



# **ANHUI GUJING DISTILLERY COMPANY LIMITED**

## **FIRST QUARTER REPORT 2018**



**April 2018**

## **Part I Important Notes**

**The Board of Directors (or the “Board”), the Supervisory Board as well as the Directors, Supervisors and senior management of Anhui Gujing Distillery Company Limited (inclusive of its consolidated subsidiaries, the “Company”; exclusive of its subsidiaries, the “Parent Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions in this Report.**

**All the Company’s Directors have attended the Board meeting for the review of this Report.**

**Liang Jinhui, the Company’s legal representative, Ye Changqing, the Company’s Chief Accountant, and Zhu Jiafeng, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.**

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

## Part II Key Corporate Information

### I Key Financial Information

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes  No

	January-March 2018	January-March 2017	Change
Sales revenue (RMB)	2,559,879,006.93	2,173,056,581.04	17.80%
Net income attributable to shareholders of the listed company (RMB)	581,079,212.12	407,764,742.43	42.50%
Net income attributable to shareholders of the listed company before nonrecurring gains and losses (RMB)	568,229,870.99	356,588,955.68	59.35%
Net cash flows from operating activities (RMB)	193,972,491.77	648,773,393.57	-70.10%
Basic earnings per share (RMB/share)	1.15	0.81	41.98%
Diluted earnings per share (RMB/share)	1.15	0.81	41.98%
Weighted average return on equity (%)	8.61%	7.05%	1.56%
	March 31, 2018	December 31, 2017	Change
Total assets (RMB)	11,503,386,290.94	10,152,862,119.05	13.30%
Equity attributable to shareholders of the listed company (RMB)	7,022,524,849.23	6,459,078,378.38	8.72%

Nonrecurring gains and losses:

Applicable  Not applicable

Unit: RMB

Item	January-March 2018	Note
Gains and losses on disposal of non-current assets (inclusive of offset allowance for asset impairments)	-893,789.30	
Government subsidies charged to current profit and loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards )	2,147,822.47	
Gains and losses on changes in fair value of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the	9,149,247.17	

Company's ordinary course of business)		
Non-operating income and expense other than above	6,886,594.87	
Less: Income tax effects	4,290,666.88	
Non-controlling interests effects (net of tax)	149,867.20	
Total	12,849,341.13	--

Explanation of why the Company classifies an item as a nonrecurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Nonrecurring Gains and Losses, or reclassifies any nonrecurring gain/loss item listed in the said explanatory announcement as a recurring gain/loss:

Applicable  Not applicable

No such cases for the Reporting Period.

## II Total Number of Shareholders and Top 10 Shareholders' Holdings at Period-End

### 1. Numbers of Common Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Common shareholders at period-end	21,943	Preferred shareholders with resumed voting rights at period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage at period-end (%)	Shares	Restricted shares	Pledged or frozen shares	
					Status	Shares
ANHUI GUJING GROUP COMPANY LIMITED	State-owned juridical person	53.89%	271,404,022		Pledged	114,000,000
NORGES BANK	Foreign juridical person	2.92%	14,712,309			
GAOLING FUND,L.P.	Foreign juridical person	2.47%	12,446,408			
AGRICULTURAL BANK OF CHINA—E FUND COMSUMPTION SECTOR STOCK SECURITIES INVESTMENT	Other	1.65%	8,307,868			

FUND						
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	Foreign juridical person	1.41%	7,096,361			
CHINA CONSTRUCTION BANK-YINHUA RICH THEME HYBRID SECURITIES INVESTMENT FUND	Other	1.38%	6,936,487			
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	Foreign juridical person	1.34%	6,752,388			
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	State-owned juridical person	1.30%	6,543,600			
UBS (LUX) EQUITY FUND - GREATER CHINA (USD)	Foreign juridical person	0.98%	4,949,038			
GREENWOODS CHINA ALPHA MASTER FUND	Foreign juridical person	0.98%	4,939,963			

Top 10 non-restricted shareholders

Name of shareholder	Non-restricted shares held at period-end	Type of shares	
		Type	Shares
ANHUI GUJING GROUP COMPANY LIMITED	271,404,022	RMB common stock	271,404,022
NORGES BANK	14,712,309	Domestically listed stock for foreign investors	14,712,309
GAOLING FUND,L.P.	12,446,408	Domestically listed stock for foreign investors	12,446,408

