



HAINAN PEARL RIVER HOLDINGS CO., LTD.

THIRD QUARTER REPORT 2017

October 2017

Section I Important Statements

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of HaiNan Pearl River Holdings Co., Ltd. (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

Director Xue Chunlei didn't attend the board session in person due to the cause of work, authorizing director Zhao Yinhu to attend and vote. Other directors have attended the board session for reviewing this report in person.

Wang Chunli, company principal, Guan Ying, chief of the accounting work and Guan Ying, head of the accounting department (head of accounting) of the Company, hereby confirm that the Financial Report carried in this Report is factual, accurate and complete.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II Company Fundamentals

I Key Consolidated Financial Results

Indicate by tick mark whether the Company needs to retrospectively restate any of its accounting data.

Yes No

Reason:

Business merger under the same control

	September 30, 2017	December 31, 2016		Change
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	4,747,421,920.84	1,385,469,635.17	5,007,343,324.00	-5.19%
Equity attributable to owners of the parent (RMB)	1,680,315,717.61	65,088,302.88	2,032,242,890.44	-17.32%
	July-September 2017	YoY change	January-September 2017	YoY change
Net sales (RMB)	2,232,700,520.70	-22.04%	5,515,262,797.63	-7.79%
Net margin attributable to shareholders of the Company (RMB)	42,164,080.63	14.41%	113,833,212.48	60.02%
Net margin attributable to shareholders of the Company before exceptional gains and losses (RMB)	-18,544,858.72	-148.90%	5,766,539.70	116.35%
Net cash from operating activities (RMB)	--	--	-1,071,443,766.31	-278.96%
Basic earnings per share (RMB/share)	0.07	16.67%	0.18	63.64%
Diluted earnings per share (RMB/share)	0.07	16.67%	0.18	63.64%
Weighted average return on equity (%)	2.05%	-0.08%	5.45%	1.38%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	January-September 2017	Note
Capital occupation charges on non-financial enterprises that are	16,810,053.35	

charged to the profit/loss for the Reporting Period		
Reporting Period net profit/loss of subsidiaries acquired through business mergers under the same control from period-beginnings to merger dates	117,422,986.25	
Non-operating income and expense other than above	-1,007,624.03	
Minority interests effects (after tax)	25,158,742.79	
Total	108,066,672.78	--

Explanation of why the Company classified an item as an exceptional gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gains and Losses, or reclassified any exceptional gain/loss item given as an example in the said explanatory announcement as a recurrent gain/loss:

Applicable Not applicable

No such cases in the Reporting Period.

II Total Number of Shareholders and Shareholdings of Top 10 Shareholders at Period-End

1. Numbers of Common Shareholders and Preference Shareholders with Resumed Voting Rights, and Shareholdings of Top 10 Shareholders

Unit: share

Total number of common shareholders at period-end		30,806	Total number of preference shareholders with resumed voting rights at period-end (if any)		0	
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at period-end	Restricted shares held at period-end	Pledged or frozen shares	
					Status	Number
BEIJING GRAIN GROUP CO., LTD.	State-owned corporation	28.95%	123,561,963			
LI SHERYN ZHAN MING	Foreign individual	4.99%	21,282,800			
MEI JIANYING	Domestic individual	0.61%	2,583,803			
YAO LIYUAN	Foreign individual	0.46%	1,950,000			
ZHANG XIAOXIA	Domestic individual	0.46%	1,949,250			
WANG XIAOXING	Domestic individual	0.43%	1,836,500			
CHEN OUQIN	Domestic	0.39%	1,652,679			

