

HAINAN JINGLIANG HOLDINGS CO., LTD.
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 managers of Hainan Jingliang Holdings Co., Ltd. (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.

Wang Guofeng, the Company’s legal representative, Guan Ying, the Company’s head for financial affairs, and Liu Quanli, head of the Company’s financial department (equivalent to 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)	5,580,372,664.55	6,082,383,851.23	-8.25%	
Equity attributable to the listed company's shareholders (RMB)	2,204,056,918.96	2,101,342,683.37	4.89%	
	Q3 2018	YoY change (%)	Q1-Q3 2018	YoY change (%)
Operating revenue (RMB)	1,899,805,985.97	-14.91%	5,539,431,965.38	0.44%
Net profit attributable to the listed company's shareholders (RMB)	42,345,394.93	0.43%	102,264,390.61	0.42%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	42,526,321.21	301.98%	99,885,357.72	133.62%
Net cash generated from/used in operating activities (RMB)	--	--	419,583,694.49	142.19%
Basic earnings per share (RMB/share)	0.06	-14.29%	0.15	-6.25%
Diluted earnings per share (RMB/share)	0.06	-14.29%	0.15	-6.25%
Weighted average return on equity (%)	2.00%	-0.06%	4.75%	-0.14%

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)	-1,796,072.16	
Gains/Losses on fair value changes of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities as well as financial assets available for sale (exclusive of effective hedges related to normal business operations of the Company)	5,360,397.35	
Non-operating income and expense other than above	885,054.45	
Less: Income tax effects	1,112,344.91	
Non-controlling interests effects (net of tax)	958,001.84	
Total	2,379,032.89	--

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	37,523	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
BEIJING GRAIN GROUP CO., LTD.	State-owned legal person	42.06%	288,439,561	164,877,598		
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT CENTER	State-owned legal person	7.07%	48,510,460	48,510,460		
CHINA DEVELOPMENT BANK CAPITAL CO., LTD.	State-owned legal person	3.33%	22,828,451	22,828,451		
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	3.33%	22,828,451	22,828,451		
LI SHERYN ZHAN MING	Foreign natural person	3.19%	21,873,700	0		
MEI JIANYING	Domestic natural person	0.38%	2,604,203	0		
DONGYANG HENGDIAN GUARANTY CO., LTD.	Domestic non-state-owned legal person	0.32%	2,204,976	0		
HU TIANGAO	Domestic natural person	0.30%	2,065,352	0		
ZHANG XIAOXIA	Domestic natural person	0.28%	1,949,250	0		
WANG DAO	Domestic natural person	0.28%	1,920,600	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares	Shares by type				
		Type	Shares			
BEIJING GRAIN GROUP CO., LTD.	123,561,963	RMB-denominated ordinary stock	123,561,963			
LI SHERYN ZHAN MING	21,873,700	Domestically listed foreign stock	21,873,700			
MEI JIANYING	2,604,203	RMB-denominated ordinary stock	2,604,203			
DONGYANG HENGDIAN GUARANTY CO., LTD.	2,204,976	RMB-denominated ordinary stock	2,204,976			
HU TIANGAO	2,065,352	RMB-denominated ordinary stock	2,065,352			
ZHANG XIAOXIA	1,949,250	Domestically listed foreign stock	1,949,250			
WANG DAO	1,920,600	RMB-denominated ordinary stock	1,920,600			
WANG XIAOXING	1,808,000	RMB-denominated ordinary stock	1,808,000			
ZHANG PENG	1,790,000	RMB-denominated ordinary stock	1,790,000			
ZHONG YI	1,727,783	RMB-denominated ordinary stock	1,727,783			
Related or acting-in-concert parties among shareholders above	Beijing State-Owned Capital Operation And Management Center owns 100% of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is a shareholder of the Company (a 42.06% holding). Apart from that, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.					
Top 10 ordinary shareholders involved in securities margin trading	1. Shareholder Wang Xiaoxing holds 1,808,000 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd.					

