

Tsann Kuen (China) Enterprise Co., Ltd.

Report for the First Quarter of 2019

April 2019

Section I Important Statements

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Tsann Kuen (China) Enterprise Co., Ltd. (hereinafter referred to as “the Company”) warrant that 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.

All directors attended the board session for reviewing this report.

Mr. Pan Zhirong, company principal, and Mr. Wu Jianhua, head of the accounting work & the accounting division (head of accounting) jointly declare that the financial statements carried in this report are 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 Profile

I Key financial results

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

Yes No

Reason for retroactive adjustments or restatement

Changes of accounting policies

Unit: RMB

Item	January-March 2019	January-March 2018		+/-%
		Before	After	After
Operating revenues	414,109,550.74	319,364,654.64	319,364,654.64	29.67
Net profit attributable to shareholders of the Company	34,325,162.34	-21,878,234.79	-21,878,234.79	256.89
Net profit attributable to shareholders of the Company before exceptional profit and loss	-3,740,527.91	-27,785,628.47	-27,785,628.47	86.54
Net operating cash flow	12,516,737.69	-8,842,593.74	-8,842,593.74	241.55
Basic earnings per share (RMB/share)	0.19	-0.12	-0.12	258.33
Diluted earnings per share (RMB/share)	0.19	-0.12	-0.12	258.33
Weighted average return on equity (%)	5.15%	-3.65%	-3.42%	8.57
Item	31 March 2019	31 December 2018		+/-%
		Before	After	After
Total assets	1,819,660,315.84	1,842,514,750.64	1,843,714,884.35	-1.30
Net assets attributable to shareholders of the Company	682,534,140.64	648,801,684.35	649,617,105.07	5.07

Total share capital up to the former trading date before the disclosure:

Total share capital up to the former trading date before the disclosure (share)	185,391,680
Fully diluted EPS calculated by the newest share capital (RMB/share)	0.19

Reason for changes of accounting policies:

The Ministry of Finance issued 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-Presentation of Financial Instruments revised and printed in 2017 and required all companies listed domestically to implement the revised accounting standards since 1 January 2019.

The standards state that, on the date of the standards implementation, enterprises shall classify and measure financial instruments in accordance with regulations, and when the data of previous comparative financial statements are inconsistent with the stipulations of the revised standards, no adjustment is necessary. The difference of financial instruments between its original book value and the new book value after the new standards are implemented shall be recorded into the opening retained earnings for the year that the standards are carried out, other composite income and other items of financial statements.

The Company changes the method of impairment provision for accounts receivable into “expected credit loss method” from “incurred loss method” so as to withdraw the impairment provision for financial assets more timely and in full, reveal and control credit risks of financial assets.

Exceptional profit and loss
 Applicable Not applicable

Unit: RMB

Item	January-March 2019	Note
Profit/loss on disposal of non-current assets (including offset amount of asset impairment provisions)	63,163,013.64	
Tax rebates, reductions and exemptions due to approval beyond authority or the lack of official approval documents		
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	2,617,767.00	
Capital occupation charges on non-financial enterprises that are charged to the profit/loss for the Reporting Period		
Profit due to the situation where investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of identifiable net assets of investees when making investments		
Profit/loss on non-monetary asset swap		
Profit/loss on entrusting others with investments or asset management		
Asset impairment provisions due to acts of God such as natural disasters		
Profit/loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Profit/loss on the part over the fair value due to transactions with distinctly unfair prices		
Reporting Period net profit/loss of subsidiaries acquired through business mergers under the same control from period-beginnings to merger dates		
Profit/loss on contingencies irrelevant to the Company's normal business activities		
Profit/loss on fair value changes of transactional financial assets and liabilities & investment profit on disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effectively hedging business related to normal business operations of the Company	6,161,084.91	Mainly the investment income of sales of forward foreign exchange contract, income from changes in fair value, and other current assets income from wealth management products
Impairment provision reversal for accounts receivable on which the impairment test is carried out separately		
Profit/loss on entrusted loans		
Profit/loss on fair value changes in investing properties of which the subsequent measurement is carried out adopting the fair value method		
Effect on Reporting Period profit/loss when a one-off adjustment is made to Reporting Period profit/Loss according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operations		
Non-operating income and expense other than the above	25,429,312.58	
Other profit/loss that meet the definition of exceptional profit/loss		
Less: Income tax effects	23,023,063.59	
Minority interests effects (after tax)	36,282,424.29	
Total	38,065,690.25	

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

Applicable Not applicable

II Total number of shareholders at the period-end and shareholdings of top ten shareholders

1. Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end	15,972		Total number of preference shareholders with resumed voting rights at the period-end	0		
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
FORDCHEE DEVELOPMENT LIMITED	Foreign corporation	29.10%	53,940,530	0	N/A	0
EUPA INDUSTRY CORPORATION LIMITED	Foreign corporation	13.09%	24,268,840	0	N/A	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	4.95%	9,181,449	0	N/A	0
FILLMAN INVESTMENTS LIMITED	Foreign corporation	2.49%	4,621,596	0	N/A	0
SHENWAN HONGYUAN SECURITIES (HK) CO., LTD.	Foreign corporation	1.09%	2,016,752	0	N/A	0
CHEN YONGQUAN	Domestic individual	1.03%	1,900,776	0	N/A	0
CHEN YONGQING	Foreign individual	0.83%	1,538,949	0	N/A	0
CHEN LIJUAN	Foreign individual	0.75%	1,381,334	0	N/A	0
DING XIAOLUN	Domestic individual	0.62%	1,148,000	0	N/A	0
XU QIANMING	Domestic individual	0.33%	618,259	0	N/A	0
Shareholdings of top ten non-restricted shareholders						
Name of shareholder	Number of unrestricted shares held	Variety of shares				
		Variety	Number			
FORDCHEE DEVELOPMENT LIMITED	53,940,530	Domestically listed foreign shares	53,940,530			
EUPA INDUSTRY CORPORATION LIMITED	24,268,840	Domestically listed foreign shares	24,268,840			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	9,181,449	Domestically listed foreign shares	9,181,449			
FILLMAN INVESTMENTS LIMITED	4,621,596	Domestically listed foreign shares	4,621,596			
SHENWAN HONGYUAN SECURITIES (HK) CO., LTD.	2,016,752	Domestically listed foreign shares	2,016,752			
CHEN YONGQUAN	1,900,776	Domestically listed foreign shares	1,900,776			
CHEN YONGQING	1,538,949	Domestically listed foreign shares	1,538,949			
CHEN LIJUAN	1,381,334	Domestically listed foreign shares	1,381,334			
DING XIAOLUN	1,148,000	Domestically listed foreign shares	1,148,000			
XU QIANMING	618,259	Domestically listed foreign shares	618,259			

Related or acting-in-concert parties among the above shareholders	The first, the second and the fourth largest shareholders are the Company's corporate controlling shareholders. It is unknown to the Company whether there exists associated relationship among the shareholders above or they are acting-in-concert entities as stipulated in the Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies.
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Did any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conduct 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 the top ten of them

Applicable Not applicable

Section III Significant Events

I Changes in major accounting statement items and financial indicators for the Reporting Period, as well as reasons for such changes

Applicable Not applicable

Unit: RMB

Item	31 March 2019	31 December 2018	+/-%	Main reason for change
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	2,896,800.00	1,440,700.00	101.07	Evaluated gains on forward foreign exchange contracts purchased at the end of 2018
Assets held for sale	0.00	4,311,436.92	-100.00	Completion of asset disposal for policy plant demolition Phase II in current period
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period	215,100.00	0.00	100.00	Evaluated losses on forward foreign exchange contracts in current period
Taxes and fares payable	6,464,892.77	3,768,531.07	71.55	Increase in corporate income tax and output tax withdrawn in current period
Deferred income tax liabilities	48,731,708.89	27,505,224.10	77.17	Recognition of deferred income tax liabilities from asset disposal for policy plant demolition Phase II in current period

Item	January-March 2019	January-March 2018	+/-%	Main reason for change
Finance costs	4,612,813.65	11,665,399.89	-60.46	Decrease in unrealized, evaluated foreign exchange loss in current period
Asset impairment loss	100,325.01	-1,776,486.26	105.65	Reversal of allowance for doubtful accounts resulted from collection of payments from customers in same period of last year
Other income	2,617,767.00	1,255,697.00	108.47	Increase in government subsidies in current period
Asset disposal income	63,163,013.64	327,372.40	19,193.93	Gains on asset disposal for policy plant demolition Phase II in current period
Non-operating revenue	25,441,381.14	281,354.88	8,942.45	Gains on asset disposal for policy plant demolition Phase II in current period
Income tax expense	23,231,649.72	348,766.94	6,561.08	Recognition of deferred income tax liabilities from asset disposal for policy plant demolition Phase II in current period

Item	January-March 2019	January-March 2018	+/-%	Main reason for change
Net operating cash flow	12,516,737.69	-8,842,593.74	241.55	Receipt of compensation for policy plant demolition Phase II in current period
Net investing cash flow	-89,510,560.55	-301,809,247.49	70.34	Increase in outflow of restricted fixed time deposit of same period of last year
Net financing cash flow	-1,589,694.76	-6,164,673.70	74.21	Decrease in distribution outflow for dividend payment by TKL in current period

II Progress of significant events and analysis & explanations on their influence and solutions

√ Applicable □ Not applicable

1. Contingencies

As MTN Products, Inc. / Water Solutions (Hong Kong) Ltd. ("MTN / WSL") did not pay the relevant payment in time and fulfill the order according to the contract, the subsidiary of the Company, TsannKuen (Zhangzhou) Enterprise Co., Ltd. submitted the indictment to the SUPERIOR COURT OF CALIFORNIA COUNTY OF LOS ANGELES on 23 November 2016 to sue MTN / WSL for payment of USD707,522.92 and USD1,402,940 for reserve losses, totaling USD2,110,462.92. As of the reporting date, the case is still pending.

