

Shenzhen Zhongheng Huafa Co., Ltd.

First Quarterly Report 2020

April 2020

Section I. Important Notes

Board of Directors and the Supervisory Committee of Shenzhen Zhongheng Huafa Co., Ltd (hereinafter referred to as the Company) and its directors, supervisors and senior executives should guarantee the reality, accuracy and completion of the quarterly report, there are no any fictitious statements, misleading statements or important omissions carried in this report, and shall take legal responsibilities, individual and/or joint.

All Directors are attended the Board Meeting for Quarterly Report deliberation. Li Zhongqiu, person in charge of the Company, Yang Bin, person in charger of accounting works and Wu Ai'jie, person in charger of accounting organ (accounting officer) hereby confirm that the Financial Statement of this Quarterly Report is authentic, accurate and complete.

Section II. Basic situation of the Company

I. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data

☐ Yes ☒ No

	Current period	At the same period of last year	Changes of this period over same period of last year
Operating income (RMB)	87,800,584.55	143,921,648.63	-38.99%
Net profit attributable to shareholders of the listed company (RMB)	-400,741.17	258,233.98	-255.19%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-208,179.52	196,868.38	-205.75%
Net cash flow arising from operating activities (RMB)	7,931,308.59	19,403,902.99	-59.13%
Basic earnings per share (RMB/Share)	-0.0014	0.0009	-255.56%
Diluted earnings per share (RMB/Share)	-0.0014	0.0009	-255.56%
Weighted average ROE	-0.12%	0.08%	-0.20%
	At the end of the reporting period	At the end of last year	Changes of this period-end over same period-end of last year
Total assets (RMB)	620,319,821.75	614,163,899.86	1.00%
Net assets attributable to shareholder of listed company (RMB)	329,027,308.72	329,428,049.89	-0.12%

Items and amount of non-recurring gains and losses

☒ Applicable ☐ Not applicable

In RMB

Item	Amount from year-begin to period-end	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-253,414.02	
Gain or loss on the investment or management of assets	37,415.02	
Other non-operating income and expenditure except for the aforementioned items	-10,052.54	
Less: impact on income tax	-33,489.89	
Total	-192,561.65	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

II. Total number of shareholders at the end of this report period and top ten shareholders

1. Total number of common shareholders at the end of this report period and top ten common shareholders

In shares

Total common stock shareholders in reporting period-end		24,131		Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Top ten shareholders							
Shareholder’s name	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen		
					State of share	Amount	
Wuhan Zhongheng Group	Domestic non-state-owned legal person	42.13%	119,289,894	0	Pledged	116,100,000	
					Frozen	119,289,894	
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0	
					Frozen	0	
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	3.40%	9,722,000	0	Pledged	0	
					Frozen	0	
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0	
					Frozen	0	
Guoyuan Securities Brokerage (Hong Kong) Limited	Overseas legal person	1.36%	3,870,117	0	Pledged	0	
					Frozen	0	

Li Zhongqiu	Overseas legal person	1.00%	2,830,000	0	Pledged	0
					Frozen	0
Zhong Jiachao	Domestic nature person	0.47%	1,329,602	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas legal person	0.36%	1,002,800	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person	0.35%	989,350	0	Pledged	0
					Frozen	0
Han Yaming	Domestic nature person	0.31%	864,200	0	Pledged	0
					Frozen	0
Top ten shareholders with unrestricted shares held						
Shareholder’s name	Amount of unrestricted shares held	Type of shares				
		Type	Amount			
Wuhan Zhongheng Group		119,289,894	RMB common share	119,289,894		
SEG (HONG KONG) CO., LTD.		16,569,560	Domestically listed foreign shares	16,569,560		
GOOD HOPE CORNER INVESTMENTS LTD		9,722,000	Domestically listed foreign shares	9,722,000		
Changjiang Securities Brokerage (Hongkong) Co., Ltd.		5,355,249	Domestically listed foreign shares	5,355,249		
Guoyuan Securities Brokerage (Hong Kong) Limited		3,870,117	Domestically listed foreign shares	3,870,117		
Li Zhongqiu		2,830,000	Domestically listed foreign shares	2,830,000		
Zhong Jiachao		1,329,602	Domestically listed foreign shares	1,329,602		
LI SHERYN ZHAN MING		1,002,800	Domestically listed foreign shares	1,002,800		
Li Senzhuang		989,350	Domestically listed foreign	989,350		

