

China Fangda Group Co., Ltd.

2019 Q1 Report

April 2019

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

	This report period	Same period last year	Year-on-year change (%)
Turnover (yuan)	670,452,093.70	650,032,997.33	3.14%
Net profit attributable to shareholders of the listed company (yuan)	69,998,533.09	98,377,550.44	-28.85%
Net profit attributable to the shareholders of the listed company and after deducting of non-recurring gain/loss (RMB)	64,930,951.19	88,737,051.63	-26.83%
Net cash flow generated by business operation (RMB)	-296,237,735.96	-40,623,633.07	-629.23%
Basic earnings per share (yuan/share)	0.06	0.08	-25.00%
Diluted Earnings per share (yuan/share)	0.06	0.08	-25.00%
Weighted average net income/asset ratio	1.37%	2.99%	Decreased by 1.62 percentage points
	End of the report period	End of last year	Year-on-year change
Total asset (RMB)	10,650,592,249.67	10,658,854,133.73	-0.08%
Net profit attributable to the shareholders of the listed company (RMB)	4,964,651,509.23	5,195,187,621.88	-4.44%

Note: The above-mentioned decrease in “net profit attributable to shareholders of the listed company” was mainly due to the fact that the Fangda Town project which had a higher gross profit during the reporting period and contributed more to the profit in the previous year, was nearing the end of the planned sales area resulting in a decrease in operating income and profit. The Company's curtain wall system and material industry, rail transportation equipment industry's operating income net profit have increased as follows:

1. The real estate industry realized operating income of RMB 163,434,900 in the first quarter of 2019, a decrease of 40.60% over the same period of the previous year; net profit of RMB 50,790,600 was reduced by RMB48,468,900 compared with the same period of the previous year with a decrease of 48.83%.
2. In the first quarter of 2019, the curtain wall system and materials industry realized operating income of RMB431,126,200, an increase of 40.56% over the same period of the previous year; the net profit was RMB14,207,100, an increase of 256.28% over the same period of last year;
3. In the first quarter of 2019, the rail transit equipment industry realized operating income of RMB68,360,100, an increase of 17.25% over the same period of the previous year; the net profit was RMB11,233,400, an increase of 39.19% over the same period of the previous year.

Total stock equity on the trading day before disclosure:

Total number of shares on the trading day before disclosure (in share)	1,123,384,189
Overall diluted earnings per share calculated using the latest number of shares (RMB/share)	0.0623

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 for which assets impairment provision is made)	-18,130.72	
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)	2,764,802.92	
Capital using expense charged to non-financial enterprises and accounted into the current income account	63,333.33	
Gain from entrusted investment or assets management	2,771,670.18	
Other non-business income and expenditures other than the above	604,262.22	
Less: Influenced amount of income tax	1,118,356.03	
Total	5,067,581.90	--

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	75,069	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 Technologies Development Co., Ltd.	Domestic non-state legal person	10.08%	113,202,154	0	Pledged	32,860,000
Shengjiu Investment Ltd.	Foreign legal person	8.36%	93,875,638	0		
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	Domestic non-state legal person	2.38%	26,791,488	0		
Fang Wei	Domestic natural person	1.06%	11,933,370	0		
SUN HUNG KAI INVESTMENT SERVICES LTD	Foreign legal person	0.91%	10,175,518	0		
VANGUARD EMERGING MARKETS STOCK INDEX FUND	Foreign legal person	0.71%	7,946,483	0		
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	0.54%	6,108,732	0		
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Foreign legal person	0.54%	6,025,958	0		
Qu Chunlin	Domestic natural person	0.36%	4,038,961	0		
First Shanghai Securities Limited	Foreign legal person	0.36%	4,001,704	0		

