	18,323,645.88
R&D cost		
Financial expenses	16,687,577.76	-2,618,598.83
Including: interest cost	18,446,237.53	3,913,018.33
Interest income	-1,990,291.21	-6,846,472.61
Asset impairment loss	81,061.84	94,478.76
Add: other gains	114,556.59	
Investment gains ("-" for loss)	19,638,911.06	2,494,407.02
Incl. Investment gains from affiliates and joint ventures		249,551.17
Gains from change of fair value ("-" for loss)	-13,600,985.30	1,820,847.37
Investment gains ("-" for loss)	-55,902.90	
2. Operational profit ("-" for loss)	-5,896,584.48	6,859,053.12
Plus: non-operational income	261,144.66	3,618,258.71
Less: non-operational expenditure	6,232.62	152,271.82
3. Gross profit ("-" for loss)	-5,641,672.44	10,325,040.01
Less: Income tax expenses	1,531,510.40	-8,734,034.85
4. Net profit ("-" for net loss)	-7,173,182.84	19,059,074.86
(1) Net profit from continuous operation ("-" for net loss)	-7,173,182.84	19,059,074.86
(2) Net profit from discontinuous operation ("-" for net loss)		
5. After-tax net amount of other misc. incomes		8,664,721.83
(1) Other misc. incomes that cannot be re-classified into gain and loss		

1. Re-measure the change in the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
(2) Other misc. incomes that will be re-classified into gain and loss		8,664,721.83
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Change in the fair value of financial asset for sale		
3 Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
4. Effective part in the gain and loss of arbitrage of cash flow		
5. Translation difference of foreign exchange statement		
6. Others		8,664,721.83
6. Total of misc. incomes	-7,173,182.84	27,723,796.69
7. Earnings per share:		
(1) Basic earnings per share		
(2) Diluted earnings per share		

7. Consolidated Cash Flow Statement Between the Beginning of the Year and End of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	2,207,987,021.72	2,554,904,276.07
Net increase of customer deposits and capital kept for brother company		
Net increase of loans from central bank		
Net increase of inter-bank loans from other financial bodies		

Cash received against original insurance contract		
Net cash received from reinsurance business		
Net increase of client deposit and investment		
Increase in proposal of financial assets measured at fair value with variations accounted into current income account		
Cash received as interest, processing fee, and commission		
Net increase of inter-bank fund received		
Net increase of repurchasing business		
Tax refunded	4,988,463.29	1,805,886.66
Other cash received from business operation	292,273,568.66	213,901,169.92
Sub-total of cash inflow from business operations	2,505,249,053.67	2,770,611,332.65
Cash paid for purchasing products and services	1,429,144,992.91	1,558,159,130.54
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	210,878,995.88	191,709,076.81
Taxes paid	272,518,173.65	358,300,385.82
Other cash paid for business activities	480,094,332.49	268,199,654.52
Sub-total of cash outflow from business operations	2,392,636,494.93	2,376,368,247.69

Cash flow generated by business operations, net	112,612,558.74	394,243,084.96
2. Cash flow generated by investment:		
Cash received from investment recovery	6,215,580,000.00	8,092,089,184.54
Cash received as investment profit	64,596,027.07	13,773,697.27
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	16,523,904.33	3,540,531.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	6,296,699,931.40	8,109,403,412.81
Cash paid for construction of fixed assets, intangible assets and other long-term assets	49,609,863.23	33,608,087.17
Cash paid as investment	6,155,986,395.83	8,146,400,000.00
Net increase of loan against pledge		
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	6,205,596,259.06	8,180,008,087.17
Cash flow generated by investment activities, net	91,103,672.34	-70,604,674.36
3. Cash flow generated by financing activities:		
Cash received from investment		
Incl. Cash received from investment attracted by subsidiaries from minority shareholders		
Cash received from borrowed loans	708,000,000.00	962,503,029.59
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing	708,000,000.00	962,503,029.59

activities		
Cash paid to repay debts	780,577,298.43	391,000,000.00
Cash paid as dividend, profit, or interests	258,660,130.40	337,538,336.38
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities	99,804,777.52	
Subtotal of cash outflow from financing activities	1,139,042,206.35	728,538,336.38
Net cash flow generated by financing activities	-431,042,206.35	233,964,693.21
4. Influence of exchange rate changes on cash and cash equivalents	3,084,851.98	-1,950,710.61
5. Net increase in cash and cash equivalents	-224,241,123.29	555,652,393.20
Plus: Balance of cash and cash equivalents at the beginning of term	931,285,535.55	935,824,575.40
6. Balance of cash and cash equivalents at the end of the period	707,044,412.26	1,491,476,968.60

8. Cash Flow Statement of the Parent Between the Beginning of the Year and End of the Report Period

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Net cash flow from business operations:		
Cash received from sales of products and providing of services	153,999,350.74	19,187,607.97
Tax refunded		
Other cash received from business operation	1,409,325,820.93	1,056,523,500.53
Sub-total of cash inflow from business operations	1,563,325,171.67	1,075,711,108.50
Cash paid for purchasing products and services	1,250,558.30	28,685,143.30
Cash paid to and for the staff	10,320,094.96	12,913,713.04
Taxes paid	19,134,230.81	2,790,810.71
Other cash paid for business activities	1,684,835,834.03	940,326,714.58

Sub-total of cash outflow from business operations	1,715,540,718.10	984,716,381.63
Cash flow generated by business operations, net	-152,215,546.43	90,994,726.87
2. Cash flow generated by investment:		
Cash received from investment recovery	2,273,880,000.00	2,206,344,592.27
Cash received as investment profit	20,659,911.06	438,481,932.96
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	5,000.00	
Net cash received from disposal of subsidiaries or other operational units	10,000,000.00	10,000,000.00
Other investment-related cash received		
Sub-total of cash inflow generated from investment	2,304,544,911.06	2,654,826,525.23
Cash paid for construction of fixed assets, intangible assets and other long-term assets	576,678.00	1,573,560.35
Cash paid as investment	2,321,870,000.00	2,222,010,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	2,322,446,678.00	2,223,583,560.35
Cash flow generated by investment activities, net	-17,901,766.94	431,242,964.88
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	700,000,000.00	250,000,000.00
Cash received from bond placing		
Other cash received from financing activities		
Subtotal of cash inflow from financing activities	700,000,000.00	250,000,000.00
Cash paid to repay debts	250,000,000.00	100,000,000.00

Cash paid as dividend, profit, or interests	199,919,295.82	280,390,322.29
Other cash paid for financing activities	99,804,777.52	
Subtotal of cash outflow from financing activities	549,724,073.34	380,390,322.29
Net cash flow generated by financing activities	150,275,926.66	-130,390,322.29
4. Influence of exchange rate changes on cash and cash equivalents	-169,472.11	-22,970.66
5. Net increase in cash and cash equivalents	-20,010,858.82	391,824,398.80
Plus: Balance of cash and cash equivalents at the beginning of term	310,049,329.68	74,159,732.87
6. Balance of cash and cash equivalents at the end of the period	290,038,470.86	465,984,131.67

2. Auditor's report

Whether the Q3 report is audited

☐ Yes ☒ No

The Q3 Report is not audited.

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

18.10.18