2. Progress of significant events

Overview of significant event	Disclosure date	Website where the relevant current announcement is disclosed
The controlling subsidiary company, Tsann Kuen China (Shanghai) Enterprise Co., Ltd signed the Expropriation Compensation Agreement (second phase of the factory) and received the first installment of expropriation compensation of RMB44,172,066.5.	16 January 2019	www.cninfo.com.cn
The controlling subsidiary company, Tsann Kuen China (Shanghai) Enterprise Co., Ltd signed the Expropriation Compensation Agreement (second phase of the factory) and received the final installment of expropriation compensation of RMB44,172,066.5	26 January 2019	www.cninfo.com.cn

III Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers, unfulfilled in this reporting period

√ Applicable □ Not applicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform						
Commitment in the acquisition report or the report on equity changes						
Commitments made upon the assets replacement						
Commitments made upon first issuance or refinance						

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on equity incentive						
Other commitments made to minority shareholders	FILLMAN INVESTMENTS LIMITED	Commitment on shareholding increase	Based on the confidence on the continuous and stable development of the Company, it committed to increase the shareholding if the Company's stock price lower than HKD2.40 per share after the implementation of the shares contraction and trading resumption, and it would increase no more than 2% shares (i.e. 3.7078 million shares) of the total shares issued by the Company within one year since the date of initial shareholding increase. If the plan on increasing holding 2% shares of the total shares is completed, if the stock price hasn't reached the target price, it will perform relevant approval procedures, and propose to CSRC on continuous implementation of shareholding increase by exemption of offering.	December 28, 2012	Longstanding	The Company's stocks resumed trading on December 31, 2012, but the Company's stock price hasn't met the condition for shareholding increase (closing price was lower than HKD2.40) since the date of trading resumption, FILLMAN Investment Limited hasn't implemented the shareholding increase plan.
Commitment on share reform	Yes					

No such cases in the reporting period.

IV Operating result forecast for January-June 2019

Forecast of a possible deficit or considerable YoY change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation of why:

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

Operating party	Relation	Related-party transaction or not	Type of investment in derivative financial instruments	Initial investment amount	Commencement date	Termination date	Investment amount at the beginning of the period	Pursed in this reporting period	Sold in this reporting period	Amount provided for impairment	Investment amount at the end of the period	Ratio of investment amount at the end of the period to the Company's net asset at the end of the period (%)	Actual profit/loss for the period
Bank	Non-related	No	Forward forex	36,894.16	January 1, 2019	March 31, 2019	22,778.24	14,115.92	13,794.50		23,099.66	33.84	438.75
Total				36,894.16			22,778.24	14,115.92	13,794.50		23,099.66	33.84	438.75
Source of investment funds				All from the Company's own funds									
Lawsuits				No lawsuits									
Disclosure date of the announcement about the board's consent for the investment				2013-03-12									
Disclosure date of the announcement about the general meeting's consent for the investment				2013-05-18									
Risk analysis and risk control measures for positions held in derivatives in this reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>1. Analysis on risks from holding of derivative products: gains or losses from difference between contracted exchange rate and market exchange rate on value date.</p> <p>2. Control measures:</p> <p>(1) Principle: The purpose of the financial derivative operation is to avoid risks. The Company shall not conduct transactional operation for other purposes than risk avoidance. The Company shall not conduct complex derivative trading above the actual operation needs and shall not speculate in derivative trading with hedging as an excuse. The overall contractual amount for risk avoidance of the Company shall not exceed the summation of the net risk exposure of the existing assets and liabilities and the net risk exposure of assets and liabilities arising from the operation of the Company in the coming year.</p> <p>(2) Staff requirements: Personnel taking part in the investment shall all fully understand the risks of derivative investment and strictly execute the business operation and risk management mechanisms for derivative investment.</p> <p>(3) Operation standardization: Before making a derivative investment, the Company shall rationally equip itself with professional personnel for investment decision-making, business operation, risk control, etc. It shall also inquire and compare among various markets and products. Besides, it shall strictly control the variety and size of derivative investment and try to choose derivative trading on exchange as much as possible.</p> <p>(4) Periodic evaluation: Derivative investments shall be evaluated at least twice for a month and the evaluation report shall be sent to a high-ranking executive authorized by the Board of Directors. And a derivative investment report shall be sent to the Board of Directors annually. The Company and its subsidiaries only need to submit to the Board of Directors of the subsidiaries.</p>									