	individual				
WANG DAO	Domestic individual	0.38%	1,633,300		
ZHONG YI	Domestic individual	0.38%	1,604,283		
XU ZHEN	Domestic individual	0.37%	1,595,000		
Top 10 non-restricted shareholders					
Name of shareholder	Non-restricted shares held at period-end	Type of stock			
		Type	Number		
BEIJING GRAIN GROUP CO., LTD.	123,561,963	RMB common stock	123,561,963		
LI SHERYN ZHAN MING	21,282,800	Domestically listed stock for foreign investors	21,282,800		
MEI JIANYING	2,583,803	RMB common stock	2,583,803		
YAO LIYUAN	1,950,000	Domestically listed stock for foreign investors	1,950,000		
ZHANG XIAOXIA	1,949,250	Domestically listed stock for foreign investors	1,949,250		
WANG XIAOXING	1,836,500	RMB common stock	1,836,500		
CHEN OUQIN	1,652,679	RMB common stock	1,652,679		
WANG DAO	1,633,300	RMB common stock	1,633,300		
ZHONG YI	1,604,283	RMB common stock	1,604,283		
XU ZHEN	1,595,000	RMB common stock	1,595,000		
Related or acting-in-concert parties among shareholders above	Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are acting-in-concert parties as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there is related-party relationship among other shareholders and whether they are prescribed parties with concerted action.				
Top 10 common shareholders conducting securities margin trading (if any)	<p>Shareholder Wang Xiaoxing held 1,836,500 shares in the Company through the account of CSRC in Soochow Securities Co., Ltd.</p> <p>Shareholder Zhong Yi held 1,604,283 shares in the Company through the account of CSRC in Eastmoney Securities Co., Ltd.</p> <p>Shareholder Wang Dao held 301,900 shares in the Company through his account of CSRC and held 1,331,400 shares in the Company through his common stock account in Cinda Securities Co., Ltd.</p>				

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. Total Number of Preference Shareholders and Shareholdings of Top 10 of Them at Period-End

Applicable Not applicable

Section III Significant Events

I Changes in Key Consolidated Financial Statement Items and Reasons for Such Changes

√ Applicable □ Not applicable

1. Accounts receivable on September 30, 2017 (3.68% of the net sales during the period from July to September 2017) increased by RMB0.12 billion (143.50%) from the December 31, 2016 due to RMB0.12 billion of accounts receivables recognized in September 2017 from new strategic customers in the southern markets. As of October 19, 2017, these accounts receivable had all been settled.
2. Prepayments on September 30, 2017 increased by RMB0.25 billion (187.2%) from the December 31, 2016 due primarily to the arrival at the end of September 2017 of the two shipments of soybean purchased by the subsidiary Jingliang (Tianjin) Grain & Oil Industry CO. Ltd, which has all been accepted by the end of October 2017 and is being processed for sale.
3. Interest receivable on September 30, 2017 decreased 67.83% from the December 31, 2016 due primarily to the interest receivable at the end of 2016 along with the Assets Transfer.
4. Dividends receivable on September 30, 2017 decreased 100% from the December 31, 2016 due primarily to the dividends receivable at the end of 2016 along with the Assets Transfer.
5. Other current assets on September 30, 2017 decreased 62.66% from the December 31, 2016 due primarily to decrease in bank wealth management products.
6. Available-for-sale financial assets on September 30, 2017 decreased by RMB10.82 million (35.12%) from the December 31, 2016 due primarily to the Assets Transfer.
7. Construction in progress on September 30, 2017 decreased 88.99% from the December 31, 2016 due primarily to the transfer of assets and the shift of Zhejiang Xiaowangzi Food Share Co., Ltd. (“Xiaowangzi Food”)’s completed production line to fixed assets.
8. Other non-current assets on September 30, 2017 decreased by RMB 4.52 million (100%) from the December 31, 2016 due primarily to the Assets Transfer.
9. Short-term borrowings on September 30, 2017 increased 2113.90% from the December 31, 2016 due primarily to the borrowings obtained for the purchases in the grease business line for the second half of the year according to production needs and the market situation.
10. Notes payable on September 30, 2017 increased 66.87% from the December 31, 2016 due primarily to more letters of credit issued for the more imports’.
11. Accounts payable on September 30, 2017 decreased 84.92% from the December 31, 2016 due primarily to a decrease of approximately RMB80 million in accounts payable along with the transfer of the related assets, as well as caused by RMB0.31 billion of accounts payable to suppliers.
12. Advances received on September 30, 2017 decreased 47.01% from the December 31, 2016 amount due primarily to the Assets Transfer.
13. Payroll payable on September 30, 2017 decreased 90.65% from the December 31, 2016 due primarily to a decrease in payroll payable along with the Assets Replacement, as well as the payment of last year’s annual performance salaries in the current year.
14. Taxes payable on September 30, 2017 decreased 96.64% from the December 31, 2016 amount due primarily to payment of taxes in the current year.
15. Non-current liabilities due within one year on September 30, 2017 decreased 100% from the December 31,

2016 due primarily to repayment of due long-term bank loans.