		shares	
Han Yaming	864,200	Domestically listed foreign shares	864,200
Explanation on associated relationship among the aforesaid shareholders	Among the top ten shareholders, Li Zhongqiu is the actual controller of Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. and is a party acting in concert. The Company neither knew whether there exists associated relationship among the other shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		
Explanation on top 10 common shareholders involving margin business (if applicable)	Among the top ten shareholders, Zhong Jiachao held 795,602 shares through ordinary accounts, 534,000 shares through credit securities accounts, and total held 1,329,602 shares.		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

The top ten common shareholders or top ten common shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Total shareholders with preferred stock held and shares held by top ten shareholders with preferred stock held

☐ Applicable ☒ Not applicable

Section III. Significant Events

I. Particulars about material changes in items of main accounting statement and financial index and explanations of reasons

√Applicable □Not applicable

Item	2020-3-31	2020-1-1	Y-o-y changes	Reasons of changes
Money funds	32,816,423.29	38,095,501.00	-13.86%	
Accounts receivable	124,682,499.69	138,755,691.43	-10.14%	
Receivable financing	55,390,096.43	42,096,834.02	31.58%	Note receivable increased in the period
Prepayments	34,827,689.44	23,007,637.46	51.37%	Account paid in advance for materials increased in the period
Other receivables	11,576,982.05	6,351,361.16	82.28%	Some of the merchant rents are collected in April
Stock	67,463,821.48	66,971,551.96	0.74%	
Other current assets	233,390.96	1,395,071.36	-83.27%	Tax to be deducted is deducted in the period
Short-term loan	12,822,324.40	24,633,898.20	-47.95%	Short-term loans declined
Bills payable	11,570,559.44	16,761,590.51	-30.97%	Notes issued in the period declined
Accounts payable	127,811,428.65	108,804,905.20	17.47%	
Advance payment	1,985,305.99	356,446.21	456.97%	Received part of the deposit in advance
Staff payable	6,138,190.12	5,877,341.25	4.44%	
Taxes payable	12,124,249.09	12,877,944.98	-5.85%	
Item	Jan.-March of 2020	Jan.-March of 2019	Y-o-y changes	Reasons of changes
Operating income	87,800,584.55	143,921,648.63	-38.99%	Factory shut down and orders fell due to the impact of epidemic
Operating cost	73,672,446.25	123,972,772.66	-40.57%	Factory shut down and orders fell due to the impact of epidemic
Taxes and surcharges			-7.00%	

	584,743.27	628,766.00		
Sales expense	3,448,537.85	3,231,596.06	6.71%	
Management fees	8,058,091.66	11,971,872.78	-32.69%	Factory shut down due to the impact of epidemic
Financial expenses	1,458,095.53	3,845,179.98	-62.08%	Bank loans declined
Non-operation income	5,492.44	44,300.00	-87.60%	There was a penalty income in previous period
Non-operation expenditure	263,835.56	4,118.80	6305.64%	Loss of fixed assets disposal in the period
Income tax expenses	-85,032.71	84,349.95	-200.81%	Loss in the period
Item	Jan.-March of 2020	Jan.-March of 2019	Y-o-y changes	Reasons of changes
Cash received from sales of goods and services	86,584,529.58	131,395,643.63	-34.10%	Factory shut down and orders fell due to the impact of epidemic
Cash for purchasing goods and receiving labor services	56,760,923.41	85,022,628.29	-33.24%	Factory shut down and orders fell due to the impact of epidemic
Cash paid to and for employees	8,467,600.61	16,234,429.46	-47.84%	Factory shut down due to the impact of epidemic
Cash paid for purchasing fixed, intangible and other long-term assets	467,211.58	1,991,100.36	-76.54%	Factory shut down due to the impact of epidemic
Other cash paid relating to investing activities	25,000,000.00	46,000,000.00	-45.65%	Bank financial products purchased in the period declined
Cash received from loans	6,725,056.80	39,255,469.21	-82.87%	Short-term loans declined in the period
Cash paid for settling debts	20,548,487.80	51,413,400.63	-60.03%	Bank loans paid in the period declined
Influence on cash and cash equivalents due to fluctuation in exchange rate	32,336.78	65,528.58	-50.65%	Exchange rate movements have less impact in the period