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.	93,875,638	Foreign shares listed in domestic exchanges	93,875,638
Gong Qing Cheng Shi Li He Investment Management Partnership Enterprise (limited partner)	26,791,488	RMB common shares	26,791,488
Fang Wei	11,933,370	RMB common shares	11,933,370
SUN HUNG KAI INVESTMENT SERVICES LTD	10,175,518	Foreign shares listed in domestic exchanges	10,175,518
VANGUARD EMERGING MARKETS STOCK INDEX FUND	7,946,483	Foreign shares listed in domestic exchanges	7,946,483
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	6,108,732	Foreign shares listed in domestic exchanges	6,108,732
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	6,025,958	Foreign shares listed in domestic exchanges	6,025,958
Qu Chunlin	4,038,961	RMB common shares	4,038,961
First Shanghai Securities Limited	4,001,704	Foreign shares listed in domestic exchanges	4,001,704
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	March 31, 2019	December 31, 2019	Change	Cause of change
Other current assets	79,973,007.98	51,698,111.14	54.69%	Mainly due to the increase in the input tax to be verified and to be deducted
Short-term loans	700,000,000.00	208,000,000.00	236.54%	Mainly due to increase in bank borrowings
Prepayment received	174,471,020.46	278,577,848.54	-37.37%	Mainly due to income recognized in this period
Employees' wage payable	20,937,500.20	44,513,062.17	-52.96%	Annual bonus paid
Non-current liabilities due in 1 year	450,000,000.00	200,000,000.00	125.00%	Reclassified long-term loans due within 1 year
Surplus reserves	54,042,195.07	120,475,221.40	-55.14%	Mainly due to the repurchase of B shares in the current period
Item	Amount of the Current Term	Last period	Change	Cause of change
Taxes and surcharges	33,241,693.55	57,107,989.44	-41.79%	Mainly due to the decrease in taxes on real estate sales business
Administrative expense	48,521,803.12	37,182,042.44	30.50%	Mainly due to the increase in operating income of the Company's curtain wall system and materials and subway screen door business, resulting in an increase in related expenses
Income tax expenses	19,513,176.48	33,501,097.89	-41.75%	Mainly due to the decrease in profits which is due to the decrease in income tax
Cash flow generated by business operations, net	-296,237,735.96	-40,623,633.07	-629.23%	Mainly due to the decrease in collection of real estate sales and the decrease in the receipt of margins received
Net cash flow generated by financing activities	292,596,452.25	29,253,596.52	900.21%	Mainly due to the increase in bank loans and the payment of cash dividends in the current period.

2. Progress of key issues and its impacts and solutions

√ Applicable □ Inapplicable

(1) Property project development progress:

1. Shenzhen Fangda Town Project: In the first quarter of 2019, the Fangda Town project achieved a sales area of 2,540.9 square meters with a cumulative sales area of 84,951.4 square meters; the commercial investment signing rate was 91%; as of the end of the

first quarter of 2019, the total rented area of building1# is 12,462.44 square meters and the occupancy rate is 17.18%.

2. Nanchang Fenghuangzhou Project: Construction started in May 2018. 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 covering commercial hotel and apartment buildings. The office building is an integrated commercial complex. As of the end of the first quarter of 2019, the two-story basement in the main project has been basically completed. The project plans to start pre-sale in the second half of 2019 and to complete the acceptance in the first half of 2020. At present, the project construction is progressing in accordance with the expected engineering nodes.

3. Shenzhen 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 and is currently an industrial plant. The project has begun to declare the project. As of the end of the first quarter of 2019 the project is still in the stage of approval.

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. The project work is currently being actively promoted.

(2) Progress in the implementation of share repurchase

Applicable Inapplicable

The Company held the 10th meeting of the 8th Board of Directors and the first extraordinary shareholders meeting of 2018 on September 10 2018 and September 27 2018 respectively and reviewed and approved the repurchase of some domestically listed foreign shares (B shares). From December 19 2018 to January 3 2019, the Company repurchased 32,097,497 B shares through centralized bidding. On January 11, 2019, the Company handled the cancellation procedures of the above repurchased shares at China Securities Depository and Clearing Co. Ltd. Shenzhen Branch. The number of shares repurchased and canceled in this repurchase accounted for 2.78% of the total share capital of the Company before the repurchase and cancellation and the highest repurchase price was HK\$3.58 per share and the lowest price was HK\$3.24 per share. The actual repayment of the repurchased shares was HK\$113,012,632.21 (including transaction fees) and the repurchase has been completed.

(3) Progress in the implementation of the reduction of shareholding shares by means of centralized bidding

Applicable Inapplicable

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 between January and June in 2019

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

The Company made no investment in securities in the report period

6. 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	Non-affiliated party	No	Shanghai aluminum	2,535.76	July 13, 2018	December 10, 2019	2,535.76	8,659.52	567.74		10,627.53	2.14%	28.88
Total				2,535.76	--	--	2,535.76	8,659.52	567.74		10,627.53	2.14%	28.88
Capital source				Self-owned fund									
Lawsuit (if any)				None									
Disclosure date of derivative investment approval by the Board of Directors (if any)				October 31, 2017									
Disclosure date of derivative investment approval by the Shareholders' Meeting (if any)													
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

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

Applicable Inapplicable

Time/date	Way	Visitor	Disclosure of information
During the reporting period	Telephone communication	Individual	Repurchase of B-shares, production and operation conditions, future development

8. Incompliant external guarantee

Applicable Inapplicable

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

9. 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.