(if any)	2. Shareholder Zhong Yi holds 1,727,783 shares in the Company through his account of collateral securities for margin trading in Fortune Securities Co., Ltd.
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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 Selected Consolidated Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

1. Monetary capital declined as at 30 September 2018 compared to 31 December 2017, primarily driven by the repayment of borrowings during Q1~Q3 2018.
2. Financial assets at fair value through profit or loss declined as at 30 September 2018 compared to 31 December 2017, primarily because fewer futures contracts resulted in smaller margins.
3. Notes and accounts receivable rose as at 30 September 2018 compared to 31 December 2017, primarily because more customers were allowed to buy on credit to boost sales.
4. Prepayments declined as at 30 September 2018 compared to 31 December 2017, primarily because supplies associated with certain prepayments were received and such prepayments were thus reclassified as inventories.
5. The current portion of non-current assets declined as at 30 September 2018 compared to 31 December 2017, primarily driven by a smaller investment in wealth management products.
6. Other current assets rose as at 30 September 2018 compared to 31 December 2017, primarily driven by larger investments in government securities reverse repurchase and structured deposits.
7. Other non-current assets declined as at 30 September 2018 compared to 31 December 2017, primarily because equipment associated with certain prepayments were received and installed and such prepayments were thus reclassified as fixed assets.
8. Notes and accounts payable declined as at 30 September 2018 compared to 31 December 2017, primarily driven by payments to suppliers.
9. Payroll payable declined as at 30 September 2018 compared to 31 December 2017, primarily driven by the payment in Q1~Q3 2018 of the 2017 annual performance pay that had been set aside in 2017.
10. Other current liabilities declined as at 30 September 2018 compared to 31 December 2017, primarily driven by a smaller book loss on hedged items.
11. Taxes and surcharges declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily because Q1~Q3 2017 had seen a land value added tax on real estate revenue, while there was no such revenue during Q1~Q3 2018.
12. Finance costs rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by a larger amount of bank loans and higher cost of capital.
13. Asset impairment loss declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by some allowances for doubtful accounts in Q1~Q3 2017.
14. Investment income rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by the income generated from investments in government securities reverse repurchase and beneficiary certificates.
15. Gain on changes in fair value declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by changes in the fair value of futures positions.
16. Net cash generated from operating activities rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by the sales of inventory products.
17. Net cash generated from investing activities declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by more investments in reverse repurchase and banks' wealth management products.

18. Net cash generated from financing activities declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by a higher amount of bank loan repayment in Q1~Q3 2017.

II Progress, Influence and Solutions Associated with Significant Events

Applicable Not applicable

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

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/losses in Reporting Period	Ending carrying amount	Accounting title	Funding source
Other	204001	GC001		Cost method				17,709,600,000.00	17,709,600,000.00	2,585,361.95	0.00	Other assets	Self-raised
Other	204002	GC002		Cost method				388,400,000.00	388,400,000.00	74,885.68	0.00	Other assets	Self-raised
Other	204003	GC003		Cost method				57,800,000.00	57,800,000.00	46,619.45	0.00	Other assets	Self-raised
Other	204004	GC004		Cost method				171,800,000.00	171,800,000.00	101,482.98	0.00	Other assets	Self-raised
Other	204007	GC007		Cost method				606,000,000.00	606,000,000.00	501,621.73	0.00	Other assets	Self-raised
Total			0.00	--	0.00	0.00	0.00	18,933,600,000.00	18,933,600,000.00	3,309,971.79	0.00	--	--

Disclosure date of announcement on Board's consent for securities investments	27 January 2018
Disclosure date of announcement on general meeting's consent for securities investments (if any)	13 February 2018

VI Wealth Management Entrustment

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Wealth management product purchased from securities trader	Idle raised	26,000	20,000	0
Wealth management product purchased from bank	Self-funded	6,780	4,280	0
Total		32,780	24,280	0

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

Unit: RMB'0,000 (in RMB ten thousand yuan)