II. Analysis and explanation of significant events and their influence and solutions

√ Applicable □ Not applicable

(I) The Company signed Asset Exchange Contract with Wuhan Zhongheng Group on 29 April 2009 (details were referred to in the announcement dated 30 April 2009), and pursuant to the contract, since part of the assets of the Company (namely two parcel of industrial lands located at Huafa road, Gongming town, Guangming new district, Shenzhen (the property certificate No. were SFDZ No.7226760 and SFDZ No.7226763, No. of parcels were A627-005 and A627-007, and the aggregate area was 48,200 sq.m) were the lands listed in the first batch of plan for 2010 Shenzhen urbanization unit planning preparation plan. For promotion of such urbanization project and joint cooperation, the Company has not completed the transfer procedures in respect of the aforesaid land.

The Company convoked the first extraordinary meeting of the Board in 2015 on February 16, 2015 and the first extraordinary general meeting of the Board in 2015 on March 4, 2015, which considered and approved the “Motion on promoting and implementing the urban renewal project for the renewal units of Huafa area at Gongming street, Guangming new district, Shenzhen”, specified that the Company and Wuhan Zhongheng Group shall obtain the corresponding compensatory consideration for removal from the respectively owned project plots and the respectively contributed and constructed above-ground buildings before the land development, it is estimated that the compensatory consideration obtained by the Company accounts for 50.5% of the total consideration and Wuhan Zhongheng Group accounts for 49.5% by calculation.

The sixth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting held on September 11, 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’”, the company has signed the “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Contract for the cooperative venture of reconstruction project for Huafa Industrial Park, Gong Ming Street, Guangming New District” and “Agreement on housing acquisition and removal compensation and resettlement” with Wuhan Zhongheng New Technology Industry Group Co., Ltd. (hereinafter referred to as “Wuhan Zhongheng Group”), Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Shenzhen Vanke”), and Shenzhen Vanke Guangming Real Estate Development Co., Ltd. (hereinafter referred to as “Vanke Guangming”). On 12 September 2016, Shenzhen Vanke applied for arbitration in respect of “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen” against the Company and Wuhan Zhongheng Group. Shenzhen Court of International Arbitration (SCIA) has given a ruling in August 2017. On August 29, 2018, the court accepted the compulsory execution application of Shenzhen Vanke. In October 2019, as a number of outsiders filed an “execution objection” and applied for “no execution” to Shenzhen Intermediate People’s Court, the Shenzhen Intermediate People’s Court ruled to terminate the enforcement procedure on March 20, 2020. If the “execution objection” and “no execution” proposed by outsiders are rejected according to law, Shenzhen Vanke may continue to apply to the Shenzhen Intermediate People’s Court to resume execution. Progress of the case found more in the Notices released on Juchao website (www.cninfo.com.cn) dated 14 Sept. 2016, 1 Nov. 2016, 16 Nov. 2016, on 18 Feb. 2017, 24 March 2017, 25 April 2017, 1 July 2017, 18 August 2017, 9 Feb. 2018, 25 Aug. 2018 and 7 Sept. 2018 respectively.

