

WUXI LITTLE SWAN COMPANY LIMITED

THIRD QUARTER REPORT 2018



October 2018

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Wuxi Little Swan Company Limited (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Mr. Fang Hongbo, Chairman of the Board of the Company, Mr. Sun Yunan, the Company’s Chief Financial Officer (CFO), and Mr. Xu Yunwei, the Company’s Financial Manager hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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

Part II Key Corporate Information

I Key Consolidated Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

	30 September 2018	31 December 2017	Change (%)	
Total assets (RMB)	19,562,400,332.39	21,338,421,243.67	-8.32%	
Equity attributable to the listed company's shareholders (RMB)	7,788,272,297.02	7,047,090,800.97	10.52%	
	Q3 2018	YoY change (%)	Q1-Q3 2018	YoY change (%)
Operating revenue (RMB)	5,359,920,386.18	-0.91%	17,416,858,672.22	9.01%
Net profit attributable to the listed company's shareholders (RMB)	445,019,926.40	8.15%	1,347,066,972.81	17.85%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	427,541,808.27	7.08%	1,319,332,870.63	18.42%
Net cash generated from/used in operating activities (RMB)	--	--	285,503,757.43	-58.58%
Basic earnings per share (RMB/share)	0.70	8.15%	2.13	17.85%
Diluted earnings per share (RMB/share)	0.70	8.15%	2.13	17.85%
Weighted average return on equity (%)	6.15%	-0.24%	18.15%	0.21%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1-Q3 2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-907,555.01	
Gain or loss on fair-value changes in trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	-7,724,180.68	
Other	44,139,723.61	
Less: Income tax effects	6,044,625.22	
Non-controlling interests effects (net of tax)	1,729,260.52	
Total	27,734,102.18	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 2018

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

Unit: share

Number of ordinary shareholders	19,612	Number of preferred shareholders with resumed voting rights (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen	
					Status	Shares
MIDEA GROUP CO., LTD.	Domestic non-state-owned legal person	37.78%	238,948,117			
TITONI INVESTMENTS DEVELOPMENT LTD.	Foreign legal person	14.89%	94,204,942			
HONGKONG SECURITIES CLEANING CO., LTD	Foreign legal person	5.23%	33,073,348			
GAOLING FUND,L.P.	Foreign legal person	3.74%	23,664,125			
GREENWOODS CHINA ALPHA MASTER FUND	Foreign legal person	2.81%	17,787,068			
FINANCE BUREAU OF WUXI	State-owned legal person	2.20%	13,887,710			
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned legal person	2.07%	13,100,947			
AGRICULTURAL BANK OF CHINA- E FUND CONSUMPTION SECTOR STOCK INVESTMENT FUND	Domestic non-state-owned legal person	1.72%	10,876,259			
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	State-owned legal person	1.61%	10,156,300			
BILL & MELINDA GATES FOUNDATION TRUST	Foreign legal person	1.28%	8,070,506			

Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted shares	Shares by type	
		Type	Shares
MIDEA GROUP CO., LTD.	238,948,117	RMB-denominated ordinary stock	238,948,117
TITONI INVESTMENTS DEVELOPMENT LTD.	94,204,942	Domestically listed foreign stock	94,204,942
HONGKONG SECURITIES CLEANING CO., LTD	33,073,348	RMB-denominated ordinary stock	33,073,348
GAOLING FUND,L.P.	23,664,125	Domestically listed foreign stock	23,664,125
GREENWOODS CHINA ALPHA MASTER FUND	17,787,068	Domestically listed foreign stock	17,787,068
FINANCE BUREAU OF WUXI	13,887,710	RMB-denominated ordinary stock	13,887,710
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	13,100,947	RMB-denominated ordinary stock	13,100,947
AGRICULTURAL BANK OF CHINA- E FUND CONSUMPTION SECTOR STOCK INVESTMENT FUND	10,876,259	RMB-denominated ordinary stock	10,876,259
CENTRAL HUIJIN ASSET MANAGEMENT CO., LTD.	10,156,300	RMB-denominated ordinary stock	10,156,300
BILL & MELINDA GATES FOUNDATION TRUST	8,070,506	RMB-denominated ordinary stock	8,070,506
Related or acting-in-concert parties among shareholders above	Midea Group Co., Ltd. and TITONI Investments Development Ltd. are parties acting in concert.		
Top 10 ordinary shareholders involved in securities margin trading (if any)	N/A		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