Trustee	Type of trustee	Type of wealth management product	Principal	Funding source	Start date	End date	Investment with principal	Way of payback	Reference annualized return (%)	Actual gain/loss in Reporting Period	Collection/payment of gain/loss in Reporting Period	Impairment allowance (if any)	Through prescribed procedure or not	Any plan for further entrustment	Overview and index to more information (if any)
CITIC SECURITIES	Securities company	Certification of trust receipt	6,000	Idle raised capital	29 June 2018	28 September 2018	Agreement of contract	Pay the principal and earnings at the maturity date of investment	4.00%	59.84	Redeemed		Yes	No	www.cninfo.com.cn : 2018-044 and 2018-055
DONG XING SECURITIES	Securities company	Certification of trust receipt	20,000	Idle raised capital	4 July 2018	17 December 2018	Agreement of contract	Pay the principal and earnings at the maturity date of investment	4.80%	0	Unredeemed		Yes	No	www.cninfo.com.cn : 2018-045
Total			26,000	--	--	--	--	--	--	59.84	--		--	--	--

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

Applicable Not applicable

VII Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of derivative	Start date	End date	Ending investment	Ending investment as % of the Company's ending net assets	Actual gain/loss in Reporting Period
Soybean hedging	1 January 2018	30 September 2018	6,271.62	2.28%	-4,750.5
Foreign exchange forwards	1 January 2018	30 September 2018	0	0.00%	3,322.53
Agricultural product future contract	1 January 2018	30 September 2018	2,938.86	1.07%	4,371.86
Agricultural product future contract	1 January 2018	30 September 2018	1,512.18	0.55%	346.03
Agricultural product future contract	1 January 2018	30 September 2018	0.1	0.00%	-427.76
Agricultural product future contract	1 September 2018	19 September 2018	0	0.00%	0.04
Total	--	--	10,722.76	3.90%	2,862.2
Funding source	Self-funded				
Legal matters involved (if applicable)	N/A				
Disclosure date of board announcement approving derivative investment (if any)	13 April 2018				
Disclosure date of general meeting approving derivative investment (if any)	9 June 2018				
Disclosure date of board announcement approving derivative investment (if any)	11 May 2018				
Disclosure date of general meeting approving derivative investment (if any)	27 June 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's conduction of hedging business is not aimed at speculation, but mainly to effectively avoid the impact of raw material price fluctuation on the Company. However, there will be certain risks: 1. Price fluctuation risk: price fluctuation risk may be generated when the futures market changes greatly, resulting in transaction losses; 2. Capital risk: capital risk may be correspondingly brought because the futures trading adopts margin and marking-to-market system; 3. Internal control risk: there may be risks due to imperfect internal control system for the high expertise and complexity of futures trading; 4. Technical risk: there may be technical risks due to incomplete computer systems. The Company adopts following risk control measures: 1. Matching the hedging business with the Company's production and operation so as to maximally reduce the price fluctuation risk; 2. The Company will reasonably dispatch its own funds for hedging business, strictly control the hedging fund scale and reasonably plan and use margins; 3. <i>Regulations for Commodity Futures Trading</i> and <i>Regulations for Futures Business</i> are formulated at the Company and subsidiaries levels respectively based on actual situation of the Company and pursuant to governing stipulations of <i>Guidelines for Standard Operation of Companies Listed in Shenzhen Stock Exchange</i> which have made clearly stipulations about the amount, variety scope, approval authority, internal approval procedures, responsible departments and persons, information isolation measures, internal risk report and related solution process, information disclosure, etc. regarding hedging business. The Company will strictly control all sectors in accordance with the two regulations formulated; 4. Establishing qualified systems for transaction, communication and information services so as to guarantee the normal operation of the transaction system and smooth proceeding of transactions. When a wrong order occurs, corresponding measures should be timely taken to reduce losses.</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)	<p>The value of the Company's future contracts changed according to the contract prices declared by the future exchange, which were broadly representative. And the fair value of the Company's future contracts was executed in strict compliance with the future exchange's settlement methods.</p>				

Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	N/A
Opinion of independent directors on derivative investments and risk control	The relevant decision-making procedures for the Company and its majority-owned subsidiaries to conduct foreign exchange derivatives trading business are in compliance with relevant national laws, regulations and the governing provisions of the <i>Articles of Association</i> . Based on normal production and operation, the Company uses foreign exchange derivatives instruments to reduce exchange rate risks and finance costs, and control business risks. There is no harm to the interests of the Company and all other shareholders, especially minority shareholders. It is agreed that the Company and its majority-owned subsidiaries will conduct foreign exchange derivative trading business within the consideration amount.