AGRICULTURAL BANK OF CHINA—E FUND COMSUMPTION SECTOR STOCK SECURITIES INVESTMENT FUND	8,307,868	RMB common stock	8,307,868
UBS (LUX) EQUITY FUND - CHINA OPPORTUNITY (USD)	7,096,361	Domestically listed stock for foreign investors	7,096,361
CHINA CONSTRUCTION BANK-YINHUA RICH THEME HYBRID SECURITIES INVESTMENT FUND	6,936,487	RMB common stock	6,936,487
CHINA INT'L CAPITAL CORP HONG KONG SECURITIES LTD	6,752,388	Domestically listed stock for foreign investors	6,752,388
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	6,543,600	RMB common stock	6,543,600
UBS (LUX) EQUITY FUND - GREATER CHINA (USD)	4,949,038	Domestically listed stock for foreign investors	4,949,038
GREENWOODS CHINA ALPHA MASTER FUND	4,939,963	Domestically listed stock for foreign investors	4,939,963
Related or acting-in-concert parties among shareholders above	Among the above shareholders, the Company's controlling shareholder, Anhui Gujing Group Co., Ltd., has no relationship with other shareholders and does not belong to the acting-in-concert stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies. In addition, the relationship between other shareholders is unknown, and it is unknown whether it belongs to the acting-in-concert stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.		
Shareholders conducting securities margin trading (if any)	N/A		

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea  No

No such cases in the Reporting Period.

## 2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable  Not applicable

## Part III Significant Events

### I Changes in Selected Financial Statement Items and Explanation of why

√ Applicable □ Not applicable

Balance sheet items	March 31, 2018 (RMB)	December 31, 2017 (RMB)	Change (%)	Explanation of why
Notes receivable	1,813,496,352.34	720,611,126.78	151.66%	Increase in sales revenue
Prepayments	76,361,753.26	41,729,637.34	82.99%	Increase in prepaid advertising fees
Notes payable	74,496,000.00	200,750,000.00	-62.89%	Settlement of due notes payable
Advances from customers	1,285,771,695.15	503,083,108.13	155.58%	Increase in customer orders
Other current liabilities	482,610,008.01	182,846,942.10	163.94%	Increase in unrecognized expenditures during peak season of China's Lunar New Year
Income statement items	January-March 2018 (RMB)	January-March 2017 (RMB)	Change (%)	Explanation of why
Investment income	27,448,214.89	62,391,926.18	-56.01%	Decrease in income from financial assets
Asset disposal income	81,303.79	40,571.66	100.40%	Increase in income from sale of obsolete and old equipment
Other income	2,147,822.47	14,343,227.97	-85.03%	Decrease in tax rebates
Net income	581,079,212.12	407,764,742.43	42.50%	Increase in sales revenue
Cash flows statement items	January-March 2018 (RMB)	January-March 2017 (RMB)	Change (%)	Explanation of why
Net cash flows from operating activities	193,972,491.77	648,773,393.57	-70.10%	Decrease in proceeds from sale of commodities and increase in notes receivable
Subtotal of cash generated by investing activities	476,038,045.85	1,424,018,432.80	-66.57%	Decrease in disinvestments in wealth management instruments
Net cash flows from investing activities	74,965,977.62	-145,592,375.71	151.49%	Decrease in payments for investment

## II Progress, Influence and Solutions Associated with Significant Events

Applicable  Not applicable

## III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company and Other Commitment Makers, Failed to Fulfill on Time during Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## IV Operating Result Forecast for January-June 2018

Warning of a forecast loss on or a forecast significant year-over-year change in net income for January-June 2018, as well as explanation of why:

Applicable  Not applicable

## V Securities Investments

Applicable  Not applicable

Variety of security	Symbol of security	Name of security	Initial investment cost (RMB)	Opening holding (share)	Opening holding percentage	Closing holding (share)	Closing holding percentage	Closing book value (RMB)	Gain/loss in Reporting Period (RMB)	Accounting title	Source
Stock	601988	ZGYH	44,385,674.20	17,963,100		17,963,100		70,594,983.00	0.00	Available-for-sale financial assets	Self-owned funds
Stock	000001	PAYH	70,317,243.98	8,040,889		8,040,889		87,645,690.10	0.00	Available-for-sale financial assets	Self-owned funds
Funds		Guangfa Nest Low Risk No. 1 E Security Investment Funds	150,000,000.00	0		0		0.00	8,841,868.22	Available-for-sale financial assets	Self-owned funds
Funds		CITIC Wings Dapu No. 1 Asset Management Plan	200,000,000.00	0		0		215,335,353.08	0.00	Available-for-sale financial assets	Self-owned funds

Total	464,702,918.18	26,003,989	--	26,003,989	--	373,576,026.18	8,841,868.22		--
Disclosure date of announcement on Board's consent for securities investment									
Disclosure date of announcement on shareholders' meeting's consent for securities investment (if any)									

## VI Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Operator	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Starting date	Ending date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment provision (if any)	Closing investment amount	Proportion of closing investment amount in the Company's closing net assets	Actual gain/loss in the Reporting Period
Reverse repurchase of national debt	Naught	No	Reverse repurchase of national debt		March 29, 2018	April 9, 2018	5,000	9,000	5,000		9,000	1.28%	10.01
<b>Total</b>					--	--	5,000	9,000	5,000		9,000	1.28%	10.01
Source of money used for investment	All from the Company's own funds												
Legal matters involved (if applicable)	N/A												
Disclosure date of board announcement approving derivative investment (if any)	August 30, 2013												
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)													
Analysis of risks and control measures associated with derivative investments	The Company had controlled the relevant risks strictly according to the Derivatives Investment Management System.												

held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	N/A
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	N/A
Opinion of independent directors on derivative investments and risk control	Based on the sustainable development of the main business and the sufficient free idle money, the Company increased the profits through investing in the reasonable financial derivative instruments, which was in favor of improving the service efficiency of the idle funds. In order to reduce the investment risks of the financial derivative instruments, the Company had set up corresponding supervision mechanism for the financial derivative instrument business and formulated reasonable accounting policy as well as specific principles of financial accounting. The derivative Investment business developed separately took national debts as mortgage object, which was met with the cautious and steady risks management principle and the interest of the Company and shareholders. Therefore, agreed the Company to develop the derivative Investment business of reverse repurchase of national debt not more than the limit of RMB0.3 billion.

## VII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Irregularities in Provision of Guarantees for External Parties

Applicable  Not applicable

No such cases in the Reporting Period.

## IX Occupation of the Company's Money by Its Controlling Shareholder or Related Parties for Non-Operating Purposes

Applicable  Not applicable

No such cases in the Reporting Period.

## Part IV Financial Statements

### I Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by Anhui Gujing Distillery Company Limited

March 31, 2018

Unit: RMB

Item	March 31, 2018	December 31, 2017
Current assets:		
Monetary assets	1,753,027,095.79	1,484,088,626.40
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss	42,055.28	99,800.76
Derivative financial assets		
Notes receivable	1,813,496,352.34	720,611,126.78
Accounts receivable	25,975,449.39	22,466,143.06
Prepayments	76,361,753.26	41,729,637.34
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable	16,643,178.08	13,883,178.08
Dividends receivable		
Other receivables	18,677,957.65	15,390,106.14
Financial assets purchased under resale agreements		
Inventories	2,191,370,634.32	2,064,130,297.51
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	1,765,087,192.28	1,772,310,946.58
Total current assets	7,660,681,668.39	6,134,709,862.65
Non-current assets:		

Loans and advances to customers		
Available-for-sale financial assets	373,576,026.18	517,086,347.91
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		
Investment property	4,464,170.83	5,343,777.33
Property, plant and equipment	1,762,399,335.64	1,792,254,178.56
Construction in progress	55,170,402.14	54,496,798.56
Construction materials		
Proceeds from disposal of property, plant and equipment		
Productive living assets		
Oil and gas assets		
Intangible assets	687,728,842.34	691,381,442.67
R&D expense		
Goodwill	478,283,495.29	478,283,495.29
Long-term prepaid expense	66,624,518.64	69,238,523.78
Deferred income tax assets	85,983,805.49	92,157,477.74
Other non-current assets	328,474,026.00	317,910,214.56
Total non-current assets	3,842,704,622.55	4,018,152,256.40
Total assets	11,503,386,290.94	10,152,862,119.05
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	74,496,000.00	200,750,000.00
Accounts payable	280,829,231.41	435,615,039.83
Advances from customers	1,285,771,695.15	503,083,108.13
Financial assets sold under repurchase agreements		
Handling charges and commissions		