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

Applicable Not applicable

Part III Significant Events

I Changes in Key Consolidated Financial Statement Line Items and Explanation of why

Unit: RMB'0,000

Item	30 September 2018	31 December 2017	Change	Change (%)	Explanation of why
Other receivables	23,594.47	10,816.84	12,777.63	118%	Increase in income on structured deposits receivable
Inventories	91,160.11	198,076.62	-106,916.51	-54%	Effect of the sales cycle
Other non-current assets	4,472.18	2,733.19	1,738.99	64%	Rise in prepayments for equipment in the current period
Advances from customers	83,192.59	306,581.58	-223,388.99	-73%	Effect of the sales cycle
Item	Q1~Q3 2018	Q1~Q3 2017	Change	Change (%)	Explanation of why
Finance costs	-41,157.51	-2,633.59	-38,523.92	-1463%	Rises in interest income from structured deposits and exchange gains due to exchange rate fluctuations
Investment income	11,399.05	23,858.99	-12,459.94	-52%	Income on wealth management products decreased as such investments declined in the current period
Gain on changes in fair value	-1,209.34	727.90	-1,937.24	-266%	Loss on the fair value of forward forex contracts in the current period due to exchange rate fluctuations
Non-operating income	1,219.65	2,399.44	-1,179.79	-49%	Reclassification of other income and asset disposal income for the current period
Non-operating expense	148.77	315.31	-166.54	-53%	Shift from asset disposal loss to asset disposal income for the current period
Other comprehensive income, net of tax	-4,129.06	-2,863.72	-1,265.34	-44%	Changes in the fair value of available-for-sale financial assets
Net cash generated from/used in operating activities	28,550.38	68,922.22	-40,371.84	-59%	Rise in payments for commodities and services
Net cash generated from/used in investing activities	2,815.71	-145,498.58	148,314.29	102%	Disinvestment of wealth management capital
Net cash generated from/used in financing activities	-73,528.80	-53,385.95	-20,142.85	-38%	Rise in cash dividends paid

II Progress, Influence and Solutions Associated with Significant Events

Midea Group Co., Ltd. (hereinafter referred to as “Midea Group”) intends to merge with Wuxi Little Swan Company Limited (hereinafter referred to as “Little Swan”) via a share swap as the acquirer. To be more specific, Midea Group will issue A-shares to all the Little Swan shareholders who agree to the share swap, other than Midea Group and Titoni Investments Development Ltd. (hereinafter referred to as “Titonni”), in exchange for their Little Swan A- and B-shares. The Little Swan A- and B-shares held by Midea Group and Titoni, not a part of the share swap, will be retired after the share swap.

Upon completion of the merger, Little Swan will be delisted and deregistered, and Midea Group or its wholly-owned subsidiary will inherit and undertake all assets, liabilities, business, personnel, contracts and other rights and obligations of Little Swan. The new A-shares issued by Midea Group in the share swap are expected to be listed on the main board of the Shenzhen Stock Exchange.

The merger constitutes a major asset restructuring for Little Swan, which has been approved at Little Swan and Midea Group’s board meetings on 23 October 2018. The merger plan and the relevant information have been disclosed on the next day. As per both parties’ articles of association and other regulations, the merger is still subject to the approval by their general meetings, as well as by the China Securities Regulatory Commission. Given the uncertainties of this merger, investors are reminded to exercise caution when making investment decisions.

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

Applicable Not applicable

No such cases in the Reporting Period.