In November 2019, the company was listed by Shenzhen Intermediate People’s Court as the dishonest person subjected to execution, and was removed from the dishonest person subjected to execution list by the Shenzhen Intermediate People’s Court in December 2019. For details, see the “Announcement About the Company Being Included in the List of Dishonest Person Subjected to Execution” (Announcement No.: 2019-33) and “Announcement About the Company Being Removed from the List of Dishonest Person Subjected to Execution” (Announcement No.: 2019 -35) issued by the company on November 9, 2019 and December 14, 2019 on www.cninfo.com.cn.

(ii) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. Wuhan Zhongheng Group deferred the

repurchase business day to 30 June 2017. on 1 Feb. 2016, Wuhan Zhongheng Group pledge the 27,349,953 shares held to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. The above-mentioned pledged shares are deferred by Wuhan Zhongheng Group; pledge expired on 31 December 2017. The trading day for repurchase put off to the date when pledge actually removed. Till end of this period released, controlling shareholder still not removed the pledge and the Company has apply by letter, relevant Notice of Presentment on Stock Pledge from Controlling Shareholder was released. Found more in notice released on Juchao website (www.cninfo.com.cn) date 2 Feb. 2018.

(iii) The controlling shareholder Wuhan Zhongheng Group holds 119,289,894 shares of the Company' stock, accounting for 42.13% of the total share capital of the Company, of which 116,489,894 shares were judicially frozen by Shenzhen Intermediate People's Court (hereinafter referred to as "Shenzhen Intermediate Court") on September 27, 2016, which were frozen again by the Shenzhen Intermediate People's Court on December 14, 2018, with a frozen period of 36 months; the remaining 2,800,000 shares were frozen by the Shenzhen Intermediate People's Court on May 29, 2019, and were frozen again by the Higher People's Court of Guangdong Province on July 5, 2019. For details, please refer to the company's announcements published on www.cninfo.com.cn on October 27, 2016, January 11, 2019, May 31, 2019 and August 7, 2019.

(iv) On September 29, 2016, the company and its controlling shareholder, Wuhan Zhongheng Group, signed the "Agency Contract" with V&T Law Firm. On October 8, 2016, the three parties also signed the "Supplemental Agreement for Agency Contract", it was agreed that V&T acted as an agent for the company and Wuhan Zhongheng Group to deal with the arbitration case with Shenzhen Vanke. After losing the lawsuit, due to differences in the payment of attorney fees, V&T sued our company and Wuhan Zhongheng Group to the Shenzhen Court of International Arbitration, and applied to the court to seize a bank account under our company's name and part of our company dormitories, please refer to "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement Numbers: 2018-43, 2019-02) released by our company on www.cninfo.com.cn on November 14, 2018 and March 6, 2019. 02. In November 2019, the Shenzhen Court of International Arbitration ruled that the company and Wuhan Zhongheng Group paid the corresponding fees. According to the "Agency Contract" and "Supplemental Agreement for Agency Contract" signed by the three parties, the loss of the arbitrament in this case was borne by Wuhan Zhongheng Group, so it had no impact on the company's 2019 annual profit. For details, see the company's "Other Announcements on the Progress Involving Litigation and Arbitration" (Announcement No.: 2019-34) released on www.cninfo.com.cn on November 25, 2019.

Summary of important issues	Disclosure date	Interim report disclosure index
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Implementation progress of shares buy-back

☐ Applicable ☒ Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

☐ Applicable ☒ Not applicable

III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

☐ Applicable ☒ Not applicable

The Company has no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies.

IV. Securities Investment

☐ Applicable ☒ Not applicable

No security investment in Period.

V. Trust financing

☒ Applicable ☐ Not applicable

In 10 thousand Yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount
Bank financial products	Own funds	25,000,000	0	0
Total		25,000,000	0	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

☐ Applicable ☒ Not applicable

Entrust financial expected to be unable to recover the principal or impairment might be occurred

☐ Applicable ☒ Not applicable

VI. Derivative investment

☐ Applicable ☒ Not applicable

No derivative investment in the Period.