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

Applicable Not applicable

No such cases in the Reporting Period.

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

Prepared by Hainan Jingliang Holdings Co., Ltd.

30 September 2018

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	675,664,075.75	1,014,438,663.43
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss	122,746,473.30	176,699,298.60
Derivative financial assets		
Notes and accounts receivable	145,203,498.55	75,165,127.11
Including: Notes receivable		
Accounts receivable		
Prepayments	293,268,069.36	912,843,489.70
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	88,438,332.04	75,722,139.87
Financial assets purchased under resale agreements		
Inventories	1,412,314,191.90	1,393,958,764.07
Assets classified as held for sale		
Current portion of non-current assets	21,000,000.00	51,000,000.00
Other current assets	658,143,211.20	165,867,238.70
Total current assets	3,416,777,852.10	3,865,694,721.48
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	20,000,000.00	20,000,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	185,589,701.74	174,589,701.74
Investment property	33,798,539.49	35,008,852.62
Fixed assets	1,284,346,034.52	1,333,410,146.38
Construction in progress	9,196,483.50	12,737,673.01
Productive living assets		
Oil and gas assets		
Intangible assets	387,044,956.90	398,844,032.07
R&D expense		

Goodwill	191,394,422.51	191,394,422.51
Long-term prepaid expense	36,216,267.37	33,247,595.28
Deferred income tax assets	16,008,406.42	14,179,072.07
Other non-current assets		3,277,634.07
Total non-current assets	2,163,594,812.45	2,216,689,129.75
Total assets	5,580,372,664.55	6,082,383,851.23
Current liabilities:		
Short-term borrowings	1,772,635,314.81	2,007,171,362.73
Borrowings from central bank		
Customer deposits and interbank deposits		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes and accounts payable	262,470,835.87	400,693,157.47
Advances from customers	154,657,322.35	212,124,147.38
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	14,742,261.81	30,762,031.53
Taxes payable	30,242,573.77	36,855,139.18
Other payables	412,744,319.51	541,399,822.67
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	13,004,507.08	90,215,292.43
Total current liabilities	2,660,497,135.20	3,319,220,953.39
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables	33,778,247.87	27,592,835.11
Long-term payroll payable		
Provisions		
Deferred income	77,689,781.40	78,961,972.67
Deferred income tax liabilities	52,333,976.95	56,185,676.15
Other non-current liabilities		
Total non-current liabilities	163,802,006.22	162,740,483.93
Total liabilities	2,824,299,141.42	3,481,961,437.32
Owners' equity:		
Share capital	685,790,364.00	685,790,364.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		

Capital reserves	1,592,541,582.73	1,592,541,582.73
Less: Treasury stock		
Other comprehensive income	449,844.98	
Specific reserve		
Surplus reserves	122,122,436.98	122,122,436.98
General reserve		
Retained earnings	-196,847,309.73	-299,111,700.34
Total equity attributable to owners of the Company as the parent	2,204,056,918.96	2,101,342,683.37
Non-controlling interests	552,016,604.17	499,079,730.54
Total owners' equity	2,756,073,523.13	2,600,422,413.91
Total liabilities and owners' equity	5,580,372,664.55	6,082,383,851.23

Legal representative: Wang Guofeng

Head for financial affairs: Guan Ying

Head of the financial department: Liu Quanli

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	15,426,423.97	15,360,177.32
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes and accounts receivable	106,626.00	109,389.00
Including: Notes receivable		
Accounts receivable		
Prepayments		
Other receivables	57,946,415.19	60,576,292.62
Inventories	4,824,035.45	4,824,035.45
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	1,954,976.06	2,905,667.38
Total current assets	80,258,476.67	83,775,561.77
Non-current assets:		
Available-for-sale financial assets	20,000,000.00	20,000,000.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	2,375,639,964.05	2,336,639,964.05
Investment property	5,854,403.48	6,081,230.93
Fixed assets	3,348,428.40	3,589,144.87
Construction in progress		
Productive living assets		
Oil and gas assets		
Intangible assets	196,729.56	
R&D expense		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets		
Other non-current assets		