IV 2018 Annual Operating Performance Forecast

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

Applicable Not applicable

V Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

VI Wealth Management Entrustment

Unit: RMB'0,000

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Wealth management product purchased from bank	Self-funded	248,500	20,000	0
Wealth management product purchased from entrustment	Self-funded	125,000	0	0
Total		373,500	20,000	0

Note: the principal disclosed according to the type refers to the highest balance of the wealth management entrustment in a single day in the Reporting Period, that is, the maximum of the total outstanding amount before maturity of the wealth management entrustment in a single day in the Reporting Period; outstanding amount before maturity refers to the total outstanding amount before maturity of the wealth management entrustment at the Period-end.

High-risk wealth management entrustments with amounts that are individually significant, or with low security, low liquidity, or no protection of the principal:

Applicable Not applicable

Wealth management entrustments with possible impairments including an expectedly unrecoverable principal:

Applicable Not applicable

VII Investments in Derivative Financial Instruments

Unit: RMB'0,000

Counter party	Relationship with the Company	Related-party transaction or not	Type of derivative	Initial investment amount	Start date	End date	Beginning investment	Purchased in Reporting Period	Sold in Reporting Period	Impairment allowance (if any)	Ending investment	Ending investment as % of the Company's ending net assets	Actual gain/losses in Reporting Period
Bank	No	No	Forward	17,676	11	24 May	17,676	19,125	27,157		9,645	1.24%	-772

			forex contract		September 2017	2019							
Futures company	No	No	Futures contract	0	30 January 2018	15 June 2018	0	4,168	4,168		0	0%	81
Total				17,676	--	--	17,676	23,293	31,325		9,645	1.24%	-691
Funding source				Self-funded									
Legal matters involved (if applicable)				N/A									
Disclosure date of board announcement approving derivative investment (if any)				13 March 2018									
Disclosure date of general meeting announcement approving derivative investment (if any)				12 April 2018									
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				<p>The Company has considered and formulated the Management Methods for Forex Trading Business and the Management Methods for Futures Hedging Business to implement full assessment and control on its derivative investments, with highlights as follows:</p> <p>1. About legal risk: The Company's futures and forex trading business are conducted in compliance with laws and regulations, with clearly defined responsibilities and obligations between the Company and agencies.</p> <p>Control measures: The Company has designated relevant departments with the responsibility for enhancing expertise in laws, regulations and market rules, conducting strict examination and verification of contracts, defining responsibility and obligations, and strengthening compliance checks, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. About operational risk: Risks caused by imperfect internal processes, staff, systems and external issues may cause the Company to incur losses during the course of its futures and forex trading business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly define the assignment of responsibility and approval process for futures and forex trading, but has also established a well-developed monitoring mechanism, aimed at effectively reducing operational risk by strengthening its risk control over the business, decision-making and trading processes.</p> <p>3. About market Risk: the uncertainty in staple commodity price changes and exchange rate fluctuations in the foreign exchange market has led to greater market risks existing in the futures business and the foreign exchange capital business. At the same time, during the operation of futures, it is unable to raise funds in time to establish and maintain the hedge position, or in terms of the foreign exchange business, the foreign exchange funds used for performance cannot be paid on time, which may lead to any loss from such futures operation and any default risk.</p> <p>Control Measures: the Company will adhere to the principle of prudent and steady operation to</p>									

	<p>operate its futures business and foreign exchange fund business. For the futures business, the Company will strictly determine the business volume according to the needs of production and operation, apply for the futures trading, and implement the stop-loss mechanism. Besides, the Company will also establish a futures risk measurement system to calculate the amount of margin used, the floating profit and loss, the amount of available margin and the needed amount of margin for establishing the proposed position so as to determine the amount of margin that may be required. For the foreign exchange fund business, the tiered management mechanism will be implemented. If a business unit applies for any fund business, it needs to conduct risk analysis on the conditions or environment that affect the business's profit and loss, estimate the maximum possible gains and losses, and report the acceptable margin ratio or the total amount. Meanwhile, the Company needs to timely update the operation of the fund business and guarantee the funding arrangement before the due date.</p>
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	<ol style="list-style-type: none"> 1. The income from futures contract was RMB0.81 million during the Reporting Period; 2. The loss from Forex forward contract was RMB7.72 million during the Reporting Period; 3. Public offer in futures market or forward forex quotations announced by the Bank of China are used in the fair value analysis of the derivative investments.
Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	No significant changes
Opinion of independent directors on derivative investments and risk control	<p>In the opinion of the Company's independent director, the Company has formulated various derivative investment systems including Administrative Measures for Foreign Exchange Fund Business and Administrative Measures for Futures Hedging Business, which can effectively control the risk of derivative investment; the Company will regard the futures hedging business as an effective tool to stabilize any price fluctuation by strengthening the internal control, implementing effective risk prevention measures and improving the operational management; the Company's derivative investment business mainly focuses on the export business, which can help the Company lock the exchange rate and avoid any exchange rate fluctuation risk. Since there is no speculative operation and no compliance risk, the Company's liquidity will not be affected.</p>