IV Financial Statements

1. Financial statements

1. Consolidated Balance Sheet

Prepared by: China Fangda Group Co., Ltd.

March 31, 2019

In RMB

Item	March 31, 2019	December 31, 2018
Current asset:		
Monetary capital	1,339,642,022.35	1,389,062,083.76
Settlement provision		
Outgoing call loan		
Transactional financial assets		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Receivable note and accounts receivable	2,060,730,171.91	2,060,214,724.69
Including: receivable notes	104,429,526.36	140,139,692.84
Account receivable	1,956,300,645.55	1,920,075,031.85
Prepayment	43,610,238.60	46,454,844.74
Insurance receivable		
Reinsurance receivable		
Provisions of Reinsurance contracts receivable		
Other receivables	174,747,902.46	139,990,188.26
Including: interest receivable	63,333.33	
Dividend receivable		
Repurchasing of financial assets		
Inventory	641,842,902.19	651,405,832.29
Contract assets		
Assets held for sales		

Non-current assets due in 1 year		
Other current assets	79,973,007.98	51,698,111.14
Total current assets	4,340,546,245.49	4,338,825,784.88
Non-current assets:		
Loan and advancement provided		
Debt investment		
Sellable financial assets		21,674,008.23
Other debt investment		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	69,575,093.68	70,105,657.88
Investment in other equity tools	21,674,008.23	
Other non-current financial assets		
Investment real estate	5,261,170,385.58	5,256,442,406.63
Fixed assets	436,213,822.62	455,274,241.83
Construction in process	62,043,689.87	58,269,452.72
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	79,763,381.64	80,313,240.67
R&D expense		
Goodwill		
Long-term amortizable expenses	2,589,588.63	2,114,331.46
Deferred income tax assets	352,819,194.26	356,474,925.76
Other non-current assets	24,196,839.67	19,360,083.67
Total of non-current assets	6,310,046,004.18	6,320,028,348.85
Total of assets	10,650,592,249.67	10,658,854,133.73
Current liabilities		
Short-term loans	700,000,000.00	208,000,000.00
Loans from Central Bank		
Call loan received		
Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		

Derivative financial liabilities	596,100.00	1,625,725.00
Payable notes and accounts	1,373,704,342.44	1,547,495,316.83
Prepayment received	174,471,020.46	278,577,848.54
Selling of repurchased financial assets		
Deposit received and held for others		
Entrusted trading of securities		
Entrusted selling of securities		
Employees' wage payable	20,937,500.20	44,513,062.17
Taxes payable	87,685,331.21	107,709,999.19
Other payables	810,800,621.62	813,118,699.84
Including: interest payable	2,381,447.47	2,098,971.44
Dividend payable		
Fees and commissions payable		
Reinsurance fee payable		
Contract liabilities		
Liabilities held for sales		
Non-current liabilities due in 1 year	450,000,000.00	200,000,000.00
Other current liabilities	10,362,063.92	9,328,682.25
Total current liabilities	3,628,556,979.85	3,210,369,333.82
Non-current liabilities:		
Insurance contract provision		
Long-term loans	993,978,153.39	1,193,978,153.39
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities	7,762,939.83	6,831,162.99
Deferred earning	10,274,011.31	10,401,161.30
Deferred income tax liabilities	1,045,368,656.06	1,042,086,700.35
Other non-current liabilities		
Total of non-current liabilities	2,057,383,760.59	2,253,297,178.03
Total liabilities	5,685,940,740.44	5,463,666,511.85

Owner's equity:		
Share capital	1,123,384,189.00	1,155,481,686.00
Other equity tools		
Including: preferred stock		
Perpetual bond		
Capital reserves	1,454,191.59	1,454,191.59
Less: Shares in stock		10,831,437.66
Other miscellaneous income	3,052,044.74	7,382,087.59
Special reserves		
Surplus reserves	54,042,195.07	120,475,221.40
Common risk provisions		
Retained profit	3,782,718,888.83	3,921,225,872.96
Total of owner's equity belong to the parent company	4,964,651,509.23	5,195,187,621.88
Minor shareholders' equity		
Total of owners' equity	4,964,651,509.23	5,195,187,621.88
Total of liabilities and owner's interest	10,650,592,249.67	10,658,854,133.73