	<p>(5) Loss limit: The investment loss on a single derivative and all the investment loss shall not exceed 20% of the total investment amount.</p> <p>(6) Audit system: The audit department audits derivative product trading periodically and submits audit reports to relevant units.</p>
Changes in market price or fair value of derivatives invested in this reporting period (specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives)	<p>(1) Gains on delivered derivatives in the Reporting Period were RMB 3.1465 million, and assessed gains on those undelivered were RMB 1.241 million, of which, the rotation of forwards assessed gains on undelivered derivatives in the last year was RMB 1.4407 million.</p> <p>(2) The former contracted bank provided monthly sheets of estimated exchange rates for the undue contracted forward exchanges on the last trading day of the month.</p> <p>(3) The profit and loss from fair value changes of the derivative was confirmed according to the difference between the contracted amount undue by the month*the estimated exchange rate and the currency amount when bought in.</p>
Significant changes in the Company's accounting policies and specific accounting principles for derivatives in this reporting period as compared to the prior period	No significant changes
Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control	The Company has carried out a strict internal assessment for the financial derivative business and has established a corresponding supervision mechanism. We are of the opinion that the financial derivative business conducted by the Company is fairly necessary in its routine operation and is in compliance with relevant laws and regulations, with the risks controllable.

VII Visits paid to the Company in the Reporting Period for purposes of research, communication, interview, etc.√ Applicable Not applicable

Date of visit	Way of visit	Type of visitor	Index to main inquiry information
2019-02-27	Telephone communication	Individual	Inquired of the operation of the Company, and the reform of B-share
2019-03-22	Telephone communication	Individual	Inquired of the operation and operating result forecast of the Company

VIII Illegal provision of guarantees for external parties Applicable Not applicable**IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes** Applicable Not applicable

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	31 March 2019	31 December 2018
Current assets:		
Monetary funds	460,577,475.15	469,692,295.47
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	2,896,800.00	1,440,700.00
Derivative financial assets		
Notes and accounts receivable	226,804,782.38	280,796,130.89
Of which: Notes receivable	150,000.00	200,000.00
Accounts receivable	226,654,782.38	280,596,130.89
Accounts paid in advance	2,270,686.20	2,668,796.33
Other accounts receivable	27,374,076.76	29,944,042.47
Of which: Interest receivable	577,196.15	
Dividends receivable		
Inventories	230,073,417.06	243,262,500.58
Assets held for sale		4,311,436.92
Non-current assets due within one year		
Other current assets	593,824,357.99	527,497,484.82
Total current assets	1,543,821,595.54	1,559,613,387.48
Non-current assets:		
Available-for-sale financial assets	40,000.00	40,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		
Investment property	24,607,201.75	25,014,648.31
Fixed assets	186,262,040.67	191,073,302.46
Construction in progress	1,144,144.32	895,756.17
Productive living assets		
Oil-gas assets		
Intangible assets	27,434,685.33	27,771,236.03
R&D expense		
Goodwill		
Long-term deferred expenses	7,387,372.56	8,058,867.12
Deferred income tax assets	25,606,275.55	26,552,328.43
Other non-current assets	3,357,000.12	3,495,224.64
Total non-current assets	275,838,720.30	282,901,363.16
Total assets	1,819,660,315.84	1,842,514,750.64

Item	31 March 2019	31 December 2018
Current liabilities:		
Short-term borrowings	10,234,889.51	10,432,044.21
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period	215,100.00	
Derivative financial liabilities		
Notes and accounts payable	573,179,629.03	672,895,647.66
Accounts received in advance	11,712,883.38	9,747,158.90
Payroll payable	37,305,402.03	48,587,140.78
Taxes and fares payable	6,464,892.77	3,768,531.07
Other accounts payable	55,127,771.61	52,818,204.91
Of which: Interest payable		23,919.09
Dividends payable		
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	694,240,568.33	798,248,727.53
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	367,193.38	361,923.23
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	48,731,708.89	27,505,224.10
Other non-current liabilities		
Total non-current liabilities	49,098,902.27	27,867,147.33
Total liabilities	743,339,470.60	826,115,874.86
Shareholders' equity:		
Share capital	185,391,680.00	185,391,680.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	296,808,965.79	296,808,965.79
Less: Treasury stock		
Other composite income	4,525,603.04	5,924,132.67
Special reserves		
Surplus reserves	37,770,482.76	37,804,354.59
Provisions for general risks		
Retained profit	158,037,409.05	122,872,551.30
Total equity attributable to shareholders of the Company	682,534,140.64	648,801,684.35
Minority interests	393,786,704.60	367,597,191.43
Total shareholders' equity	1,076,320,845.24	1,016,398,875.78
Total liabilities and shareholders' equity	1,819,660,315.84	1,842,514,750.64

Legal representative: Pan Zhirong Chief of the accounting work: Wu Jianhua Chief of the accounting organ: Wu Jianhua