VII. Registration form for receiving research, communication and interview in the report period

☒ Applicable ☐ Not applicable

Date	Method	Type of investors	Basic situation index of investigation
2020-01-06	Telephone communication	Individual	Understand the company's production and operation situation, litigation progress and the progress of urban renewal projects

VIII. External security against the rules

☐ Applicable ☒ Not applicable

The Company has no external security against the rules in the Period.

IX. Controlling shareholders' and its related party's non-business capital occupying of the listed company

☐ Applicable ☒ Not applicable

There are no controlling shareholders' and its related party's non-business capital occupying of the listed company.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by Shenzhen Zhongheng Huafa Co., Ltd.

2020-04-28

In RMB

Items	2020-3-31	2019-12-31
Current assets:		
Monetary fund	32,816,423.29	38,095,501.00
Settlement provisions		
Capital lent		
Transactional financial assets		
Derivative financial assets		
Note receivable		
Account receivable	124,682,499.69	138,755,691.43
Receivable financing	55,390,096.43	42,096,834.02
Accounts paid in advance	34,827,689.44	23,007,637.46
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	11,576,982.05	6,351,361.16
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	67,463,821.48	66,971,551.96
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	233,390.96	1,395,071.36

Total current assets	326,990,903.34	316,673,648.39
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment		
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	48,520,910.00	48,952,992.57
Fixed assets	194,674,121.29	198,229,817.31
Construction in progress		
Productive biological asset		
Oil and gas asset		
Right-of-use assets		
Intangible assets	42,518,738.49	42,968,600.44
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	251,697.19	309,781.15
Deferred income tax asset	7,137,751.44	6,803,360.00
Other non-current asset	225,700.00	225,700.00
Total non-current asset	293,328,918.41	297,490,251.47
Total assets	620,319,821.75	614,163,899.86
Current liabilities:		
Short-term loans	12,822,324.40	24,633,898.20
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable	11,570,559.44	16,761,590.51
Account payable	127,811,428.65	108,804,905.20

Accounts received in advance	1,985,305.99	356,446.21
Contractual liability		
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	6,138,190.12	5,877,341.25
Taxes payable	12,124,249.09	12,877,944.98
Other account payable	33,509,094.34	28,027,592.62
Including: Interest payable	71,131.46	89,365.28
Dividend payable		
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	12,000,000.00	12,000,000.00
Other current liabilities		
Total current liabilities	217,961,152.03	209,339,718.97
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	71,000,000.00	73,000,000.00
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long-term wages payable		
Accrual liability	64,411.00	64,411.00
Deferred income	2,266,950.00	2,331,720.00
Deferred income tax liabilities		
Other non-current liabilities		

Total non-current liabilities	73,331,361.00	75,396,131.00
Total liabilities	291,292,513.03	284,735,849.97
Owner's equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-178,112,783.03	-177,712,041.86
Total owner's equity attributable to parent company	329,027,308.72	329,428,049.89
Minority interests		
Total owner's equity	329,027,308.72	329,428,049.89
Total liabilities and owner's equity	620,319,821.75	614,163,899.86

Legal Representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institute: Wu Aijie

2. Balance Sheet of Parent Company

In RMB

Item	2020-3-31	2019-12-31
Current assets:		
Monetary funds	4,283,316.44	3,494,245.90
Trading financial assets		
Derivative financial assets		
Note receivable		
Account receivable		

Receivable financing		
Accounts paid in advance	35,123.00	
Other account receivable	94,530,302.52	97,165,023.85
Including: Interest receivable		
Dividend receivable		
Inventories	14,806.50	14,806.50
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	29,889.41	173,950.26
Total current assets	98,893,437.87	100,848,026.51
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	186,608,900.00	186,608,900.00
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	24,864,200.40	25,166,301.06
Fixed assets	98,141,949.12	98,410,024.38
Construction in progress		
Productive biological assets		
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	4,517,472.81	4,553,709.24
Research and development costs		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	7,367,646.35	7,367,646.35
Other non-current assets		
Total non-current assets	321,500,168.68	322,106,581.03