Legal representative: Xiong Jianming

CFO: Lin Keping

Accounting Manager: Wu Bohua

2. Balance Sheet of the Parent Company

In RMB

Item	March 31, 2019	December 31, 2018
Current asset:		
Monetary capital	486,430,783.14	410,118,157.55
Transactional financial assets		
Financial assets measured at fair value with variations accounted into current income account		
Derivative financial assets		
Receivable note and accounts receivable	200,000,000.00	200,471,039.12
Including: receivable notes	200,000,000.00	200,000,000.00
Account receivable		471,039.12
Prepayment	4,382,073.52	6,733,047.16

Other receivables	1,036,391,923.93	822,543,653.04
Including: interest receivable		
Dividend receivable	100,000,000.00	100,000,000.00
Inventory		
Contract assets		
Assets held for sales		
Non-current assets due in 1 year		
Other current assets	716,922.84	919,388.18
Total current assets	1,727,921,703.43	1,440,785,285.05
Non-current assets:		
Debt investment		
Sellable financial assets		21,674,008.23
Other debt investment		
Investment held until mature		
Long-term receivable		
Long-term share equity investment	983,339,494.35	983,339,494.35
Investment in other equity tools	21,674,008.23	
Other non-current financial assets		
Investment real estate	309,189,866.37	309,189,866.37
Fixed assets	53,256,576.04	53,784,811.23
Construction in process		
Productive biological assets		
Gas & petrol		
Use right assets		
Intangible assets	2,044,566.88	2,112,301.97
R&D expense		
Goodwill		
Long-term amortizable expenses	847,499.66	917,499.68
Deferred income tax assets	36,267,056.09	34,555,598.81
Other non-current assets		
Total of non-current assets	1,406,619,067.62	1,405,573,580.64
Total of assets	3,134,540,771.05	2,846,358,865.69
Current liabilities		
Short-term loans	500,000,000.00	200,000,000.00

Transactional financial liabilities		
Financial liabilities measured at fair value with variations accounted into current income account		
Derivative financial liabilities		
Payable notes and accounts	606,941.85	676,941.85
Prepayment received	694,791.63	733,274.16
Contract liabilities		
Employees' wage payable	992,194.04	2,145,763.39
Taxes payable	505,047.04	341,004.65
Other payables	507,603,551.39	300,006,406.51
Including: interest payable	981,915.27	740,208.33
Dividend payable		
Liabilities held for sales		
Non-current liabilities due in 1 year	200,000,000.00	
Other current liabilities		
Total current liabilities	1,210,402,525.95	503,903,390.56
Non-current liabilities:		
Long-term loans	400,000,000.00	500,000,000.00
Bond payable		
Including: preferred stock		
Perpetual bond		
Lease liabilities		
Long-term payable		
Long-term employees' wage payable		
Anticipated liabilities		
Deferred earning		
Deferred income tax liabilities	64,080,311.72	64,130,617.41
Other non-current liabilities		
Total of non-current liabilities	464,080,311.72	564,130,617.41
Total liabilities	1,674,482,837.67	1,068,034,007.97
Owner's equity:		
Share capital	1,123,384,189.00	1,155,481,686.00
Other equity tools		
Including: preferred stock		

Perpetual bond		
Capital reserves	360,835.52	360,835.52
Less: Shares in stock		10,831,437.66
Other miscellaneous income	3,590,127.88	8,756,553.46
Special reserves		
Surplus reserves	54,042,195.07	120,475,221.40
Retained profit	278,680,585.91	504,081,999.00
Total of owners' equity	1,460,057,933.38	1,778,324,857.72
Total of liabilities and owner's interest	3,134,540,771.05	2,846,358,865.69

3. Consolidated Income Statement

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Total revenue	670,452,093.70	650,032,997.33
Incl. Business income	670,452,093.70	650,032,997.33
Interest income		
Insurance fee earned		
Fee and commission received		
2. Total business cost	586,532,424.53	528,787,371.03
Incl. Business cost	467,237,374.40	398,153,159.63
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	33,241,693.55	57,107,989.44
Sales expense	12,854,606.25	9,988,975.74
Administrative expense	48,521,803.12	37,182,042.44
R&D cost	4,150,525.60	3,638,625.75
Financial expenses	24,040,788.16	19,744,665.08
Including: interest cost	18,523,514.10	15,732,959.05