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

Date of visit	Way of visit	Type of visitor	About
24 January 2018 to 2 February 2018	By one-on-one meeting	Institution	Little Swan A: Sheet of Investor Relations Activities from 24 January 2018 to 2 February 2018 (No. 2018-01) on www.cninfo.com.cn
15 March 2018 to 22	By one-on-one	Institution	Little Swan A: Sheet of Investor Relations Activities from 15 March

March 2018	meeting		2018 to 22 March 2018 (No. 2018-02) on www.cninfo.com.cn
8 August 2018 to 17 August 2018	By one-on-one meeting	Institution	Little Swan A: Sheet of Investor Relations Activities from 8 August 2018 to 17 August 2018 (No. 2018-03) on www.cninfo.com.cn

IX Irregularities in Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	1,163,865,240.32	1,588,264,516.05
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		5,270,238.03
Derivative financial assets		
Notes and accounts receivable	2,710,407,604.36	3,019,917,180.38
Including: Notes receivable	395,641,656.25	1,283,192,684.28
Accounts receivable	2,314,765,948.11	1,736,724,496.10
Prepayments	95,567,736.21	84,346,792.38
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	235,944,692.26	108,168,362.07
Financial assets purchased under resale agreements		
Inventories	911,601,051.34	1,980,766,196.14
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	12,608,060,657.21	12,778,240,745.22
Total current assets	17,725,446,981.70	19,564,974,030.27
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	200,000.00	200,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		

Investment property	58,806,744.00	61,695,825.00
Fixed assets	1,078,246,771.48	1,029,668,355.84
Construction in progress	40,331,385.08	37,972,252.60
Productive living assets		
Oil and gas assets		
Intangible assets	183,249,989.66	187,045,347.27
R&D expense		
Goodwill		
Long-term prepaid expense	25,664,611.43	22,382,020.52
Deferred income tax assets	405,732,083.43	407,151,474.64
Other non-current assets	44,721,765.61	27,331,937.53
Total non-current assets	1,836,953,350.69	1,773,447,213.40
Total assets	19,562,400,332.39	21,338,421,243.67
Current liabilities:		
Short-term borrowings		81,393,672.34
Borrowings from central bank		
Customer deposits and interbank deposits		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss	6,823,112.65	
Derivative financial liabilities		
Notes and accounts payable	6,147,327,483.37	6,632,830,300.51
Advances from customers	831,925,860.40	3,065,815,801.93
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	325,999,773.55	349,483,844.76
Taxes payable	469,500,143.68	638,017,523.31
Other payables	181,522,157.17	228,117,647.54
Reinsurance payables		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	2,473,489,467.29	2,107,700,604.61

Total current liabilities	10,436,587,998.11	13,103,359,395.00
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable	7,427,582.25	12,021,620.17
Provisions	1,867,338.50	2,253,082.25
Deferred income	5,775,149.85	2,489,133.21
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	15,070,070.60	16,763,835.63
Total liabilities	10,451,658,068.71	13,120,123,230.63
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,314,361,857.47	1,252,947,546.80
Less: Treasury stock		
Other comprehensive income	5,684,343.46	40,496,366.85
Specific reserve		
Surplus reserves	332,594,722.29	332,594,722.29
General reserve		
Retained earnings	5,503,143,609.80	4,788,564,401.03
Total equity attributable to owners of the Company as the parent	7,788,272,297.02	7,047,090,800.97
Non-controlling interests	1,322,469,966.66	1,171,207,212.07
Total owners' equity	9,110,742,263.68	8,218,298,013.04
Total liabilities and owners' equity	19,562,400,332.39	21,338,421,243.67