payable		
Payroll payable	324,781,563.98	372,374,014.37
Taxes payable	426,980,884.31	420,984,845.45
Interest payable		
Dividends payable		
Other payables	1,056,500,017.95	1,032,543,553.34
Reinsurance payables		
Insurance contract reserve		
Payables for trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	482,610,008.01	182,846,942.10
Total current liabilities	3,931,969,400.81	3,148,197,503.22
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	42,409,564.84	43,706,503.22
Deferred income tax liabilities	113,462,436.09	119,779,105.90
Other non-current liabilities		
Total non-current liabilities	155,872,000.93	163,485,609.12
Total liabilities	4,087,841,401.74	3,311,683,112.34
Owners' equity:		
Share capital	503,600,000.00	503,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		

Capital reserves	1,295,405,592.25	1,295,405,592.25
Less: Treasury shares		
Other comprehensive income	35,888,086.17	53,520,827.44
Specific reserve		
Surplus reserves	256,902,260.27	256,902,260.27
General reserve		
Retained earnings	4,930,728,910.54	4,349,649,698.42
Total equity attributable to owners of Parent Company	7,022,524,849.23	6,459,078,378.38
Non-controlling interests	393,020,039.97	382,100,628.33
Total owners' equity	7,415,544,889.20	6,841,179,006.71
Total liabilities and owners' equity	11,503,386,290.94	10,152,862,119.05

Legal representative: Liang Jinhui

The Company's chief accountant: Ye Changqing

Head of the Company's financial department: Zhu Jiafeng

## 2. Parent Company Balance Sheet

Unit: RMB

Item	March 31, 2018	December 31, 2017
Current assets:		
Monetary assets	1,560,630,499.05	1,276,262,109.02
Financial assets at fair value through profit or loss	42,055.28	99,800.76
Derivative financial assets		
Notes receivable	1,542,720,297.98	674,521,654.40
Accounts receivable	8,647,569.44	8,509,918.03
Prepayments	31,057,647.04	8,534,600.82
Interest receivable		
Dividends receivable		
Other receivables	114,866,760.99	130,357,778.75
Inventories	1,933,160,333.81	1,818,358,884.18
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	1,390,504,300.42	1,554,870,774.98
Total current assets	6,581,629,464.01	5,471,515,520.94

Non-current assets:		
Available-for-sale financial assets	373,025,826.18	516,530,547.91
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	1,155,089,408.32	1,155,089,408.32
Investment property	26,021,322.14	26,409,050.95
Property, plant and equipment	1,282,527,806.15	1,303,119,011.66
Construction in progress	43,080,233.75	44,673,219.38
Construction materials		
Proceeds from disposal of property, plant and equipment		
Productive living assets		
Oil and gas assets		
Intangible assets	184,598,301.43	185,868,178.71
R&D expense		
Goodwill		
Long-term prepaid expense	54,275,744.76	58,563,409.89
Deferred income tax assets	37,996,747.93	37,996,747.93
Other non-current assets	12,474,026.00	12,474,026.00
Total non-current assets	3,169,089,416.66	3,340,723,600.75
Total assets	9,750,718,880.67	8,812,239,121.69
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	44,196,370.00	0.00
Accounts payable	214,579,037.90	347,757,180.53
Advances from customers	2,473,783,059.78	1,680,678,175.37
Payroll payable	82,345,180.87	110,435,403.45
Taxes payable	236,736,315.53	262,884,211.13
Interest payable		
Dividends payable		
Other payables	187,528,501.04	173,250,790.29
Liabilities directly associated with		

assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	16,824,113.21	18,296,415.85
Total current liabilities	3,255,992,578.33	2,593,302,176.62
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	38,794,308.28	39,976,048.28
Deferred income tax liabilities	13,993,396.36	19,792,209.68
Other non-current liabilities		
Total non-current liabilities	52,787,704.64	59,768,257.96
Total liabilities	3,308,780,282.97	2,653,070,434.58
Owners' equity:		
Share capital	503,600,000.00	503,600,000.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,247,162,107.35	1,247,162,107.35
Less: Treasury shares		
Other comprehensive income	35,826,195.11	53,454,736.38
Specific reserve		
Surplus reserves	251,800,000.00	251,800,000.00
Retained earnings	4,403,550,295.24	4,103,151,843.38
Total owners' equity	6,441,938,597.70	6,159,168,687.11
Total liabilities and owners' equity	9,750,718,880.67	8,812,239,121.69