16. Long-term borrowings on September 30, 2017 decreased 100% from the December 31, 2016 due primarily to the early repayment of long-term bank loans.

17. The year-over-year decrease of 7.79% in net sales during the period, primarily because the net sales during the corresponding period of last year had included combined revenue of RMB1.997 billion from 14 trade subsidiaries, which were all transferred in the current period. Regardless of the effects of the said trade subsidiaries, net sales increased by RMB1.530 billion (38.46%) during the period January through September 2017 compared to the same period of last year.

18. The year-over-year increase of 97.25% in taxes and surtaxes during the period primarily resulted from the reclassification of taxes under “administrative expense” as “taxes and surtaxes” according to the Notice of the Ministry of Finance (Financial Accounting [2016] No. 22) on Printing and Issuing of VAT Accounting Rules.

19. The year-over-year decrease of 71.11% in finance costs compared to the same period of last year primarily resulted from significantly decreased loan interest as a result of the repayment of loans with high interest rates.

20. The year-over-year increase of RMB21.90 million (1356.34%) in asset impairment losses during the period January through September 2017 primarily resulted from the bad-debt provisions made, out of prudence, for the creditor’s rights associated with the assets transferred by the Company during the transition period, as well as the reversal into capital reserve at the time of the Asset Transfer.

21. The year-over-year decrease of 86.79% in investment income during the period January through September 2017 primarily resulted from the transfer of equity interests in Heilongjiang Longshi Pearl River Media Co., Ltd. by the Company and the transfer of 14 trade subsidiaries by BGG Food in last year.

22. The year-over-year decrease of 66.27% in non-operating income during the period January through September 2017 primarily resulted from last year’s relocation compensation income.

23. The year-over-year decrease of 70.66% in non-operating expense during the period January through September 2017 primarily resulted from last year’s relocation expense.

24. The year-over-year decrease of 278.96% in net cash from operating activities during the period January through September 2017 primarily resulted from the cash used for the purchases in the grease business line for the second half of the year according to production needs and the market situation.

25. The year-over-year increase of 52.42% in net cash from investing activities during the period January through September 2017 primarily resulted from BGG Food’s acquisition of a 19% stake in Xiaowangzi Food.

26. The year-over-year increase of 250.43% in net cash from financing activities during the period January through September 2017 primarily resulted from the borrowings obtained from bank for the purchases in the grease business line for the second half of the year according to production needs and the market situation.

II Progress, Influence and Solutions Associated with Significant Events

√ Applicable □ Not applicable

Announcement of significant event	Disclosure date	Disclosure website
The major assets restructuring of the Company got Reply from China Securities Regulatory Commission to HaiNan Pearl River Holdings Co., Ltd.’s Issuing Shares, Purchasing Assets and Raising Supporting Funds to Beijing Grain Group Co., Ltd.	08/01/2017	Announcement No. 2017-047 on www.cninfo.com.cn

etc. on July 28, 2017.		
On September 14, 2017, Beijing Grain Food Co., Ltd. became the wholly-owned subsidiary of the Company after completing the transfer procedures of assets planned to be put in in the major assets restructuring. As of September 30, 2017, the delivery of assets planned to be put out excluding a small number of assets whose transfer procedures are still in progress has been finished. The total amount of assets that have been settled (including liabilities) accounts for 93.46% of that of assets (including liabilities) planned to be put out at this time.	09/30/2017	Announcement No. 2017-059 on www.cninfo.com.cn

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 Forecast of 2017 Annual Operating Results

Warning of a possible loss on or a significant year-over-year change in accumulative net margin during the period the beginning of the current year through the end of the next reporting period, as well as the reasons:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

