

HAINAN PEARL RIVER HOLDINGS CO., LTD.

THE FIRST QUARTERLY REPORT 2012

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of Hainan Pearl River Holdings Co., Ltd. (hereinafter referred to as "the Company") hereby guarantee that this report carries no false information, misleading statements or major omissions, and will accept, individually and collectively, the responsibility for factuality, accuracy and completeness of the information set forth herein.

1.2 The Financial Report of this first quarterly report has not been audited by a CPA firm.

1.3 Mr. Zheng Qing (Chairman of the Board and GM of the Company), Mr. Chen Binglian (Standing Vice GM and Financial Principal of the Company) and Mr. Yang Daoliang (Vice GM and Manager of the Financial Department) hereby confirm that the Financial Report enclosed in this quarterly report is factual and complete.

§2. Company Profile

2.1 Main accounting data and financial indicators

	31 Mar. 2012	31 Dec. 2011	Increase/decrease (%)
Total assets (Yuan)	1,341,737,875.50	1,311,949,739.44	2.27%
Owners' equity attributable to shareholders of the Company (Yuan)	343,679,736.92	373,004,748.20	-7.86%
Total share capital (share)	426,745,404.00	426,745,404.00	0.00%
Net assets per share attributable to shareholders of the Company (Yuan/share)	0.81	0.87	-6.90%
	Jan.-Mar. 2012	Jan.-Mar. 2011	Increase/decrease (%)
Gross revenue (Yuan)	64,997,421.96	83,788,041.95	-22.43%
Net profit attributable to shareholders of the Company (Yuan)	-27,330,011.28	3,145,839.09	-968.77%
Net cash flows from operating activities (Yuan)	-84,831,600.85	653,979.49	-13,071.60%
Net cash flows per share from operating activities (Yuan/share)	-0.20	0.00	
Basic EPS (Yuan/share)	-0.06	0.01	-700.00%
Diluted EPS (Yuan/share)	-0.06	0.01	-700.00%
Weighted average ROE (%)	-7.63%	0.63%	-8.26%
Weighted average ROE after deducting non-recurring gains and losses (%)	-8.07%	-2.55%	-5.52%

Items of non-recurring gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Items of non-recurring gains and losses	Amount from 1 Jan. 2012 to 31 Mar. 2012	Notes (if applicable)
Gains and losses from disposal of non-current assets	0.00	
Capital occupation fees received from non-financial enterprises recorded into current gains and losses	1,557,486.72	
Other non-business incomes and expenses except for items above	65,828.30	
Effect on income tax	-15,193.38	
Effect on minority interests	-5,429.54	
Total	1,602,692.10	-

2.2 Total number of shareholders at period-end and shareholding of top ten shareholders holding shares not subject to trading moratorium

Unit: Share

Total number of shareholders at the end of the reporting period	44,293	
Shares held by the top ten shareholders not subject to trading moratorium		
Full name of shareholder	Shares not subject to trading moratorium held at the period-end	Type of share
Beijing Wanfa Real Estate Development Co., Ltd.	112,479,478	RMB ordinary shares
Chen Yunxuan	3,142,102	RMB ordinary shares

Qu Chen	2,213,400	Domestically listed foreign shares
Chongqing International Trust Co., Ltd.	2,077,800	RMB ordinary shares
Zhang Xiaoxia	1,949,250	Domestically listed foreign shares
Zhang Chuntian	1,537,700	RMB ordinary shares
Zhang Huisheng	1,340,000	RMB ordinary shares
Ou Lei	1,206,348	RMB ordinary shares
Zhou Qin	1,174,300	RMB ordinary shares
Guangzhou Pearl River Industrial Development Co., Ltd.	1,150,000	RMB ordinary shares

§3. Significant Events

3.1 Major changes in main accounting statement items and financial indicators, as well as reasons for such changes

Applicable Inapplicable

Items	31 Mar. 2012	31 Dec. 2011	Increase / decrease (%)	Main reasons for the changes
Accounts receivable	10,684,970	7,047,354	51.62	Property service and hotel income of subsidiaries increased.
Short-term borrowings	210,000,000	45,000,000	366.67	The Company obtained a borrowing with a term of one year from Chongqing International Trust Co., Ltd..
Accounts received in advance	3,726,810	19,556,675	-80.94	Real estate advances were carried forward to income.
Non-current liabilities due within one year	22,000,000	232,000,000	-90.52	The Company repaid to Chongqing International Trust Co., Ltd..
Long-term borrowings	191,000,000	81,000,000	135.80	The subsidiary Mudanjiang secured a long-term borrowing.
Items	Jan.-Mar. 2012	Jan.-Mar. 2011	Increase / decrease (%)	Main reasons for the changes
Administrative expense	29,010,965	20,272,899	43.10	More subsidiaries were consolidated.
Financial expense	14,322,084	-1,668,089	958.59	Interest income from debt investment decreased.
Asset impairment loss	-2,058,389	54,520	-3,875.48	Some intra-Group amounts were collected.
Other comprehensive incomes	-1,995,000	5,985,000	-133.33	Fair value changes of the equity interests of Southwest Securities
Net cash flows from operating activities	-84,831,601	653,979	-13,071.61	Cash from real estate sale decreased and intra-Group payments increased.
Net cash flows from investing activities	19,126,094	-32,302,791	159.21	Cash paid for investment decreased.
Net cash flows from financing activities	54,013,907	-9,540,585	666.15	Cash received from borrowings increased.