Total assets	420,393,606.55	422,954,607.54
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	9,740,367.33	10,745,840.16
Accounts received in advance	54,451.01	57,266.01
Contractual liability		
Wage payable	820,979.02	1,220,979.02
Taxes payable	7,951,572.26	8,489,130.72
Other accounts payable	19,737,144.53	19,100,375.42
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year	12,000,000.00	12,000,000.00
Other current liabilities		
Total current liabilities	50,304,514.15	51,613,591.33
Non-current liabilities:		
Long-term loans	71,000,000.00	73,000,000.00
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	71,064,411.00	73,064,411.00
Total liabilities	121,368,925.15	124,678,002.33

Owners' equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-208,115,410.35	-208,863,486.54
Total owner's equity	299,024,681.40	298,276,605.21
Total liabilities and owner's equity	420,393,606.55	422,954,607.54

3. Consolidated Profit Statement

In RMB

Item	Current period	Last period
I. Total operating income	87,800,584.55	143,921,648.63
Including: Operating income	87,800,584.55	143,921,648.63
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	88,130,200.33	143,650,187.48
Including: Operating cost	73,672,446.25	123,972,772.66
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		

Reinsurance expense		
Tax and extras	584,743.27	628,766.00
Sales expense	3,448,537.85	3,231,596.06
Administrative expense	8,058,091.66	11,971,872.78
R&D expense	908,285.77	
Financial expense	1,458,095.53	3,845,179.98
Including: Interest expenses	2,375,650.33	2,793,872.51
Interest income	128,721.93	95,661.57
Add: other income	64,770.00	
Investment income (Loss is listed with “-”)	37,415.02	30,941.58
Including: Investment income on affiliated company and joint venture		
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	-227,430.76	302,402.73
Add: Non-operating income	5,492.44	44,300.00
Less: Non-operating expense	263,835.56	4,118.80
IV. Total profit (Loss is listed with “-”)	-485,773.88	342,583.93
Less: Income tax expense	-85,032.71	84,349.95

V. Net profit (Net loss is listed with “-”)	-400,741.17	258,233.98
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	-400,741.17	258,233.98
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	-400,741.17	258,233.98
2.Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial		

assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-400,741.17	258,233.98
Total comprehensive income attributable to owners of parent Company	-400,741.17	258,233.98
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0014	0.0009
(ii) Diluted earnings per share	-0.0014	0.0009

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal Representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institute: Wu Aijie

4. Profit Statement of Parent Company

In RMB

Item	Current period	Last period
I. Operating income	7,437,448.02	8,410,710.54
Less: Operating cost	613,839.48	1,229,845.47
Taxes and surcharge	257,246.31	235,479.42
Sales expenses		

Administration expenses	3,553,655.31	4,650,071.72
R&D expenses		
Financial expenses	2,015,272.00	2,191,390.21
Including: interest expenses	2,015,830.25	2,174,999.98
Interest income	3,734.78	6,534.22
Add: other income		
Investment income (Loss is listed with “-”)		
Including: Investment income on affiliated Company and joint venture		
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)		
Loss of credit impairment (Loss is listed with “-”)		
Losses of devaluation of asset (Loss is listed with “-”)		
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	997,434.92	103,923.72
Add: Non-operating income		37,300.00
Less: Non-operating expense		
III. Total Profit (Loss is listed with “-”)	997,434.92	141,223.72
Less: Income tax	249,358.73	35,305.93
IV. Net profit (Net loss is listed with “-”)	748,076.19	105,917.79
(i)continuous operating net profit (net loss listed with “-”)	748,076.19	105,917.79
(ii) termination of net profit (net		

loss listed with ‘-’)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	748,076.19	105,917.79
VII. Earnings per share:		
(i) Basic earnings per share	0.0026	0.0004