VI Investments in Derivative Financial Instruments

Applicable Not applicable

Unit: RMB'0,000

Type of derivative investment	Beginning date	Ending date	Closing investment amount	Proportion of closing investment amount in the Company's closing net assets (%)	Actual gain/loss in Reporting Period
Futures of agricultural products	01/01/2017	09/30/2017	30,241.88	18.00%	7,161.1
Capital source for derivative investment	Self-raised funds				
Lawsuit (if applicable)	Naught				
Analysis on risks and control measures of derivative products held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	In the Reporting Period, the Company possessed the cash for hedging in futures. All cash has the physical correspondence which is distributed in forward contracts with good liquidity. The credit risk is low and there will be no default risk. In addition, there will be no risk concerning operation and laws because of regulated transactions, rigorous decisions on futures and strict operation process.				
Changes of market prices or fair values in the Reporting Period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	The value of futures contracts held by the Company is changing with the price of the futures exchange. The price of the futures exchange is broadly representative. And the fair value of futures contracts will be measured in strict accordance with the settlement methods issued by the exchange.				

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 Arising from Provision of Guarantees for Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

X Targeted Measures Taken to Help People Lift Themselves out of Poverty

The Company did not take such measures in the third quarter of the year and has no such plans for now.

Section IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Prepared by HaiNan Pearl River Holdings Co., Ltd.

September 30, 2017

Unit: RMB

Item	September 30, 2017	December 31, 2016
Current assets:		
Cash on hand and at bank	602,618,963.22	652,870,239.91
Settlement reserve		
Interbank lendings		
Financial assets at fair value through gains/losses		66,667,426.60
Derivative financial assets		
Notes receivable		
Accounts receivable	203,373,667.83	83,520,131.60
Prepayments	382,711,901.44	132,969,364.73
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	1,344,210.00	4,178,348.79
Dividends receivable		260,015.00
Other accounts receivable	387,323,095.97	357,055,607.58
Financial assets purchased under agreements to resell		
Inventories	942,254,413.97	775,376,454.78
Assets held for sale		
Non-current assets due within one year		
Other current assets	158,625,668.06	424,782,623.76
Total current assets	2,678,251,920.49	2,497,680,212.75
Non-current assets:		
Loans and advances to customers		

Available-for-sale financial assets	20,000,000.00	30,824,994.90
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	143,673,669.92	171,465,314.90
Investment property	35,387,907.81	49,490,079.75
Fixed assets	1,249,470,889.94	1,508,710,556.28
Construction in progress	12,046,080.75	109,410,883.57
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	385,249,713.38	403,202,499.05
R&D expense		
Goodwill	191,394,422.51	191,394,422.51
Long-term deferred expense	28,910,630.29	29,082,767.56
Deferred income tax assets	3,036,685.75	11,562,156.93
Other non-current assets		4,519,435.80
Total non-current assets	2,069,170,000.35	2,509,663,111.25
Total assets	4,747,421,920.84	5,007,343,324.00
Current liabilities:		
Short-term borrowings	1,387,702,144.26	62,681,281.00
Borrowings from Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through gains/losses		
Derivative financial liabilities		
Notes payable	59,004,073.80	35,358,929.55
Accounts payable	69,579,932.09	461,294,581.74
Advances received	310,980,168.69	586,907,614.36
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	4,166,463.40	44,574,235.79
Taxes payable	4,373,517.40	130,157,235.63

Interest payable	82,740,158.36	90,011,566.90
Dividends payable	3,397,317.01	3,397,317.01
Other accounts payable	523,664,156.33	680,347,428.44
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		117,210,181.59
Other current liabilities		
Total current liabilities	2,445,607,931.34	2,211,940,372.01
Non-current liabilities:		
Long-term borrowings		73,666,666.66
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	14,310,251.15	14,310,251.15
Special payables	1,067,530.32	1,153,176.66
Provisions		
Deferred income		81,063,077.48
Deferred income tax liabilities	64,819,485.96	67,598,052.00
Other non-current liabilities	78,848,539.08	
Total non-current liabilities	159,045,806.51	237,791,223.95
Total liabilities	2,604,653,737.85	2,449,731,595.96
Owners' equity:		
Share capital	426,745,404.00	426,745,404.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	2,146,453,884.65	2,603,034,269.96
Less: Treasury shares		
Other comprehensive income		