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

Applicable Inapplicable

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

Applicable Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

Applicable Inapplicable

3.2.4 Other

Applicable Inapplicable

3.3 Commitments made by the Company, its shareholders and actual controller

Commitments made by the Company, its directors, supervisors, senior executives, shareholders holding over 5% of the Company's shares, actual controller and other related parties in the reporting period, or such commitments carried down into the reporting period

Applicable Inapplicable

3.4 Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period compared with the same period of the last year according to prediction, as well as explanations on the reasons

Applicable Inapplicable

3.5 Other significant events

3.5.1 Securities investment

Applicable Inapplicable

3.5.2 Researches, interviews and visits received in reporting period.

No field researches, phone calls or written inquiries were received from investors in the reporting period.

3.6 Investments in financial derivative products

Applicable Inapplicable

3.6.1 Positions of financial derivative products held at period-end

Applicable Inapplicable

§4 Attachments

4.1 Balance sheet

Prepared by HaiNan Pearl River Holdings Co., Ltd.

31 Mar. 2012

Unit: RMB Yuan

Items	Closing balance		Opening balance	
	Consolidation	The Company	Consolidation	The Company
Current Assets:				
Monetary funds	40,816,244.61	1,097,043.35	52,507,843.73	515,955.59
Settlement reserves				
Lendings to banks and other financial institutions				
Transactional financial assets				
Notes receivable				
Accounts receivable	10,684,969.84	1,527,249.05	7,047,354.39	1,233,403.30
Accounts paid in advance	73,942,145.83	50,000,000.00	76,803,784.89	50,000,000.00
Premiums receivable				
Reinsurance premiums receivable				
Receivable reinsurance contract reserves				
Interest receivable				
Dividend receivable	260,015.00	260,015.00	260,015.00	260,015.00
Other accounts receivable	344,881,841.38	402,128,669.78	305,101,592.12	401,353,832.36
Financial assets purchased under agreements to resell				
Inventories	111,201,192.66	4,824,035.45	118,087,721.51	4,824,035.45
Non-current assets due within 1 year				
Other current assets				
Total current assets	581,786,409.32	459,837,012.63	559,808,311.64	458,187,241.70
Non-current assets:				
Loans and advances granted				
Available-for-sale financial assets	284,287,500.00	284,287,500.00	286,947,500.00	286,947,500.00
Held-to-maturity investments				
Long-term accounts receivable				
Long-term equity investment	51,545,341.80	300,847,393.49	51,861,567.21	301,163,618.90
Investing property	26,183,761.30	7,820,241.38	26,736,246.75	7,895,850.53
Fixed assets	333,377,815.42	18,654,676.85	325,412,316.44	19,120,348.43
Construction in progress	19,064,597.88		17,949,172.88	
Engineering materials	606,206.60		606,206.60	
Disposal of fixed assets				
Production biological assets				
Oil-gas assets				
Intangible assets	32,270,627.23	1,588,788.33	32,558,549.97	1,600,704.24
R&D expense				
Goodwill				
Long-term deferred expenses	12,615,615.95		10,069,867.95	
Deferred income tax assets				
Other non-current assets				
Total of non-current assets	759,951,466.18	613,198,600.05	752,141,427.80	616,728,022.10
Total assets	1,341,737,875.50	1,073,035,612.68	1,311,949,739.44	1,074,915,263.80
Current liabilities:				