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	601,410,400.85	1,030,061,384.78
Financial assets at fair value through profit or loss		3,724,810.47
Derivative financial assets		
Notes and accounts receivable	2,305,318,670.12	3,743,536,948.22
Including: Notes receivable	241,982,051.18	938,342,347.95
Accounts receivable	2,063,336,618.94	2,805,194,600.27
Prepayments	69,369,953.05	67,278,861.92
Other receivables	166,722,832.53	61,886,256.59
Inventories	544,323,042.80	1,206,334,183.68
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	8,122,124,546.48	7,259,605,039.27
Total current assets	11,809,269,445.83	13,372,427,484.93
Non-current assets:		
Available-for-sale financial assets	150,000.00	150,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	958,235,041.57	958,235,041.57
Investment property	7,614,281.90	7,882,440.32
Fixed assets	569,562,664.31	532,803,209.18
Construction in progress	40,331,385.08	37,321,733.68
Productive living assets		
Oil and gas assets		
Intangible assets	87,883,142.11	89,900,867.32
R&D expense		
Goodwill		
Long-term prepaid expense	8,627,140.00	5,905,684.35
Deferred income tax assets	246,151,357.55	225,186,332.58
Other non-current assets	26,300,896.99	17,138,349.61
Total non-current assets	1,944,855,909.51	1,874,523,658.61

Total assets	13,754,125,355.34	15,246,951,143.54
Current liabilities:		
Short-term borrowings		16,806,882.34
Financial liabilities at fair value through profit or loss	3,532,061.36	
Derivative financial liabilities		
Notes and accounts payable	5,748,002,361.60	6,073,907,942.42
Advances from customers	503,582,080.26	1,862,974,982.38
Payroll payable	245,759,989.00	268,065,495.23
Taxes payable	281,748,898.97	353,920,883.93
Other payables	121,346,058.02	153,979,505.69
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	1,456,621,775.82	1,336,384,942.60
Total current liabilities	8,360,593,225.03	10,066,040,634.59
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	8,360,593,225.03	10,066,040,634.59
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	1,459,654,395.50	1,405,575,239.68
Less: Treasury stock		

Other comprehensive income	7,891,726.00	27,970,054.39
Specific reserve		
Surplus reserves	319,944,578.39	319,944,578.39
Retained earnings	2,973,553,666.42	2,794,932,872.49
Total owners' equity	5,393,532,130.31	5,180,910,508.95
Total liabilities and owners' equity	13,754,125,355.34	15,246,951,143.54

3. Consolidated Income Statement for Q3

Unit: RMB

Item	Q3 2018	Q3 2017
1. Revenue	5,359,920,386.18	5,409,053,680.82
Including: Operating revenue	5,359,920,386.18	5,409,053,680.82
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	4,849,290,788.28	4,915,302,618.03
Including: Cost of sales	4,005,492,977.88	4,025,713,025.98
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	29,137,926.12	33,914,345.16
Selling expense	751,526,153.22	702,045,545.50
Administrative expense	36,540,329.54	29,863,462.55
R&D expense	183,934,738.45	122,013,987.36
Finance costs	-180,222,942.95	-2,812,709.83
Including: Interest expense	20,620,659.47	20,940,427.54
Interest income	-151,137,099.25	-50,625,125.14
Asset impairment loss	22,881,606.02	4,564,961.31
Add: Other income	20,679,764.88	6,835,783.31
Investment income ("-" for loss)	37,087,710.06	56,923,988.62

Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-2,022,499.18	2,361,168.20
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-1,542,010.91	
3. Operating profit (“-” for loss)	564,832,562.75	559,872,002.92
Add: Non-operating income	4,830,086.83	8,370,654.72
Less: Non-operating expense	696,994.00	73,435.06
4. Profit before tax (“-” for loss)	568,965,655.58	568,169,222.58
Less: Income tax expense	70,205,908.60	87,620,162.08
5. Net profit (“-” for net loss)	498,759,746.98	480,549,060.50
5.1 Net profit from continuing operations (“-” for net loss)	498,759,746.98	480,549,060.50
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	445,019,926.40	411,479,306.87
Net profit attributable to non-controlling interests	53,739,820.58	69,069,753.63
6. Other comprehensive income, net of tax	-28,816,666.40	3,779,053.96
Attributable to owners of the Company as the parent	-22,859,924.64	8,467,880.09
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets 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 Items that may subsequently be reclassified to profit or loss	-22,859,924.64	8,467,880.09
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	-22,865,710.30	8,472,611.20
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	5,785.66	-4,731.11
6.2.6 Other		
Attributable to non-controlling interests	-5,956,741.76	-4,688,826.13
7. Total comprehensive income	469,943,080.58	484,328,114.46
Attributable to owners of the Company as the parent	422,160,001.76	419,947,186.96
Attributable to non-controlling interests	47,783,078.82	64,380,927.50
8. Earnings per share		

8.1 Basic earnings per share	0.70	0.65
8.2 Diluted earnings per share	0.70	0.65

4. Income Statement of the Company as the Parent for Q3

Unit: RMB

Item	Q3 2018	Q3 2017
1. Operating revenue	3,738,328,973.70	4,137,270,472.44
Less: Cost of sales	2,883,934,194.90	3,238,940,527.27
Taxes and surcharges	18,731,071.73	21,653,606.79
Selling expense	478,245,271.45	492,184,783.36
Administrative expense	26,303,259.55	20,615,625.60
R&D expense	143,703,854.15	93,902,641.09
Finance costs	-116,415,244.63	-343,883.61
Including: Interest expense	10,007,267.82	14,509,528.69
Interest income	-94,946,975.02	-29,399,183.67
Asset impairment loss	13,020,356.31	3,457,037.13
Add: Other income	12,278,235.20	
Investment income (“-” for loss)	12,077,836.78	16,012,684.13
Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-1,244,758.38	2,204,741.62
Asset disposal income (“-” for loss)	-976,922.91	
2. Operating profit (“-” for loss)	312,940,600.93	285,077,560.56
Add: Non-operating income	3,976,028.28	4,425,956.50
Less: Non-operating expense	825,042.84	
3. Profit before tax (“-” for loss)	316,091,586.37	289,503,517.06
Less: Income tax expense	24,318,773.26	45,420,985.67
4. Net profit (“-” for net loss)	291,772,813.11	244,082,531.39
4.1 Net profit from continuing operations (“-” for net loss)	291,772,813.11	244,082,531.39
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-9,311,342.47	18,981,275.77
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets 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 Items that may subsequently be reclassified to profit or loss	-9,311,342.47	18,981,275.77
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	-9,311,342.47	18,981,275.77
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 comprehensive income	282,461,470.64	263,063,807.16
7. Earnings per share		
7.1 Basic earnings per share	0.70	0.65
7.2 Diluted earnings per share	0.70	0.65

5. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Revenue	17,416,858,672.22	15,977,114,535.05
Including: Operating revenue	17,416,858,672.22	15,977,114,535.05
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	15,779,367,508.20	14,717,291,930.91
Including: Cost of sales	12,855,294,810.89	11,887,084,837.76
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	95,955,629.23	98,446,618.90
Selling expense	2,521,232,812.16	2,235,935,416.90
Administrative expense	148,230,609.99	127,164,979.65