Special reserve		
Surplus reserve	109,487,064.39	109,487,064.39
Provisions for general risks		
Retained earnings	-1,002,370,635.43	-1,107,023,847.91
Equity attributable to owners of the parent	1,680,315,717.61	2,032,242,890.44
Minority interests	462,452,465.38	525,368,837.60
Total owners' equity	2,142,768,182.99	2,557,611,728.04
Total liabilities and owners' equity	4,747,421,920.84	5,007,343,324.00

Legal representative: Wang Chunli

Accounting head for this Report: Guan Ying

Head of the accounting department: Guan Ying

2. Parent Company Balance Sheet

Unit: RMB

Item	September 30, 2017	December 31, 2016
Current assets:		
Cash on hand and at bank	3,881,807.77	33,952,786.37
Financial assets at fair value through gains/losses		
Derivative financial assets		
Notes receivable		
Accounts receivable	116,589.00	1,032,085.83
Prepayments		50,000,000.00
Interest receivable		
Dividends receivable		260,015.00
Other accounts receivable	137,306,365.25	591,785,222.60
Inventories	4,824,035.45	4,824,035.45
Assets held for sale		
Non-current assets due within one year		
Other current assets		
Total current assets	146,128,797.47	681,854,145.25
Non-current assets:		
Available-for-sale financial assets	20,000,000.00	30,824,994.90
Held-to-maturity investments		
Long-term accounts receivable		

Long-term equity investments	1,970,192,364.05	101,713,800.55
Investment property	6,131,637.03	6,383,667.53
Fixed assets	3,692,597.07	4,019,513.64
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets		
R&D expense		
Goodwill		
Long-term deferred expense		278,707.32
Deferred income tax assets		
Other non-current assets		
Total non-current assets	2,000,016,598.15	143,220,683.94
Total assets	2,146,145,395.62	825,074,829.19
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through gains/losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	2,667,949.70	2,482,949.70
Advances received	38,896.41	38,896.41
Payroll payable	1,767,581.53	1,224,801.48
Taxes payable	1,847,136.15	27,537,449.60
Interest payable	82,468,756.03	82,468,756.03
Dividends payable	3,213,302.88	3,213,302.88
Other accounts payable	406,070,656.80	650,471,361.88
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	498,074,279.50	767,437,517.98
Non-current liabilities:		
Long-term borrowings		

Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	498,074,279.50	767,437,517.98
Owners' equity:		
Share capital	426,745,404.00	426,745,404.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	2,156,922,331.37	546,201,098.01
Less: Treasury shares		
Other comprehensive income		
Special reserve		
Surplus reserve	109,487,064.39	109,487,064.39
Retained earnings	-1,045,083,683.64	-1,024,796,255.19
Total owners' equity	1,648,071,116.12	57,637,311.21
Total liabilities and owners' equity	2,146,145,395.62	825,074,829.19

3. Consolidated Income Statement for July-September

Unit: RMB

Item	July-September 2017	July-September 2016
1. Operating revenue	2,232,700,520.70	2,863,928,558.65
Including: Net sales	2,232,700,520.70	2,863,928,558.65
Interest revenue		
Premium revenue		
Fee and commission revenue		