### 3. Consolidated Income Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Operating revenue	2,559,879,006.93	2,173,056,581.04
Including: Sales revenue	2,559,879,006.93	2,173,056,581.04
Interest revenue		
Premium revenue		
Handling charge and commission revenue		
2. Cost of operating revenue	1,809,442,510.38	1,698,418,322.96
Including: Cost of sales	518,797,750.19	485,600,237.86
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	375,443,186.81	361,822,180.65
Selling expense	793,946,063.51	741,250,390.67
Administrative expense	127,311,977.26	120,878,754.27
Finance costs	-6,056,467.40	-11,133,240.49
Asset impairment losses		
Add: Gains on changes in fair value (“-” for losses)	-27,498.41	-3,866.40
Investment income (“-” for loss)	27,448,214.89	62,391,926.18
Including: Share of profit or loss of joint ventures and associates		
Foreign exchange gains (“-” for losses)		
Asset disposal income (“-” for loss)	81,303.79	40,571.66
Other income	2,147,822.47	14,343,227.97
3. Operating income (“-” for loss)	780,086,339.29	551,410,117.49
Add: Non-operating revenue	6,907,556.84	7,630,463.01
Less: Non-operating expense	996,055.06	708,757.60
4. Pretax income (“-” for loss)	785,997,841.07	558,331,822.90
Less: Income tax expense	193,999,217.31	139,416,289.06

5. Net income (“-” for net loss)	591,998,623.76	418,915,533.84
5.1 Net income from continuing operations (“-” for net loss)	591,998,623.76	418,915,533.84
5.2 Net income from discontinued operations (“-” for net loss)		
Attributable to owners of Parent Company	581,079,212.12	407,764,742.43
Attributable to non-controlling interests	10,919,411.64	11,150,791.41
6. Other comprehensive income, net of tax	-17,632,741.27	-20,967,165.55
Attributable to owners of Parent Company	-17,632,741.27	-20,967,165.55
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-17,632,741.27	-20,967,165.55
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets	-17,632,741.27	-20,967,165.55
6.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements		
6.2.6 Other		

Attributable to non-controlling interests		
7. Total comprehensive income	574,365,882.49	397,948,368.29
Attributable to owners of Parent Company	563,446,470.85	386,797,576.88
Attributable to non-controlling interests	10,919,411.64	11,150,791.41
8. Earnings per share		
8.1 Basic earnings per share	1.15	0.81
8.2 Diluted earnings per share	1.15	0.81

Legal representative: Liang Jinhui

The Company's chief accountant: Ye Changqing

Head of the Company's financial department: Zhu Jiafeng

#### 4. Parent Company Income Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Sales revenue	1,273,232,528.70	1,225,485,876.84
Less: Cost of sales	483,888,734.16	441,659,248.56
Taxes and surtaxes	316,554,892.27	315,040,162.76
Selling expense	22,167,564.98	91,453,417.90
Administrative expense	84,525,943.53	81,529,203.55
Finance costs	-4,400,795.16	-2,633,074.65
Asset impairment losses		
Add: Gains on changes in fair value ("-" for losses)	-27,498.41	-3,866.40
Investment income ("-" for loss)	24,534,436.91	60,640,216.55
Including: Share of profit or loss of joint ventures and associates		
Asset disposal income ("-" for loss)		
Other income	1,181,740.01	14,138,227.97
2. Operating income ("-" for loss)	396,184,867.44	373,211,496.84
Add: Non-operating revenue	5,301,985.87	3,943,066.55
Less: Non-operating expense	955,584.15	646,594.22
3. Pretax income ("-" for loss)	400,531,269.16	376,507,969.17