(ii) Diluted earnings per share	0.0026	0.0004
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5. Consolidated Cash Flow Statement

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	86,584,529.58	131,395,643.63
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received		
Other cash received concerning operating activities	1,372,807.06	1,243,646.01
Subtotal of cash inflow arising from operating activities	87,957,336.64	132,639,289.64
Cash paid for purchasing commodities and receiving labor service	56,760,923.41	85,022,628.29
Net increase of customer loans		

and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	8,467,600.61	16,234,429.46
Taxes paid	2,351,100.26	2,076,195.55
Other cash paid concerning operating activities	12,446,403.77	9,902,133.35
Subtotal of cash outflow arising from operating activities	80,026,028.05	113,235,386.65
Net cash flows arising from operating activities	7,931,308.59	19,403,902.99
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income	37,415.02	30,941.58
Net cash received from disposal of fixed, intangible and other long-term assets	91,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	25,000,000.00	46,000,000.00
Subtotal of cash inflow from investing activities	25,128,415.02	46,030,941.58
Cash paid for purchasing fixed, intangible and other long-term assets	467,211.58	1,991,100.36
Cash paid for investment		
Net increase of mortgaged loans		

Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	25,000,000.00	46,000,000.00
Subtotal of cash outflow from investing activities	25,467,211.58	47,991,100.36
Net cash flows arising from investing activities	-338,796.56	-1,960,158.78
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	6,725,056.80	39,255,469.21
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	6,725,056.80	39,255,469.21
Cash paid for settling debts	20,548,487.80	51,413,400.63
Cash paid for dividend and profit distributing or interest paying	2,393,884.15	3,134,606.87
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	22,942,371.95	54,548,007.50
Net cash flows arising from financing activities	-16,217,315.15	-15,292,538.29
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	32,336.78	65,528.58
V. Net increase of cash and cash equivalents	-8,592,466.34	2,216,734.50
Add: Balance of cash and cash equivalents at the period -begin	36,645,061.61	27,961,209.60

VI. Balance of cash and cash equivalents at the period -end	28,052,595.27	30,177,944.10
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6. Cash Flow Statement of Parent Company

In RMB

Item	Current period	Last period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	9,931,734.48	8,916,021.40
Write-back of tax received		
Other cash received concerning operating activities	3,939,188.22	2,102,534.22
Subtotal of cash inflow arising from operating activities	13,870,922.70	11,018,555.62
Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	622,769.26	841,317.45
Taxes paid	1,239,019.63	458,295.30
Other cash paid concerning operating activities	7,205,331.06	15,538,788.71
Subtotal of cash outflow arising from operating activities	9,067,119.95	16,838,401.46
Net cash flows arising from operating activities	4,803,802.75	-5,819,845.84
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets		
Net cash received from disposal		

of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities		
Cash paid for purchasing fixed, intangible and other long-term assets		
Cash paid for investment		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities		
Net cash flows arising from investing activities		
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts	2,000,000.00	
Cash paid for dividend and profit distributing or interest paying	2,015,830.25	2,174,999.98
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	4,015,830.25	2,174,999.98
Net cash flows arising from financing activities	-4,015,830.25	-2,174,999.98
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate		-23.63
V. Net increase of cash and cash	787,972.50	-7,994,869.45

equivalents		
Add: Balance of cash and cash equivalents at the period -begin	2,046,143.44	12,024,179.58
VI. Balance of cash and cash equivalents at the period -end	2,834,115.94	4,029,310.13

II. Explanation on financial statement adjustment

1. Financial statement adjustment at the beginning of the first year when implementation of new revenue rules and new leasing rules from 2020

☐Applicable ☒Not applicable

2. Retrospective adjustment of the comparative data for initial implementation of new revenue rules and new leasing rules from 2020

☐Applicable ☒Not applicable

III. Audit report

Whether the 1st quarterly report has been audited or not

☐Yes ☒No

1Q report of the Company is unaudited.