Interest income	1,220,042.73	1,783,355.11
Asset impairment loss		2,971,912.96
Credit impairment loss	-3,514,366.55	
Add: other gains	2,764,802.92	2,330,454.12
Investment gains ("-" for loss)	2,241,105.98	6,728,202.21
Incl. Investment gains from affiliates and joint ventures	-530,564.20	-1,547,820.36
Exchange gains ("-" for loss)		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)		-58,700.00
Investment gains ("-" for loss)	-18,130.72	59,007.69
3. Operational profit ("-" for loss)	88,907,447.35	130,304,590.32
Plus: non-operational income	875,385.81	1,641,111.57
Less: non-operational expenditure	271,123.59	67,053.56
4. Gross profit ("-" for loss)	89,511,709.57	131,878,648.33
Less: Income tax expenses	19,513,176.48	33,501,097.89
5. Net profit ("-" for net loss)	69,998,533.09	98,377,550.44
(1) By operating consistency		
1. Net profit from continuous operation ("-" for net loss)	69,998,533.09	98,377,550.44
2. Net profit from discontinuous operation ("-" for net loss)		
(2) By ownership		
1. Net profit attributable to the owners of parent company	69,998,533.09	98,377,550.44
2. Minor shareholders' equity		
6. After-tax net amount of other misc. incomes	836,382.73	-6,598,862.36
After-tax net amount of other misc. incomes attributed to parent's owner	836,382.73	-6,598,862.36
(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		
3. Fair value change of investment in other equity tools		
4. Fair value change of the company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss	836,382.73	-6,598,862.36
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Change in the fair value of financial asset for sale		
4. Gains and losses from changes in fair value of available-for-sale financial assets		
5. Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
6. Other credit investment credit impairment provisions		
7. Cash flow hedge reserve	1,029,625.00	-6,514,470.00
8. Translation difference of foreign exchange statement	-193,242.27	-84,392.36
9. Others		
After-tax net of other misc. income attributed to minority shareholders		
7. Total of misc. incomes	70,834,915.82	91,778,688.08
Total of misc. incomes attributable to the owners of the parent company	70,834,915.82	91,778,688.08
Total misc gains attributable to the minor shareholders		
8. Earnings per share:		
(1) Basic earnings per share	0.06	0.08
(2) Diluted earnings per share	0.06	0.08

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 Kebing

Accounting Manager: Wu Bohua

4. Income Statement of the Parent Company

In RMB

Item	Amount occurred in the current period	Occurred in previous period
1. Turnover	9,808,576.55	7,377,165.13
Less: Operation cost	2,950,845.09	162,820.81
Taxes and surcharges	323,222.03	47,689.87
Sales expense		
Administrative expense	6,952,633.68	5,079,218.61
R&D cost		
Financial expenses	8,008,968.34	2,247,754.36
Including: interest cost	6,297,956.94	3,047,141.01
Interest income	241,185.83	797,849.60
Asset impairment loss		-114.99
Credit impairment loss	-4,480.08	
Add: other gains	200,000.00	100,000.00
Investment gains ("-" for loss)	982,583.57	1,476,812.48
Incl. Investment gains from affiliates and joint ventures		
Net open hedge gains ("-" for loss)		
Gains from change of fair value ("-" for loss)		
Investment gains ("-") for loss)		
2. Operational profit ("-" for loss)	-7,240,028.94	1,416,608.95
Plus: non-operational income	8,947.57	2,300.00
Less: non-operational expenditure	6,388.64	
3. Gross profit ("-" for loss)	-7,237,470.01	1,418,908.95
Less: Income tax expenses	-1,789,154.52	415,478.32
4. Net profit ("-" for net loss)	-5,448,315.49	1,003,430.63
(1) Net profit from continuous operation ("-") for net loss)	-5,448,315.49	1,003,430.63
(2) Net profit from discontinuous operation ("-") for net loss)		

5. After-tax net amount of other misc. incomes		
(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		
3. Fair value change of investment in other equity tools		
4. Fair value change of the company's credit risk		
5. Others		
(2) Other misc. incomes that will be re-classified into gain and loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Fair value change of other debt investment		
3. Change in the fair value of financial asset for sale		
4. Gains and losses from changes in fair value of available-for-sale financial assets		
5. Held-to-mature investment reclassified as gain and loss in the financial assets for sales		
6. Other credit investment credit impairment provisions		
7. Cash flow hedge reserve		
8. Translation difference of foreign exchange statement		
9. Others		
6. Total of misc. incomes	-5,448,315.49	1,003,430.63
7. Earnings per share:		