Less: Income tax expense	100,132,817.29	94,126,992.30
4. Net income (“-” for net loss)	300,398,451.87	282,380,976.87
4.1 Net income from continuing operations (“-” for net loss)	300,398,451.87	282,380,976.87
4.2 Net income from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-17,628,541.27	-21,722,327.16
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss	-17,628,541.27	-21,722,327.16
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method		
5.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets	-17,628,541.27	-21,722,327.16
5.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total comprehensive income	282,769,910.60	260,658,649.71
7. Earnings per share		
7.1 Basic earnings per share	0.6	0.56
7.2 Diluted earnings per share	0.6	0.56

**5. Consolidated Cash Flow Statement**

Unit: RMB

Item	January-March 2018	January-March 2017
1. Cash generated by or used in operating activities:		
Proceeds from sale of commodities and rendering of services	2,317,913,398.32	2,217,759,396.02
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	809,884.08	13,696,586.24
Cash generated by other operating activities	36,191,356.85	106,104,856.09
Subtotal of cash generated by operating activities	2,354,914,639.25	2,337,560,838.35
Payments for commodities and services	559,193,732.69	281,029,361.24
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		

Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	386,791,520.43	321,777,759.08
Taxes paid	880,876,488.87	873,979,926.33
Cash used in other operating activities	334,080,405.49	212,000,398.13
Subtotal of cash used in operating activities	2,160,942,147.48	1,688,787,444.78
Net cash flows from operating activities	193,972,491.77	648,773,393.57
2. Cash generated by or used in investing activities:		
Proceeds from disinvestments	450,660,768.81	1,359,977,129.63
Investment income	25,292,217.04	64,034,803.17
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	85,060.00	6,500.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	476,038,045.85	1,424,018,432.80
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	70,853,122.83	32,203,466.65
Payments for investments	330,218,945.40	1,537,407,341.86
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	401,072,068.23	1,569,610,808.51
Net cash flows from investing activities	74,965,977.62	-145,592,375.71
3. Cash generated by or used in financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		

Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		
Payments for interest and dividends		
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities		
Net cash flows from financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	268,938,469.39	503,181,017.86
Add: Cash and cash equivalents, beginning of the period	1,024,088,626.40	527,849,026.07
6. Cash and cash equivalents, end of the period	1,293,027,095.79	1,031,030,043.93

## 6. Parent Company Cash Flow Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Cash generated by or used in operating activities:		
Proceeds from sale of commodities and rendering of services	1,095,672,510.95	1,719,269,247.73
Tax rebates	0.00	13,013,817.25
Cash generated by other operating activities	60,289,004.82	29,416,467.68
Subtotal of cash generated by operating activities	1,155,961,515.77	1,761,699,532.66
Payments for commodities and services	358,347,950.36	258,976,795.82
Cash paid to and for employees	165,733,823.32	153,768,915.89
Taxes paid	559,374,536.53	545,332,001.77

Cash used in other operating activities	49,683,984.62	44,903,998.58
Subtotal of cash used in operating activities	1,133,140,294.83	1,002,981,712.06
Net cash flows from operating activities	22,821,220.94	758,717,820.60
2. Cash generated by or used in investing activities:		
Proceeds from disinvestments	420,660,768.81	1,359,977,129.63
Investment income	25,135,723.89	64,034,803.17
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets		
Net proceeds from disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	445,796,492.70	1,424,011,932.80
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	44,030,378.21	27,119,815.40
Payments for investments	140,218,945.40	1,474,407,341.86
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	184,249,323.61	1,501,527,157.26
Net cash flows from investing activities	261,547,169.09	-77,515,224.46
3. Cash generated by or used in financing activities:		
Capital contributions received		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		
Payments for interest and dividends		

Cash used in other financing activities		
Sub-total of cash used in financing activities		
Net cash flows from financing activities		
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	284,368,390.03	681,202,596.14
Add: Cash and cash equivalents, beginning of the period	826,262,109.02	225,792,686.26
6. Cash and cash equivalents, end of the period	1,110,630,499.05	906,995,282.40

## II Independent Auditor's Report

Indicate by tick mark whether the Q1 financial statements have been audited by an independent auditor.

Yes  No

The Q1 financial statements have not been audited by such an auditor.