2. Operating expenses	2,168,695,816.83	2,782,480,015.75
Including: Cost of sales	2,038,177,137.96	2,609,442,165.66
Interest expense		
Fee and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	14,277,726.11	5,338,188.59
Selling expense	40,680,538.06	64,393,822.04
Administrative expense	35,096,382.98	78,498,045.30
Finance costs	11,712,245.37	23,738,739.51
Asset impairment losses	28,751,786.35	1,069,054.65
Add: Gains on fair value changes (“-” for losses)	-5,151,289.48	-45,057,864.31
Investment income (“-” for losses)	2,267,152.41	12,817,603.17
Including: Share of gains/losses of associates and joint ventures	-73,625,389.08	8,035,851.80
Exchange gains (“-” for losses)		
Other income		
3. Operating margin (“-” for losses)	61,120,566.80	49,208,281.76
Add: Non-operating income	13,045,293.27	54,739,174.77
Including: Gains on disposal of non-current assets		719.40
Less: Non-operating expense	2,050,620.48	12,329,081.87
Including: Losses on disposal of non-current assets	63,322.91	3,316,449.88
4. Gross margin (“-” for losses)	72,115,239.59	91,618,374.66
Less: Income tax expense	16,165,559.76	35,095,731.39
5. Net margin (“-” for losses)	55,949,679.83	56,522,643.27
Attributable to owners of the parent	42,164,080.63	36,853,580.57
Attributable to minority interests	13,785,599.20	19,669,062.70
6. Other comprehensive income, net of tax		346,332.92

Other comprehensive income, net of tax attributable to owners of the parent		346,332.92
6.1 Other comprehensive income that will not be reclassified into gains/losses		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
6.2 Other comprehensive income to be subsequently reclassified into gains/losses		346,332.92
6.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
6.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		437,582.65
6.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Currency translation differences		-91,249.73
6.2.6 Other		
Other comprehensive income, net of tax attributable to minority interests		
7. Total comprehensive income	55,949,679.83	56,868,976.19
Attributable to owners of the parent	42,164,080.63	37,199,913.49
Attributable to minority interests	13,785,599.20	19,669,062.70
8. Earnings per share		
8.1 Basic earnings per share	0.07	0.06
8.2 Diluted earnings per share	0.07	0.06

Where business mergers under the same control occurred in the current period, the net margin achieved by the merged parties before

the business mergers was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: Wang Chunli

Accounting head for this Report: Guan Ying

Head of the accounting department: Guan Ying

4. Parent Company Income Statement for July-September

Unit: RMB

Item	July-September 2017	July-September 2016
1. Operating revenue	0.00	268,164.10
Less: Operating expenses	100,812.20	75,609.15
Taxes and surtaxes	145,225.03	1,923.11
Selling expense		
Administrative expense	2,984,720.67	9,051,260.88
Finance costs	-10,284,711.37	6,925,259.20
Asset impairment losses	96,843,906.63	165,475,341.33
Add: Gains on fair value changes (“-” for losses)		
Investment income (“-” for loss)	-141,966.40	-44,174.66
Including: Share of gains/losses of associates and joint ventures	2,205,283.12	-44,174.66
Other income		
2. Operating margin (“-” for losses)	-89,931,919.56	-181,305,404.23
Add: Non-operating income		11,405,419.77
Including: Gains on disposal of non-current assets		
Less: Non-operating expense		2,868,139.65
Including: Losses on disposal of non-current assets		1,296,383.08
3. Gross margin (“-” for losses)	-89,931,919.56	-172,768,124.11
Less: Income tax expense		
4. Net margin (“-” for losses)	-89,931,919.56	-172,768,124.11
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified into gains and losses		
5.1.1 Changes in net liabilities or		

assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
5.2 Other comprehensive income to be subsequently reclassified into gains/losses		
5.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
5.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
5.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	-89,931,919.56	-172,768,124.11
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Income Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Operating revenue	5,515,262,797.63	5,981,423,571.13
Including: Net sales	5,515,262,797.63	5,981,423,571.13
Interest revenue		
Premium revenue		
Fee and commission revenue		
2. Operating expenses	5,325,251,308.02	5,969,251,567.71