(1) Basic earnings per share		
(2) Diluted earnings per share		

5. Consolidated Cash Flow Statement

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	598,615,290.91	663,119,560.92
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		
Net cash received from trading securities		
Tax refunded	901,931.07	422,809.19
Other cash received from business operation	21,534,849.71	194,722,039.64
Sub-total of cash inflow from business	621,052,071.69	858,264,409.75

operations		
Cash paid for purchasing products and services	557,177,871.33	559,325,123.89
Net increase of client trade and advance		
Net increase of savings in central bank and brother company		
Cash paid for original contract claim		
Net increase in financial assets held for trading purposes		
Net increase in funds dismantled		
Cash paid for interest, processing fee and commission		
Cash paid for policy dividend		
Cash paid to and for the staff	92,365,794.06	79,300,919.33
Taxes paid	70,963,606.86	55,517,226.34
Other cash paid for business activities	196,782,535.40	204,744,773.26
Sub-total of cash outflow from business operations	917,289,807.65	898,888,042.82
Cash flow generated by business operations, net	-296,237,735.96	-40,623,633.07
2. Cash flow generated by investment:		
Cash received from investment recovery	973,200,000.00	1,873,000,000.00
Cash received as investment profit	2,771,670.18	8,015,145.87
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	13,225,019.48	360.00
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash received		
Sub-total of cash inflow generated from investment	989,196,689.66	1,881,015,505.87
Cash paid for construction of fixed assets, intangible assets and other	49,192,556.62	21,487,326.27

long-term assets		
Cash paid as investment	1,193,400,000.00	2,091,800,000.00
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	1,242,592,556.62	2,113,287,326.27
Cash flow generated by investment activities, net	-253,395,866.96	-232,271,820.40
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	600,000,000.00	148,000,000.00
Cash received from bond placing		
Other cash received from financing activities	39,406.61	
Subtotal of cash inflow from financing activities	600,039,406.61	148,000,000.00
Cash paid to repay debts	58,000,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	249,442,954.36	18,746,403.48
Incl. Dividend and profit paid by subsidiaries to minority shareholders		
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	307,442,954.36	118,746,403.48
Net cash flow generated by financing activities	292,596,452.25	29,253,596.52
4. Influence of exchange rate changes on cash and cash equivalents	-844,162.82	-1,891,037.80
5. Net increase in cash and cash equivalents	-257,881,313.49	-245,532,894.75

Plus: Balance of cash and cash equivalents at the beginning of term	956,190,890.68	931,285,535.55
6. Balance of cash and cash equivalents at the end of the period	698,309,577.19	685,752,640.80

6. Cash Flow Statement of the Parent Company

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	7,829,887.29	140,521,112.40
Tax refunded		
Other cash received from business operation	857,398,618.28	454,176,095.73
Sub-total of cash inflow from business operations	865,228,505.57	594,697,208.13
Cash paid for purchasing products and services	1,486,439.86	117,995.70
Cash paid to and for the staff	5,580,350.62	4,310,306.35
Taxes paid	802,896.19	1,200,412.23
Other cash paid for business activities	863,556,002.15	725,018,532.50
Sub-total of cash outflow from business operations	871,425,688.82	730,647,246.78
Cash flow generated by business operations, net	-6,197,183.25	-135,950,038.65
2. Cash flow generated by investment:		
Cash received from investment recovery	518,000,000.00	942,880,000.00
Cash received as investment profit	982,583.57	2,496,812.48
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries or other operational units		
Other investment-related cash		

received		
Sub-total of cash inflow generated from investment	518,982,583.57	945,376,812.48
Cash paid for construction of fixed assets, intangible assets and other long-term assets	18,000.00	415,830.00
Cash paid as investment	518,000,000.00	1,040,870,000.00
Net cash paid for acquiring subsidiaries and other operational units		
Other cash paid for investment		
Subtotal of cash outflows	518,018,000.00	1,041,285,830.00
Cash flow generated by investment activities, net	964,583.57	-95,909,017.52
3. Cash flow generated by financing activities:		
Cash received from investment		
Cash received from borrowed loans	400,000,000.00	140,000,000.00
Cash received from bond placing		
Other cash received from financing activities	39,406.61	
Subtotal of cash inflow from financing activities	400,039,406.61	140,000,000.00
Cash paid to repay debts		
Cash paid as dividend, profit, or interests	230,221,221.83	2,060,208.34
Other cash paid for financing activities		
Subtotal of cash outflow from financing activities	230,221,221.83	2,060,208.34
Net cash flow generated by financing activities	169,818,184.78	137,939,791.66
4. Influence of exchange rate changes on cash and cash equivalents	576.24	
5. Net increase in cash and cash equivalents	164,586,161.34	-93,919,264.51
Plus: Balance of cash and cash equivalents at the beginning of term	281,594,621.80	310,049,329.68