R&D expense	523,407,513.68	352,875,575.67
Finance costs	-411,575,061.93	-26,335,907.67
Including: Interest expense	51,973,885.75	26,838,380.55
Interest income	-397,480,076.04	-114,465,903.30
Asset impairment loss	46,821,194.18	42,120,409.70
Add: Other income	48,651,416.88	22,642,337.07
Investment income (“-” for loss)	113,990,451.60	238,589,870.73
Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-12,093,350.68	7,279,041.33
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-907,555.01	
3. Operating profit (“-” for loss)	1,787,132,126.81	1,528,333,853.27
Add: Non-operating income	12,196,548.70	23,994,408.02
Less: Non-operating expense	1,487,734.84	3,153,092.92
4. Profit before tax (“-” for loss)	1,797,840,940.67	1,549,175,168.37
Less: Income tax expense	295,616,684.08	235,865,857.86
5. Net profit (“-” for net loss)	1,502,224,256.59	1,313,309,310.51
5.1 Net profit from continuing operations (“-” for net loss)	295,616,684.08	235,865,857.86
5.2 Net profit from discontinued operations (“-” for net loss)	1,502,224,256.59	1,313,309,310.51
Net profit attributable to owners of the Company as the parent	1,347,066,972.81	1,143,019,809.34
Net profit attributable to non-controlling interests	155,157,283.78	170,289,501.17
6. Other comprehensive income, net of tax	-41,290,604.99	-28,637,223.77
Attributable to owners of the Company as the parent	-34,812,023.36	-18,953,155.82
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets 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 Items that may subsequently be reclassified to profit or loss	-34,812,023.36	-18,953,155.82
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	-34,820,125.30	-18,941,998.21
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	8,101.94	-11,157.61
6.2.6 Other		
Attributable to non-controlling interests	-6,478,581.63	-9,684,067.95
7. Total comprehensive income	1,460,933,651.60	1,284,672,086.74
Attributable to owners of the Company as the parent	1,312,254,949.45	1,124,066,653.52
Attributable to non-controlling interests	148,678,702.15	160,605,433.22
8. Earnings per share		
8.1 Basic earnings per share	2.13	1.81
8.2 Diluted earnings per share	2.13	1.81

6. Income Statement of the Company as the Parent for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Operating revenue	12,193,529,742.41	11,896,493,564.73
Less: Cost of sales	9,302,193,376.22	9,234,940,559.84
Taxes and surcharges	59,812,891.13	66,089,061.73
Selling expense	1,679,547,962.57	1,510,957,356.69
Administrative expense	118,321,990.55	91,198,512.38
R&D expense	415,321,273.68	293,455,274.62
Finance costs	-256,571,814.47	-28,382,799.86
Including: Interest expense	24,198,321.79	18,618,267.89
Interest income	-242,395,256.35	-76,262,118.24
Asset impairment loss	17,327,265.54	18,602,355.25
Add: Other income	15,106,377.54	
Investment income (“-” for loss)	59,934,823.87	109,372,200.95
Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-7,256,871.83	6,482,343.61
Asset disposal income (“-” for loss)	-1,400,600.16	
2. Operating profit (“-” for loss)	923,960,526.61	825,487,788.64
Add: Non-operating income	10,028,342.36	12,887,071.45
Less: Non-operating expense	1,487,734.84	1,598,940.52
3. Profit before tax (“-” for loss)	932,501,134.13	836,775,919.57
Less: Income tax expense	121,537,080.01	131,027,695.66

4. Net profit (“-” for net loss)	810,964,054.12	705,748,223.91
4.1 Net profit from continuing operations (“-” for net loss)	810,964,054.12	705,748,223.91
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-20,078,328.39	3,618,137.72
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets 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 Items that may subsequently be reclassified to profit or loss	-20,078,328.39	3,618,137.72
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	-20,078,328.39	3,618,137.72
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 comprehensive income	790,885,725.73	709,366,361.63
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

7. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	13,119,826,375.57	11,502,461,367.12
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value		

through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	29,970,565.12	60,061,335.71
Cash generated from other operating activities	113,957,228.91	86,857,031.47
Subtotal of cash generated from operating activities	13,263,754,169.60	11,649,379,734.30
Payments for commodities and services	10,623,045,879.77	7,437,740,147.06
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,125,920,458.93	918,519,618.20
Taxes paid	801,559,780.76	634,889,870.55
Cash used in other operating activities	427,724,292.71	1,969,007,881.07
Subtotal of cash used in operating activities	12,978,250,412.17	10,960,157,516.88
Net cash generated from/used in operating activities	285,503,757.43	689,222,217.42
2. Cash flows from investing activities:		
Proceeds from disinvestment	12,085,000,000.00	6,895,000,000.00
Investment income	113,990,451.60	238,758,884.14
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	4,226,057.10	840,384.69
Net proceeds from disposal of subsidiaries or other business units		2,415,000.00
Cash generated from other investing activities	218,207,652.98	57,042,308.02
Subtotal of cash generated from investing activities	12,421,424,161.68	7,194,056,576.85
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	243,267,106.03	104,042,380.39
Payments for investments	12,150,000,000.00	8,545,000,000.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	12,393,267,106.03	8,649,042,380.39
Net cash generated from/used in investing activities	28,157,055.65	-1,454,985,803.54
3. Cash flows from financing activities:		

Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained		429,950,000.00
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		429,950,000.00
Repayment of borrowings	81,393,672.34	464,293,064.12
Payments for interest and dividends	653,894,346.91	499,516,450.57
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	735,288,019.25	963,809,514.69
Net cash generated from/used in financing activities	-735,288,019.25	-533,859,514.69
4. Effect of foreign exchange rate changes on cash and cash equivalents	283,110.30	
5. Net increase in cash and cash equivalents	-421,344,095.87	-1,299,623,100.81
Add: Cash and cash equivalents, beginning of the period	1,417,489,071.71	4,171,689,917.21
6. Cash and cash equivalents, end of the period	996,144,975.84	2,872,066,816.40

8. Cash Flow Statement of the Company as the Parent for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	9,982,234,962.36	9,850,148,284.12
Tax rebates		
Cash generated from other operating activities	39,199,702.69	38,736,675.26
Subtotal of cash generated from operating activities	10,021,434,665.05	9,888,884,959.38
Payments for commodities and services	7,293,496,640.59	6,852,988,102.23
Cash paid to and for employees	790,707,722.05	645,646,594.51
Taxes paid	412,788,269.97	370,064,700.60
Cash used in other operating activities	328,777,838.65	1,350,354,065.27
Subtotal of cash used in operating activities	8,825,770,471.25	9,219,053,462.61
Net cash generated from/used in operating activities	1,195,664,193.80	669,831,496.77
2. Cash flows from investing activities:		
Proceeds from disinvestment	5,935,000,000.00	3,185,000,000.00

Investment income	59,934,823.87	104,184,719.36
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	1,378,421.40	192,710.01
Net proceeds from disposal of subsidiaries or other business units		2,415,000.00
Cash generated from other investing activities	109,415,609.59	38,174,499.80
Subtotal of cash generated from investing activities	6,105,728,854.86	3,329,966,929.17
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	169,367,095.97	46,670,938.80
Payments for investments	6,900,000,000.00	4,475,000,000.00
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	7,069,367,095.97	4,521,670,938.80
Net cash generated from/used in investing activities	-963,638,241.11	-1,191,704,009.63
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained		243,000,000.00
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		243,000,000.00
Repayment of borrowings	16,806,882.34	258,943,093.80
Payments for interest and dividends	645,367,374.65	492,786,139.87
Cash used in other financing activities		
Sub-total of cash used in financing activities	662,174,256.99	751,729,233.67
Net cash generated from/used in financing activities	-662,174,256.99	-508,729,233.67
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,379,355.61	
5. Net increase in cash and cash equivalents	-431,527,659.91	-1,030,601,746.53
Add: Cash and cash equivalents, beginning of the period	945,759,061.62	2,353,708,554.75
6. Cash and cash equivalents, end of the period	514,231,401.71	1,323,106,808.22

II Independent Auditor's Report

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

Yes No

These financial statements have not been audited by such an auditor.

Wuxi Little Swan Company Limited

Legal representative: Fang Hongbo

31 October 2018