2. Balance sheet of the Company

Unit: RMB

Item	31 March 2019	31 December 2018
Current Assets:		
Monetary funds	13,555,765.00	6,985,345.44
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial assets		
Notes and accounts receivable	11,422,448.23	16,443,882.91
Of which: Notes receivable	150,000.00	200,000.00
Accounts receivable	11,272,448.23	16,243,882.91
Accounts paid in advance	3,669.11	260,472.55
Other accounts receivable	2,404,308.19	2,213,373.51
Of which: Interest receivable		
Dividends receivable		
Inventories	7,989,068.43	9,339,180.06
Assets held for sale		
Non-current assets due within one year		
Other current assets	469,134.42	381,431.15
Total current assets	35,844,393.38	35,623,685.62
Non-current assets:		
Available-for-sale financial assets	40,000.00	40,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	921,914,701.56	921,914,701.56
Investment property	29,280,670.55	29,863,349.12
Fixed assets	1,199,363.16	1,189,309.65
Construction in progress		
Productive living assets		
Oil-gas assets		
Intangible assets	22,499.99	29,249.99
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	11,276,471.06	10,946,860.01
Other non-current assets		53,879.31
Total non-current assets	963,733,706.32	964,037,349.64
Total assets	999,578,099.70	999,661,035.26

Item	31 March 2019	31 December 2018
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Derivative financial liabilities		
Notes and accounts payable	46,551,447.34	58,463,830.39
Accounts received in advance	1,434,164.96	1,708,795.17
Payroll payable	3,430,526.62	5,338,618.00
Taxes and fares payable	528,378.58	666,695.14
Other accounts payable	251,548,856.89	262,786,311.87
Of which: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	303,493,374.39	328,964,250.57
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	303,493,374.39	328,964,250.57
Shareholders' equity:		
Share capital	185,391,680.00	185,391,680.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserves	271,490,289.82	271,490,289.82
Less: Treasury stock		
Other composite income		
Special reserves		
Surplus reserves	37,770,482.76	37,804,354.59
Provisions for general risks		
Retained profit	201,432,272.73	176,010,460.28
Total shareholders' equity	696,084,725.31	670,696,784.69
Total liabilities and shareholders' equity	999,578,099.70	999,661,035.26

Legal representative: Pan Zhirong Chief of the accounting work: Wu Jianhua Chief of the accounting organ: Wu Jianhua

3. Consolidated income statement

Unit: RMB

Item	January-March 2019	January-March 2018
1. Operating revenues	414,109,550.74	319,364,654.64
Including: Sales revenue	414,109,550.74	319,364,654.64
2. Total operating costs	419,168,621.41	358,168,095.81
Including: Cost of sales	361,136,922.92	293,239,451.95
Taxes and surtaxes	3,171,428.43	3,143,568.77
Selling expenses	13,587,124.77	13,638,807.57
Administrative expenses	19,337,403.42	21,715,402.71
R&D expenses	17,222,603.21	16,541,951.18
Finance costs	4,612,813.65	11,665,399.89
Of which: Interest expenses	106,348.89	121,230.66
Interest revenue	2,046,820.39	2,727,723.26
Asset impairment loss	100,325.01	-1,776,486.26
Add: other income	2,617,767.00	1,255,697.00
Profit/loss on investment (“-” means loss)	4,920,084.91	5,902,804.29
Including: Share of profit in associates and joint ventures		
Profit/loss on fair value changes (“-” means loss)	1,241,000.00	1,523,700.00
Income arising from disposal of assets (“-” means loss)	63,163,013.64	327,372.40
3. Operating profit (“-” means loss)	66,882,794.88	-29,793,867.48
Add: Non-operating revenue	25,441,381.14	281,354.88
Less: Non-operating expense	12,068.56	29,831.46
4. Total profit (“-” means loss)	92,312,107.46	-29,542,344.06
Less: Corporate income tax	23,231,649.72	348,766.94
5. Net profit (“-” means loss)	69,080,457.74	-29,891,111.00
5.1 Classified by operating continuity		
5.1.1 Net profit from going concern (“-” means net loss)	69,080,457.74	-29,891,111.00
5.1.2 Net profit from discontinued operations (“-” means net loss)		
5.2 Classified by ownership		
5.2.1 Minority shareholders’ income (“-” means net loss)	34,755,295.40	-8,012,876.21
5.2.2 Net profit attributable to owners of the Company (“-” means net loss)	34,325,162.34	-21,878,234.79
6. After-tax net amount of other composite income	-1,877,502.36	-3,351,759.83
After-tax net amount of other composite income attributable to shareholders of the Company	-1,408,126.77	-2,513,819.87
6.1 Other composite income that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Other composite income that will be reclassified to profit or loss	-1,408,126.77	-2,513,819.87

Item	January-March 2019	January-March 2018
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements	-1,408,126.77	-2,513,819.87
6.2.6 Other		
After-tax net amount of other composite income attributable to minority shareholders	-469,375.59	-837,939.96
7. Total composite income	67,202,955.38	-33,242,870.83
Attributable to shareholders of the Company	32,917,035.57	-24,392,054.66
Attributable to minority shareholders	34,285,919.81	-8,850,816.17
8. Earnings per share		
8.1 Basic earnings per share	0.19	-0.12
8.2 Diluted earnings per share	0.19	-0.12

Where business mergers under the same control occurred in the Reporting Period, net profit achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the same period of last year being RMB0.00.