6. Balance of cash and cash equivalents at the end of the period	446,180,783.14	216,130,065.17
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II. Financial Statement Adjustment

1. The first implementation of the new financial instruments guidelines, new income standards, new lease standards, adjustments the first implementation of the financial statements at the beginning of the year

√ Applicable □ Inapplicable

Consolidated Balance Sheet

In RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current asset:			
Monetary capital	1,389,062,083.76	1,389,062,083.76	
Receivable note and accounts receivable	2,060,214,724.69	2,072,905,381.88	12,690,657.19
Including: receivable notes	140,139,692.84	140,139,692.84	
Account receivable	1,920,075,031.85	1,932,765,689.04	12,690,657.19
Prepayment	46,454,844.74	46,454,844.74	
Other receivables	139,990,188.26	142,135,200.55	2,145,012.29
Inventory	651,405,832.29	651,405,832.29	
Other current assets	51,698,111.14	51,698,111.14	
Total current assets	4,338,825,784.88	4,353,661,454.36	14,835,669.48
Non-current assets:			
Sellable financial assets	21,674,008.23	Inapplicable	-21,674,008.23
Long-term share equity investment	70,105,657.88	70,105,657.88	
Investment in other equity tools	Inapplicable	21,674,008.23	21,674,008.23
Investment real estate	5,256,442,406.63	5,256,442,406.63	
Fixed assets	455,274,241.83	455,274,241.83	
Construction in process	58,269,452.72	58,269,452.72	
Intangible assets	80,313,240.67	80,313,240.67	
Long-term amortizable expenses	2,114,331.46	2,114,331.46	
Deferred income tax	356,474,925.76	353,169,011.31	-3,305,914.45

assets			
Other non-current assets	19,360,083.67	19,360,083.67	
Total of non-current assets	6,320,028,348.85	6,316,722,434.40	-3,305,914.45
Total of assets	10,658,854,133.73	10,670,383,888.76	11,529,755.03
Current liabilities			
Short-term loans	208,000,000.00	208,000,000.00	
Derivative financial liabilities	1,625,725.00	1,625,725.00	
Payable notes and accounts	1,547,495,316.83	1,547,495,316.83	
Prepayment received	278,577,848.54	278,577,848.54	
Employees' wage payable	44,513,062.17	44,513,062.17	
Taxes payable	107,709,999.19	107,709,999.19	
Other payables	813,118,699.84	813,118,699.84	
Including: interest payable	2,098,971.44	2,098,971.44	
Non-current liabilities due in 1 year	200,000,000.00	200,000,000.00	
Other current liabilities	9,328,682.25	9,328,682.25	
Total current liabilities	3,210,369,333.82	3,210,369,333.82	
Non-current liabilities:			
Long-term loans	1,193,978,153.39	1,193,978,153.39	
Anticipated liabilities	6,831,162.99	6,831,162.99	
Deferred earning	10,401,161.30	10,401,161.30	
Deferred income tax liabilities	1,042,086,700.35	1,042,086,700.35	
Total of non-current liabilities	2,253,297,178.03	2,253,297,178.03	
Total liabilities	5,463,666,511.85	5,463,666,511.85	
Owner's equity:			
Share capital	1,155,481,686.00	1,155,481,686.00	
Capital reserves	1,454,191.59	1,454,191.59	
Less: Shares in stock	10,831,437.66	10,831,437.66	
Other miscellaneous income	7,382,087.59	2,215,662.01	-5,166,425.58

Surplus reserves	120,475,221.40	121,000,081.43	524,860.03
Retained profit	3,921,225,872.96	3,937,397,193.54	16,171,320.58
Total of owner's equity belong to the parent company	5,195,187,621.88	5,206,717,376.91	11,529,755.03
Total of owners' equity	5,195,187,621.88	5,206,717,376.91	11,529,755.03
Total of liabilities and owner's interest	10,658,854,133.73	10,670,383,888.76	11,529,755.03

About the adjustment

In 2017, the Ministry of Finance revised and released the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation" (hereinafter collectively referred to as the "New Financial Instruments Standards") and requires enterprises listed in China to implement the above accounting standards from January 1, 2019.