Total non-current assets	2,405,039,525.49	2,366,310,339.85
Total assets	2,485,298,002.16	2,450,085,901.62
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes and accounts payable	2,482,949.70	2,482,949.70
Advances from customers	38,896.41	38,896.41
Payroll payable	326,765.16	2,017,684.57
Taxes payable	972,437.66	2,557,993.95
Other payables	513,668,222.16	449,510,029.34
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	517,489,271.09	456,607,553.97
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	517,489,271.09	456,607,553.97
Owners' equity:		
Share capital	685,790,364.00	685,790,364.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,173,387,468.71	2,173,387,468.71
Less: Treasury stock		
Other comprehensive income		
Specific reserve		
Surplus reserves	109,487,064.39	109,487,064.39
Retained earnings	-1,000,856,166.03	-975,186,549.45
Total owners' equity	1,967,808,731.07	1,993,478,347.65
Total liabilities and owners' equity	2,485,298,002.16	2,450,085,901.62

3. Consolidated Income Statement for Q3

Unit: RMB

Item	Q3 2018	Q3 2017
1. Revenue	1,899,805,985.97	2,232,700,520.70
Including: Operating revenue	1,899,805,985.97	2,232,700,520.70
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	1,807,110,268.05	2,167,977,012.70
Including: Cost of sales	1,703,299,548.14	2,038,295,230.88
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	4,706,132.09	14,277,726.11
Selling expense	48,195,311.31	40,680,538.06
Administrative expense	52,378,722.27	33,632,981.69
R&D expense	349,299.58	626,504.24
Finance costs	-2,022,277.92	11,712,245.37
Including: Interest expense		
Interest income		
Asset impairment loss	203,532.58	28,751,786.35
Add: Other income	3,420,131.60	1,606,288.34
Investment income (“-” for loss)	5,574,816.04	2,267,152.41
Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-36,001,451.60	-5,151,289.48
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-1,607,843.98	-74,102.52
3. Operating profit (“-” for loss)	64,081,369.98	63,371,556.75
Add: Non-operating income	983,957.85	11,333,584.99
Less: Non-operating expense	276,289.34	1,989,190.94
4. Profit before tax (“-” for loss)	64,789,038.49	72,715,950.80
Less: Income tax expense	9,498,223.59	26,083,375.95
5. Net profit (“-” for net loss)	55,290,814.90	46,632,574.85
5.1 Net profit from continuing operations (“-” for net loss)	55,290,814.90	46,632,574.85
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	42,345,394.93	42,164,080.63
Net profit attributable to non-controlling interests	12,945,419.97	4,468,494.22
6. Other comprehensive income, net of tax	264,437.23	0.00
Attributable to owners of the Company as the parent	264,437.23	0.00
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	264,437.23	0.00
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	264,437.23	0.00
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	55,555,252.13	46,632,574.85
Attributable to owners of the Company as the parent	42,609,832.16	42,164,080.63
Attributable to non-controlling interests	12,945,419.97	4,468,494.22
8. Earnings per share		
8.1 Basic earnings per share	0.06	0.07
8.2 Diluted earnings per share	0.06	0.07

Legal representative: Wang Guofeng

Head for financial affairs: Guan Ying

Head of the financial department: Liu Quanli

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

Unit: RMB

Item	Q3 2018	Q3 2017
1. Operating revenue	0.00	0.00
Less: Cost of sales	75,609.15	100,812.20
Taxes and surcharges	32,242.73	145,225.03
Selling expense		
Administrative expense	8,498,118.65	2,984,720.67
R&D expense		
Finance costs	3,587,578.96	-10,284,711.37
Including: Interest expense	3,588,242.50	2,771,987.50
Interest income	2,774.94	13,670,637.08
Asset impairment loss	580.00	96,843,906.63
Add: Other income		
Investment income ("-" for loss)	0.00	-141,966.40
Including: Share of profit or loss of joint ventures and associates	0.00	2,205,283.12
Gain on changes in fair value ("-" for loss)		
Asset disposal income ("-" for loss)		
2. Operating profit ("-" for loss)	-12,194,129.49	-89,931,919.56
Add: Non-operating income		
Less: Non-operating expense		
3. Profit before tax ("-" for loss)	-12,194,129.49	-89,931,919.56