Legal representative: Pan Zhirong Chief of the accounting work: Wu Jianhua Chief of the accounting organ: Wu Jianhua

4. Income statement of the Company

Unit: RMB

Item	January-March 2019	January-March 2018
1. Operating revenues	22,032,609.07	25,078,057.17
Less: Operating costs	18,531,455.88	20,332,971.17
Taxes and surtaxes	489,640.35	605,071.88
Selling expenses	1,301,565.65	1,754,858.63
Administrative expenses	1,523,173.90	1,433,363.89
R&D expenses		
Finance costs	-19,731.29	-1,065.19
Of which: Interest expenses		
Interest revenue	22,891.31	4,646.80
Asset impairment loss	289,922.04	-251,973.27
Add: other income		
Profit/loss on investment (“-” means loss)	25,443,358.87	33,547,555.83
Including: Share of profit in associates and joint ventures		
Profit/loss on fair value changes (“-” means loss)		
Income arising from disposal of assets (“-” means loss)		
2. Operating profit (“-” means loss)	25,359,941.41	34,752,385.89
Add: Non-operating revenue	150,012.50	18,469.97
Less: Non-operating expense		4,632.00
3. Total profit (“-” means loss)	25,509,953.91	34,766,223.86
Less: Corporate income tax	-216,704.97	16,826.32
4. Net profit (“-” means loss)	25,726,658.88	34,749,397.54
4.1 Net profit from going concern (“-” means net loss)	25,726,658.88	34,749,397.54
4.2 Net profit from discontinued operation (“-” means net loss)		
5. After-tax net amount of other composite income		
5.1 Other composite income that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
5.2 Other composite income that will be reclassified to profit or loss		
5.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets		
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total composite income	25,726,658.88	34,749,397.54

Legal representative: Pan Zhirong Chief of the accounting work: Wu Jianhua Chief of the accounting organ: Wu Jianhua

5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2019	January-March 2018
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	470,292,109.02	421,714,037.46
Net increase in money deposits from customers and inter-bank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in funds in repurchase business		
Tax refunds received	45,294,291.73	54,253,887.28
Other operating cash received	40,299,144.22	8,917,968.49
Subtotal of operating cash inflow	555,885,544.97	484,885,893.23
Cash paid for goods and services	423,416,730.73	388,927,995.77
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and inter-bank placements		
Cash for paying claims of original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	70,899,203.15	66,421,877.12
Taxes and fares paid	4,374,193.52	3,866,015.63
Other cash payment relating to operating activities	44,678,679.88	34,512,598.45
Subtotal of operating cash outflow	543,368,807.28	493,728,486.97
Net operating cash flow	12,516,737.69	-8,842,593.74
2. Investment cash flow:		
Cash received from retraction of investments	97,734,524.30	46,450,800.00
Cash received from return on investments	2,037,009.88	1,396,650.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	67,196,727.16	287,716.15
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities	34,369,502.82	62,300,000.00
Subtotal of investment cash inflow	201,337,764.16	110,435,166.25
Cash paid to acquire fixed assets, intangible assets and other long-term assets	16,968,527.22	13,979,813.74
Cash paid for investment	160,681,186.08	40,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investment activities	113,198,611.41	358,264,600.00
Subtotal of investment cash outflow	290,848,324.71	412,244,413.74
Net investment cash flow	-89,510,560.55	-301,809,247.49

Item	January-March 2019	January-March 2018
3. Financing cash flow:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		5,108,330.63
Cash received from issuance of bonds		
Other financing cash received	7,000,000.00	
Subtotal of financing cash inflow	7,000,000.00	5,108,330.63
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	8,589,694.76	11,273,004.33
Including: dividends or profit paid by subsidiaries to minority shareholders	8,481,119.62	11,182,518.61
Other cash payments relating to financing activities		
Sub-total of financing cash outflow	8,589,694.76	11,273,004.33
Net financing cash flow	-1,589,694.76	-6,164,673.70
4. Effect of foreign exchange rate changes on cash and cash equivalents	-2,236,584.61	-7,687,492.59
5. Net increase in cash and cash equivalents	-80,820,102.23	-324,504,007.52
Add: Opening balance of cash and cash equivalents	448,492,295.47	564,381,960.88
6. Closing balance of cash and cash equivalents	367,672,193.24	239,877,953.36

Legal representative: Pan Zhirong Chief of the accounting work: Wu Jianhua Chief of the accounting organ: Wu Jianhua