In accordance with the above requirements, the Company will implement the new financial instrument standard from January 1, 2019 and reclassify the original financial assets into transactional financial assets, derivative financial assets, other equity instrument investments and other non-current financial assets. Non-transaction equity instrument investment is designated as financial assets measured at fair value through other comprehensive income and is presented in "other equity instrument investment" items. At the same time, the loss provision prepared by the original financial instrument standard is adjusted to be in accordance with the new financial instrument. According to the regulations, it is not necessary to repeat the data of the 2018 comparative period when preparing the report for each period of 2019, but it is necessary to make retrospective adjustments to the retained earnings or other comprehensive income at the beginning of 2019.

Balance Sheet of the Parent Company

In RMB

Item	December 31, 2018	January 1, 2019	Adjustment
Current asset:			
Monetary capital	410,118,157.55	410,118,157.55	
Receivable note and accounts receivable	200,471,039.12	200,479,634.37	8,595.25
Including: receivable notes	200,000,000.00	200,000,000.00	
Account receivable	471,039.12	479,634.37	8,595.25
Prepayment	6,733,047.16	6,733,047.16	
Other receivables	822,543,653.04	822,644,623.99	100,970.95
Dividend receivable	100,000,000.00	100,000,000.00	
Other current assets	919,388.18	919,388.18	
Total current assets	1,440,785,285.05	1,440,894,851.25	109,566.20
Non-current assets:			

Sellable financial assets	21,674,008.23	Inapplicable	-21,674,008.23
Long-term share equity investment	983,339,494.35	983,339,494.35	
Investment in other equity tools	Inapplicable	21,674,008.23	21,674,008.23
Investment real estate	309,189,866.37	309,189,866.37	
Fixed assets	53,784,811.23	53,784,811.23	
Intangible assets	2,112,301.97	2,112,301.97	
Long-term amortizable expenses	917,499.68	917,499.68	
Deferred income tax assets	34,555,598.81	34,528,207.26	-27,391.55
Total of non-current assets	1,405,573,580.64	1,405,546,189.09	-27,391.55
Total of assets	2,846,358,865.69	2,846,441,040.34	82,174.65
Current liabilities			
Short-term loans	200,000,000.00	200,000,000.00	
Payable notes and accounts	676,941.85	676,941.85	
Prepayment received	733,274.16	733,274.16	
Employees' wage payable	2,145,763.39	2,145,763.39	
Taxes payable	341,004.65	341,004.65	
Other payables	300,006,406.51	300,006,406.51	
Including: interest payable	740,208.33	740,208.33	
Total current liabilities	503,903,390.56	503,903,390.56	
Non-current liabilities:			
Long-term loans	500,000,000.00	500,000,000.00	
Deferred income tax liabilities	64,130,617.41	64,130,617.41	
Total of non-current liabilities	564,130,617.41	564,130,617.41	
Total liabilities	1,068,034,007.97	1,068,034,007.97	
Owner's equity:			
Share capital	1,155,481,686.00	1,155,481,686.00	
Capital reserves	360,835.52	360,835.52	

Less: Shares in stock	10,831,437.66	10,831,437.66	
Other miscellaneous income	8,756,553.46	3,590,127.88	-5,166,425.58
Surplus reserves	120,475,221.40	121,000,081.43	524,860.03
Retained profit	504,081,999.00	508,805,739.20	4,723,740.20
Total of owners' equity	1,778,324,857.72	1,778,407,032.37	82,174.65
Total of liabilities and owner's interest	2,846,358,865.69	2,846,441,040.34	82,174.65

About the adjustment

In 2017, the Ministry of Finance revised and released the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting", "Accounting Standards for Business Enterprises No. 37 - Financial Instruments Presentation" (hereinafter collectively referred to as the "New Financial Instruments Standards") and requires enterprises listed in China to implement the above accounting standards from January 1, 2019.

In accordance with the above requirements, the Company will implement the new financial instrument standard from January 1, 2019 and reclassify the original financial assets into transactional financial assets, derivative financial assets, other equity instrument investments and other non-current financial assets. Non-transaction equity instrument investment is designated as financial assets measured at fair value through other comprehensive income and is presented in "other equity instrument investment" items. At the same time, the loss provision prepared by the original financial instrument standard is adjusted to be in accordance with the new financial instrument. According to the regulations, it is not necessary to repeat the data of the 2018 comparative period when preparing the report for each period of 2019, but it is necessary to make retrospective adjustments to the retained earnings or other comprehensive income at the beginning of 2019.

2. Description of the first implementation of the new financial instrument criteria, new lease standard retrospective adjustment of the previous period comparison data

Applicable Inapplicable

3. Auditor's Report

Whether the Q1 report is audited

Yes No

The Q2 Report is not audited.

China Fangda Group Co., Ltd.

Legal representative: Xiong Jianming

April 23, 2019