Less: Income tax expense		
4. Net profit (“-” for net loss)	-12,194,129.49	-89,931,919.56
4.1 Net profit from continuing operations (“-” for net loss)		
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
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		
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 comprehensive income	-12,194,129.49	-89,931,919.56
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Revenue	5,539,431,965.38	5,515,262,797.63
Including: Operating revenue	5,539,431,965.38	5,515,262,797.63
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	5,367,497,218.29	5,325,251,308.02
Including: Cost of sales	5,038,627,672.46	4,946,577,567.18
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	19,018,278.45	40,345,029.56
Selling expense	139,821,320.67	133,704,147.54
Administrative expense	135,753,834.87	156,614,807.20
R&D expense	1,072,960.08	1,123,501.16
Finance costs	33,482,038.92	23,373,101.68
Including: Interest expense		
Interest income		
Asset impairment loss	-278,887.16	23,513,153.70
Add: Other income	8,937,425.37	7,920,871.71
Investment income (“-” for loss)	16,487,429.06	11,766,061.71
Including: Share of profit or loss of joint ventures and associates		
Gain on changes in fair value (“-” for loss)	-22,110,484.16	-13,904,516.93
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-1,796,072.16	-25,199.59
3. Operating profit (“-” for loss)	173,453,045.20	195,768,706.51
Add: Non-operating income	10,781,378.60	13,821,293.02
Less: Non-operating expense	9,896,461.65	5,528,315.74
4. Profit before tax (“-” for loss)	174,337,962.15	204,061,683.79
Less: Income tax expense	44,488,495.00	57,511,192.19
5. Net profit (“-” for net loss)	129,849,467.15	146,550,491.60
5.1 Net profit from continuing operations (“-” for net loss)	129,849,467.15	133,828,422.33
5.2 Net profit from discontinued operations (“-” for net loss)		12,722,069.27
Net profit attributable to owners of the Company as the parent	102,264,390.61	101,833,212.48
Net profit attributable to non-controlling interests	27,585,076.54	44,717,279.12
6. Other comprehensive income, net of tax	449,844.98	0.00
Attributable to owners of the Company as the parent	449,844.98	0.00
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	449,844.98	0.00
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	449,844.98	0.00
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	130,299,312.13	146,550,491.60

Attributable to owners of the Company as the parent	102,714,235.59	101,833,212.48
Attributable to non-controlling interests	27,585,076.54	44,717,279.12
8. Earnings per share		
8.1 Basic earnings per share	0.15	0.16
8.2 Diluted earnings per share	0.15	0.16

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

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Operating revenue	0.00	2,857.14
Less: Cost of sales	226,827.45	252,030.50
Taxes and surcharges	1,046,593.89	212,753.35
Selling expense		
Administrative expense	14,511,777.95	10,807,855.19
R&D expense		
Finance costs	9,982,985.70	-8,270,296.34
Including: Interest expense	10,929,291.28	7,144,759.73
Interest income	954,302.98	16,810,053.35
Asset impairment loss	-98,668.41	91,226,030.51
Add: Other income		
Investment income (“-” for loss)	0.00	74,749,139.55
Including: Share of profit or loss of joint ventures and associates	0.00	1,276,389.07
Gain on changes in fair value (“-” for loss)		
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	-25,669,516.58	-19,476,376.52
Add: Non-operating income	0.00	920.00
Less: Non-operating expense	100.00	811,971.93
3. Profit before tax (“-” for loss)	-25,669,616.58	-20,287,428.45
Less: Income tax expense		
4. Net profit (“-” for net loss)	-25,669,616.58	-20,287,428.45
4.1 Net profit from continuing operations (“-” for net loss)		
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
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		
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 comprehensive income	-25,669,616.58	-20,287,428.45
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	6,089,990,408.11	5,822,570,435.19
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	11,907,624.39	9,136,150.48
Cash generated from other operating activities	1,766,762,056.68	1,245,333,510.27
Subtotal of cash generated from operating activities	7,868,660,089.18	7,077,040,095.94
Payments for commodities and services	5,488,803,432.64	6,237,205,329.97
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	215,823,143.63	316,577,321.67
Taxes paid	149,429,869.38	250,975,642.80
Cash used in other operating activities	1,595,019,949.04	1,266,821,118.63
Subtotal of cash used in operating activities	7,449,076,394.69	8,071,579,413.07
Net cash generated from/used in operating activities	419,583,694.49	-994,539,317.13
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,647,338,090.45	642,702,070.16
Investment income	22,660,696.79	19,125,768.85

Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	624,362.84	43,621,239.95
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities	94,375,000.00	303,828,188.53
Subtotal of cash generated from investing activities	1,764,998,150.08	1,009,277,267.49
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	44,298,838.25	29,376,357.42
Payments for investments	1,944,330,000.00	461,400,000.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units	47,954,985.00	212,344,900.00
Cash used in other investing activities	289,112,694.38	464,013,928.02
Subtotal of cash used in investing activities	2,325,696,517.63	1,167,135,185.44
Net cash generated from/used in investing activities	-560,698,367.55	-157,857,917.95
3. Cash flows from financing activities:		
Capital contributions received	126,553,500.00	19,553,070.16
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained	1,705,500,818.73	1,630,729,869.53
Net proceeds from issuance of bonds		
Cash generated from other financing activities	4,857,675,313.61	6,783,876,765.24
Subtotal of cash generated from financing activities	6,689,729,632.34	8,434,159,704.93
Repayment of borrowings	1,917,644,873.55	385,954,732.20
Payments for interest and dividends	98,022,459.14	63,040,361.51
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	4,891,136,552.93	6,735,878,759.62
Subtotal of cash used in financing activities	6,906,803,885.62	7,184,873,853.33
Net cash generated from/used in financing activities	-217,074,253.28	1,249,285,851.60
4. Effect of foreign exchange rate changes on cash and cash equivalents	19,414,338.66	252,498.89
5. Net increase in cash and cash equivalents	-338,774,587.68	97,141,115.41
Add: Cash and cash equivalents, beginning of the period	1,014,438,663.43	505,477,847.81
6. Cash and cash equivalents, end of the period	675,664,075.75	602,618,963.22

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		
Tax rebates	750.00	0.00
Cash generated from other operating activities	58,581,113.47	15,215,693.63
Subtotal of cash generated from operating activities	58,581,863.47	15,215,693.63
Payments for commodities and services	87,700.45	0.00
Cash paid to and for employees	12,261,894.85	3,898,308.75
Taxes paid	5,670,439.48	27,309,480.98
Cash used in other operating activities	57,497,384.43	8,470,741.08
Subtotal of cash used in operating activities	75,517,419.21	39,678,530.81

Net cash generated from/used in operating activities	-16,935,555.74	-24,462,837.18
2. Cash flows from investing activities:		
Proceeds from disinvestment	0.00	10,000,000.00
Investment income		
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	-34,427.35	35,000,000.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities	0.00	240,582.60
Subtotal of cash generated from investing activities	-34,427.35	45,240,582.60
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	214,550.26	0.00
Payments for investments	39,000,000.00	0.00
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	39,214,550.26	0.00
Net cash generated from/used in investing activities	-39,248,977.61	45,240,582.60
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained	75,900,000.00	29,000,000.00
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	75,900,000.00	29,000,000.00
Repayment of borrowings	16,000,000.00	76,469,598.52
Payments for interest and dividends	3,649,220.00	1,659,125.50
Cash used in other financing activities	0.00	1,720,000.00
Sub-total of cash used in financing activities	19,649,220.00	79,848,724.02
Net cash generated from/used in financing activities	56,250,780.00	-50,848,724.02
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	66,246.65	-30,070,978.60
Add: Cash and cash equivalents, beginning of the period	15,360,177.32	33,952,786.37
6. Cash and cash equivalents, end of the period	15,426,423.97	3,881,807.77

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.

Hainan Jingliang Holdings Co., Ltd.

23 October 2018