6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2019	January-March 2018
1. Operating cash flow:		
Cash received from sale of commodities and rendering of service	16,891,797.09	22,858,389.74
Tax refunds received		
Other operating cash received	12,140,390.98	10,659,931.71
Subtotal of operating cash inflow	29,032,188.07	33,518,321.45
Cash paid for goods and services	20,998,592.16	35,107,058.89
Cash paid to and for employees	773,062.49	704,419.01
Taxes and fares paid	1,818,111.09	1,021,402.40
Other operating cash payments	24,252,801.23	13,419,027.17
Subtotal of operating cash outflow	47,842,566.97	50,251,907.47
Net operating cash flow	-18,810,378.90	-16,733,586.02
2. Investment cash flow:		
Cash received from retraction of investments		
Cash received from return on investments	25,443,358.87	33,547,555.83
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investment activities		
Subtotal of investment cash inflow	25,443,358.87	33,547,555.83
Cash paid to acquire fixed assets, intangible assets and other long-term assets	62,500.00	
Cash paid for investment		
Net cash paid to acquire subsidiaries and other business units		
Other investment cash payments		
Subtotal of investment cash outflow	62,500.00	0.00
Net investment cash flow	25,380,858.87	33,547,555.83
3. Financing cash flow:		
Cash received from capital contributions		
Cash received as borrowings		
Cash received from issuance of bonds		
Other financing cash received		
Subtotal of financing cash inflow		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities		
Sub-total of financing cash outflow		
Net financing cash flow		
4. Effect of foreign exchange rate changes on cash and cash equivalents	-60.41	-76.06
5. Net increase in cash and cash equivalents	6,570,419.56	16,813,893.75
Add: Opening balance of cash and cash equivalents	6,985,345.44	5,342,389.95
6. Closing balance of cash and cash equivalents	13,555,765.00	22,156,283.70

Legal representative: Pan Zhirong

Chief of the accounting work: Wu Jianhua

Chief of the accounting organ: Wu Jianhua

II Adjustments to the Financial Statements

1. Adjustments to the financial statements at the beginning of the first execution year of any New Standards Governing Financial Instruments, Revenue or Leases

√ Applicable □ Not applicable

Retroactive restatement of consolidated balance sheet

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	1 January 2019	31 December 2018	Adjusted
Current assets:			
Monetary funds	469,692,295.47	469,692,295.47	
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	1,440,700.00	1,440,700.00	
Derivative financial assets			
Notes and accounts receivable	282,087,350.72	280,796,130.89	1,291,219.83
Of which: Notes receivable	200,000.00	200,000.00	
Accounts receivable	281,887,350.72	280,596,130.89	1,291,219.83
Accounts paid in advance	2,668,796.33	2,668,796.33	
Other accounts receivable	29,944,042.47	29,944,042.47	
Of which: Interest receivable			
Dividends receivable			
Inventories	243,262,500.58	243,262,500.58	
Assets held for sale	4,311,436.92	4,311,436.92	
Non-current assets due within one year			
Other current assets	527,497,484.82	527,497,484.82	
Total current assets	1,560,904,607.31	1,559,613,387.48	1,291,219.83
Non-current assets:			
Available-for-sale financial assets	40,000.00	40,000.00	
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investments			
Investment property	25,014,648.31	25,014,648.31	
Fixed assets	191,073,302.46	191,073,302.46	
Construction in progress	895,756.17	895,756.17	
Productive living assets			
Oil-gas assets			
Intangible assets	27,771,236.03	27,771,236.03	
R&D expense			
Goodwill			
Long-term deferred expenses	8,058,867.12	8,058,867.12	
Deferred income tax assets	26,461,242.31	26,552,328.43	-91,086.12
Other non-current assets	3,495,224.64	3,495,224.64	
Total non-current assets	282,810,277.04	282,901,363.16	-91,086.12
Total assets	1,843,714,884.35	1,842,514,750.64	1,200,133.71

Retroactive restatement of consolidated balance sheet (Continued)

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	1 January 2019	31 December 2018	Adjusted
Current liabilities:			
Short-term borrowings	10,432,044.21	10,432,044.21	
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period			
Derivative financial liabilities			
Notes and accounts payable	672,895,647.66	672,895,647.66	
Accounts received in advance	9,747,158.90	9,747,158.90	
Payroll payable	48,587,140.78	48,587,140.78	
Taxes and fares payable	3,768,531.07	3,768,531.07	
Other accounts payable	52,818,204.91	52,818,204.91	
Of which: Interest payable	23,919.09	23,919.09	
Dividends payable			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	798,248,727.53	798,248,727.53	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Long-term accounts payable			
Long-term payroll payable	361,923.23	361,923.23	
Estimated liabilities			
Deferred income			
Deferred income tax liabilities	27,505,224.10	27,505,224.10	
Other non-current liabilities			
Total non-current liabilities	27,867,147.33	27,867,147.33	
Total liabilities	826,115,874.86	826,115,874.86	
Shareholders' equity:			
Share capital	185,391,680.00	185,391,680.00	
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves	296,808,965.79	296,808,965.79	
Less: Treasury stock			
Other composite income	5,933,729.81	5,924,132.67	9,597.14
Special reserves			
Surplus reserves	37,770,482.76	37,804,354.59	-33,871.83
Provisions for general risks			
Retained profit	123,712,246.71	122,872,551.30	839,695.41
Total equity attributable to shareholders of the Company	649,617,105.07	648,801,684.35	815,420.72
Minority interests	367,981,904.42	367,597,191.43	384,712.99
Total shareholders' equity	1,017,599,009.49	1,016,398,875.78	1,200,133.71
Total liabilities and shareholders' equity	1,843,714,884.35	1,842,514,750.64	1,200,133.71

Explanation of adjustments

According to the revised and printed 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 – Hedging Accounting, and Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments issued by Ministry of Finance in 2017, enterprises listed domestically shall implement it from 1 January 2019.