Including: Cost of sales	4,946,577,567.18	5,505,312,355.60
Interest expense		
Fee and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	40,345,029.56	20,453,582.16
Selling expense	133,704,147.54	153,077,792.48
Administrative expense	157,738,308.36	207,877,201.35
Finance costs	23,373,101.68	80,916,103.90
Asset impairment losses	23,513,153.70	1,614,532.22
Add: Gains on fair value changes (“-” for losses)	-13,904,516.93	17,929,229.68
Investment income (“-” for losses)	11,766,061.71	89,067,706.12
Including: Share of gains/losses of associates and joint ventures	-74,720,761.50	7,800,927.54
Exchange gains (“-” for losses)		
Other income		
3. Operating margin (“-” for losses)	187,873,034.39	119,168,939.22
Add: Non-operating income	21,928,324.60	65,009,590.71
Including: Gains on disposal of non-current assets	186,159.87	2,603,384.48
Less: Non-operating expense	5,739,675.20	19,561,963.96
Including: Losses on disposal of non-current assets	211,359.46	4,237,010.38
4. Gross margin (“-” for losses)	204,061,683.79	164,616,565.97
Less: Income tax expense	57,511,192.19	56,511,639.74
5. Net margin (“-” for losses)	146,550,491.60	108,104,926.23
Attributable to owners of the parent	113,833,212.48	71,134,987.70
Attributable to minority interests	32,717,279.12	36,969,938.53
6. Other comprehensive income, net of tax		346,332.92
Other comprehensive income, net of tax attributable to owners of the		346,332.92

parent		
6.1 Other comprehensive income that will not be reclassified into gains/losses		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
6.2 Other comprehensive income to be subsequently reclassified into gains/losses		346,332.92
6.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
6.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		437,582.65
6.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Currency translation differences		-91,249.73
6.2.6 Other		
Other comprehensive income, net of tax attributable to minority interests		
7. Total comprehensive income	146,550,491.60	108,451,259.15
Attributable to owners of the parent	113,833,212.48	71,481,320.62
Attributable to minority interests	32,717,279.12	36,969,938.53
8. Earnings per share		
8.1 Basic earnings per share	0.18	0.11
8.2 Diluted earnings per share	0.18	0.11

Where business mergers under the same control occurred in the current period, the net margin achieved by the merged parties before the business mergers was RMB0.00, with the amount for the same period of last year being RMB0.00.

6. Parent Company Income Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Operating revenue	2,857.14	889,099.69
Less: Operating expenses	252,030.50	248,976.20
Taxes and surtaxes	212,753.35	4,205,152.57
Selling expense		
Administrative expense	10,807,855.19	17,301,260.86
Finance costs	-8,270,296.34	45,574,350.57
Asset impairment losses	91,226,030.51	165,502,220.51
Add: Gains on fair value changes (“-” for losses)		
Investment income (“-” for loss)	74,749,139.55	-203,430.18
Including: Share of gains/losses of associates and joint ventures	1,276,389.07	-203,430.18
Other income		
2. Operating margin (“-” for losses)	-19,476,376.52	-232,146,291.20
Add: Non-operating income	920.00	13,861,534.38
Including: Gains on disposal of non-current assets		2,456,114.61
Less: Non-operating expense	811,971.93	4,670,182.35
Including: Losses on disposal of non-current assets		1,296,383.08
3. Gross margin (“-” for losses)	-20,287,428.45	-222,954,939.17
Less: Income tax expense		
4. Net margin (“-” for losses)	-20,287,428.45	-222,954,939.17
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified into gains and losses		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		

5.2 Other comprehensive income to be subsequently reclassified into gains/losses		
5.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
5.2.2 Gains/Losses on fair value changes of available-for-sale financial assets		
5.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	-20,287,428.45	-222,954,939.17
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

7. Consolidated Cash Flow Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service	5,822,570,435.19	7,358,401,555.49
Net increase in money deposits from customers and interbank placements		
Net increase in loans from Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received as premiums of original insurance contracts		
Net cash generated by reinsurance business		

Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through gains/losses		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax rebates received	9,136,150.48	8,368,786.75
Cash generated by other operating activities	6,245,333,510.27	724,710,800.94
Subtotal of cash generated by operating activities	12,077,040,095.94	8,091,481,143.18
Cash paid for goods and services	6,237,205,329.97	6,072,636,338.20
Net increase in loans and advances to customers		
Net increase in funds deposited in Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	316,577,321.67	346,943,686.55
Taxes paid	250,975,642.80	206,074,416.24
Cash used in other operating activities	6,343,725,567.81	867,125,230.39
Subtotal of cash used in operating activities	13,148,483,862.25	7,492,779,671.38
Net cash from operating activities	-1,071,443,766.31	598,701,471.80
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments	342,702,070.16	508,850,000.00
Cash received as investment income	19,125,768.85	1,691,359.10
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	43,621,239.95	5,246,170.07
Net cash generated by disposal of subsidiaries or other business units		125,845,729.40
Cash generated by other investing activities	603,828,188.53	

Subtotal of cash generated by investing activities	1,009,277,267.49	641,633,258.57
Cash paid to acquire fixed assets, intangible assets and other long-term assets	29,376,357.42	72,614,758.26
Cash paid for investments	461,400,000.00	713,237,056.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	212,344,900.00	
Cash used in other investing activities	529,501,870.94	2,317,462.49
Subtotal of cash used in investing activities	1,232,623,128.36	788,169,276.75
Net cash from investing activities	-223,345,860.87	-146,536,018.18
3. Cash generated by or used in financing activities:		
Cash received as capital contributions	9,553,070.16	
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	1,630,729,869.53	857,454,158.45
Cash generated by issuance of bonds		
Cash generated by other financing activities	6,783,876,765.24	998,490,709.57
Subtotal of cash generated by financing activities	8,424,159,704.93	1,855,944,868.02
Repayment of borrowings	375,954,732.20	2,476,309,399.34
Cash paid for interest expenses and distribution of dividends or profit	63,040,361.51	56,483,231.02
Including: dividends or profit paid by subsidiaries to minority interests		
Cash used in other financing activities	6,735,878,759.62	153,645,262.99
Sub-total of cash used in financing activities	7,174,873,853.33	2,686,437,893.35
Net cash from financing activities	1,249,285,851.60	-830,493,025.33
4. Effect of foreign exchange rate changes on cash and cash equivalents	252,498.89	534,997.51
5. Net increase in cash and cash equivalents	-45,251,276.69	-377,792,574.20

Add: Opening balance of cash and cash equivalents	647,870,239.91	893,327,088.78
6. Closing balance of cash and cash equivalents	602,618,963.22	515,534,514.58

8. Parent Company Cash Flow Statement for January-September

Unit: RMB

Item	January-September 2017	January-September 2016
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service		14,040,000.00
Tax rebates received		
Cash generated by other operating activities	15,215,693.63	177,503,106.64
Subtotal of cash generated by operating activities	15,215,693.63	191,543,106.64
Cash paid for goods and services		130,565,200.00
Cash paid to and for employees	3,898,308.75	6,081,680.56
Taxes paid	27,309,480.98	13,640,381.33
Cash used in other operating activities	8,470,741.08	20,724,434.92
Subtotal of cash used in operating activities	39,678,530.81	171,011,696.81
Net cash from operating activities	-24,462,837.18	20,531,409.83
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments	10,000,000.00	8,000,000.00
Cash received as investment income		
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	35,000,000.00	3,060,360.00
Net cash generated by disposal of subsidiaries or other business units		
Cash generated by other investing activities	240,582.60	
Subtotal of cash generated by investing activities	45,240,582.60	11,060,360.00
Cash paid to acquire fixed assets, intangible assets and other long-term		26,549.00

assets		
Cash paid for investments		39,196,600.00
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities		39,223,149.00
Net cash from investing activities	45,240,582.60	-28,162,789.00
3. Cash generated by or used in financing activities:		
Cash received as capital contributions		
Cash received as borrowings	29,000,000.00	103,215,780.73
Cash generated by issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities	29,000,000.00	103,215,780.73
Repayment of borrowings	76,469,598.52	84,282,856.00
Cash paid for interest expenses and distribution of dividends or profit	1,659,125.50	7,857,686.85
Cash used in other financing activities	1,720,000.00	587,864.64
Sub-total of cash used in financing activities	79,848,724.02	92,728,407.49
Net cash from financing activities	-50,848,724.02	10,487,373.24
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-30,070,978.60	2,855,994.07
Add: Opening balance of cash and cash equivalents	33,952,786.37	479,720.71
6. Closing balance of cash and cash equivalents	3,881,807.77	3,335,714.78

II Auditor's Report

These financial statements are unaudited.

HaiNan Pearl River Holdings Co., Ltd.

October 31, 2017