The Company shall classify and measure financial instruments on implementation date of the standards in accordance with the regulations. No adjustment is needed if the previous comparative data of financial statements are inconsistent with the requirements of the standards. The balance between the original carrying value of financial instruments and the new carrying value on implementation date of the standards shall recorded into the items of beginning retained earnings, other comprehensive income and other items of financial statements during the reporting period of implementation date of the standards.

The Company shall change withdrawal method of accounts receivable impairment from “incurred loss method” to “expected credit loss method” in order to make provision for financial assets impairment more timely and sufficiently, revealing and controlling credit risks of financial assets.

Retroactive restatement of balance sheet

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	1 January 2019	31 December 2018	Adjusted
Current assets:			
Monetary funds	6,985,345.44	6,985,345.44	
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period			
Derivative financial assets			
Notes and accounts receivable	15,992,258.57	16,443,882.91	-451,624.34
Of which: Notes receivable	200,000.00	200,000.00	
Accounts receivable	15,792,258.57	16,243,882.91	-451,624.34
Accounts paid in advance	260,472.55	260,472.55	
Other accounts receivable	2,213,373.51	2,213,373.51	
Of which: Interest receivable			
Dividends receivable			
Inventories	9,339,180.06	9,339,180.06	
Assets held for sale			
Non-current assets due within one year			
Other current assets	381,431.15	381,431.15	
Total current assets	35,172,061.28	35,623,685.62	-451,624.34
Non-current assets:			
Available-for-sale financial assets	40,000.00	40,000.00	
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investments	921,914,701.56	921,914,701.56	
Investment property	29,863,349.12	29,863,349.12	
Fixed assets	1,189,309.65	1,189,309.65	
Construction in progress			
Productive living assets			
Oil-gas assets			
Intangible assets	29,249.99	29,249.99	
R&D expense			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets	11,059,766.09	10,946,860.01	112,906.08
Other non-current assets	53,879.31	53,879.31	
Total non-current assets	964,150,255.72	964,037,349.64	112,906.08
Total assets	999,322,317.00	999,661,035.26	-338,718.26

Retroactive restatement of balance sheet (Continued)

Prepared by TSANN KUEN (CHINA) ENTERPRISE CO., LTD.

Unit: RMB

Item	1 January 2019	31 December 2018	Adjusted
Current liabilities:			
Short-term borrowings			
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period			
Derivative financial liabilities			
Notes and accounts payable	58,463,830.39	58,463,830.39	
Accounts received in advance	1,708,795.17	1,708,795.17	
Payroll payable	5,338,618.00	5,338,618.00	
Taxes and fares payable	666,695.14	666,695.14	
Other accounts payable	262,786,311.87	262,786,311.87	
Of which: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	328,964,250.57	328,964,250.57	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Long-term accounts payable			
Long-term payroll payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities	328,964,250.57	328,964,250.57	
Shareholders' equity:			
Share capital	185,391,680.00	185,391,680.00	
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves	271,490,289.82	271,490,289.82	
Less: Treasury stock			
Other composite income			
Special reserves			
Surplus reserves	37,770,482.76	37,804,354.59	-33,871.83
Provisions for general risks			
Retained profit	175,705,613.85	176,010,460.28	-304,846.43
Total shareholders' equity	670,358,066.43	670,696,784.69	-338,718.26
Total liabilities and shareholders' equity	999,322,317.00	999,661,035.26	-338,718.26

Explanation of adjustments

According to the revised and printed 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 - Hedging Accounting, and Accounting Standards for Business Enterprises No. 37 - Presentation of

Financial Instruments issued by Ministry of Finance in 2017, enterprises listed domestically shall implement it from 1 January 2019.

The Company shall classify and measure financial instruments on implementation date of the standards in accordance with the regulations. No adjustment is needed if the previous comparative data of financial statements are inconsistent with the requirements of the standards. The balance between the original carrying value of financial instruments and the new carrying value on implementation date of the standards shall recorded into the items of beginning retained earnings, other comprehensive income and other items of financial statements during the reporting period of implementation date of the standards.

The Company shall change withdrawal method of accounts receivable impairment from “incurred loss method” to “expected credit loss method” in order to make provision for financial assets impairment more timely and sufficiently, revealing and controlling credit risks of financial assets.

2. Retrospective restatement of previous comparative data due to the first execution of any New Standards Governing Financial Instruments or Leases

Applicable Not applicable

III Auditor’s report

Is this Report audited?

Yes No

This Report is not audited.