Short-term borrowings	210,000,000.00	210,000,000.00	45,000,000.00	
Borrowings from Central Bank				
Customer bank deposits and due to banks and other financial institutions				
Borrowings from banks and other financial institutions				
Transactional financial liabilities				
Notes payable				
Accounts payable	23,817,698.17	2,482,949.70	22,624,982.35	2,482,949.70
Accounts received in advance	3,726,809.94	237,600.00	19,556,674.90	59,400.00
Financial assets sold for repurchase				
Handling charges and commissions payable				
Employee's compensation payable	5,881,770.30	412,461.93	6,909,929.01	537,236.72
Tax payable	5,076,476.37	-2,360,442.27	3,581,099.43	-2,478,194.48
Interest payable	111,705,338.96	79,774,449.68	99,701,134.38	69,588,108.07
Dividend payable	3,213,302.88	3,213,302.88	3,213,302.88	3,213,302.88
Other accounts payable	346,444,363.37	349,320,025.76	349,335,603.33	347,896,763.31
Reinsurance premiums payable				
Insurance contract reserves				
Funds for acting trading of securities				
Funds for acting underwriting of securities				
Non-current liabilities due within 1 year	22,000,000.00	10,000,000.00	232,000,000.00	220,000,000.00
Other current liabilities				
Total current liabilities	731,865,759.99	653,080,347.68	781,922,726.28	641,299,566.20
Non-current liabilities:				
Long-term borrowings	191,000,000.00		81,000,000.00	
Bonds payable				
Long-term payables				
Specific payables				
Estimated liabilities				
Deferred income tax liabilities	48,682,638.80	47,630,625.00	49,347,638.80	48,295,625.00
Other non-current liabilities				
Total non-current liabilities	239,682,638.80	47,630,625.00	130,347,638.80	48,295,625.00
Total liabilities	971,548,398.79	700,710,972.68	912,270,365.08	689,595,191.20
Owners' equity (or shareholders' equity)				
Paid-up capital (or share capital)	426,745,404.00	426,745,404.00	426,745,404.00	426,745,404.00
Capital reserves	528,456,655.97	531,472,995.51	530,451,655.97	533,467,995.51
Less: Treasury stock				
Special reserves				
Surplus reserves	109,487,064.39	109,487,064.39	109,487,064.39	109,487,064.39
Provisions for general risks				
Retained profits	-721,009,387.44	-695,380,823.90	-693,679,376.16	-684,380,391.30
Foreign exchange difference				
Total equity attributable to owners of the Company	343,679,736.92	372,324,640.00	373,004,748.20	385,320,072.60
Minority interests	26,509,739.79		26,674,626.16	
Total owners' equity	370,189,476.71	372,324,640.00	399,679,374.36	385,320,072.60
Total liabilities and owners' equity	1,341,737,875.50	1,073,035,612.68	1,311,949,739.44	1,074,915,263.80

4.2 Income Statement

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Jan.- Mar. 2012

Unit: RMB Yuan

Items	Jan.-Mar. 2012		Jan.-Mar. 2011	
	Consolidation	The Company	Consolidation	The Company
I. Total operating revenues	64,997,421.96	290,669.10	83,788,041.95	66,970.00
Including: Sales income	64,997,421.96	290,669.10	83,788,041.95	66,970.00
Interest income				
Premium income				
Handling charge and commission income				
II. Total operating cost	91,367,681.55	10,974,876.29	77,514,884.47	-638,688.20
Including: Cost of sales	41,163,681.51	88,898.40	47,473,716.01	13,289.25
Interest expenses				
Handling charges and commission expenses				
Surrenders				
Net claims paid				
Net amount withdrawn for the insurance contract reserve				
Expenditure on policy dividends				
Reinsurance premium				
Taxes and associate charges	5,567,111.72	16,165.47	9,623,362.23	10,772.66
Selling and distribution expenses	3,362,228.94		1,758,476.10	
Administrative expenses	29,010,964.80	4,922,725.14	20,272,898.86	4,679,926.15
Financial expenses	14,322,083.85	6,993,479.28	-1,668,088.97	-3,776,517.17

Asset impairment loss	-2,058,389.27	-1,046,392.00	54,520.24	-1,566,159.09
Add: Gain/(loss) from change in fair value ("-" means loss)				
Gain/(loss) from investment ("-" means loss)	-316,225.41	-316,225.41		
Including: share of profits in associates and joint ventures	-316,225.41	-316,225.41		
Foreign exchange gains ("-" means loss)				
III. Business profit ("-" means loss)	-26,686,485.00	-11,000,432.60	6,273,157.48	705,658.20
Add: non-operating income	67,839.50		430,386.00	
Less: non-operating expense	2,011.20		57,527.34	12,915.00
Including: loss from non-current asset disposal			15,200.25	12,915.00
IV. Total profit ("-" means loss)	-26,620,656.70	-11,000,432.60	6,646,016.14	692,743.20
Less: Income tax expense	874,240.95		2,462,752.80	
V. Net profit ("-" means loss)	-27,494,897.65	-11,000,432.60	4,183,263.34	692,743.20
Attributable to owners of the Company	-27,330,011.28	-11,000,432.60	3,145,839.09	692,743.20
Minority shareholders' income	-164,886.37		1,037,424.25	
VI. Earnings per share				
(I) basic earnings per share	-0.06		0.01	
(II) diluted earnings per share	-0.06		0.01	
VII. Other comprehensive incomes	-1,995,000.00	-1,995,000.00	5,985,000.00	5,985,000.00
VIII. Total comprehensive incomes	-29,489,897.65	-12,995,432.60	10,168,263.34	6,677,743.20
Including: Attributable to owners of the Company	-29,325,011.28	-12,995,432.60	9,130,839.09	6,677,743.20
Attributable to minority shareholders	-164,886.37		1,037,424.25	

Where there were business combinations under the same control in the reporting period, the combined parties achieved net profits of RMB 0.00 before the combinations.

4.3 Cash Flow Statement

Items	Jan.- Mar. 2012		Unit: RMB Yuan	
	Consolidation	The Company	Consolidation	The Company
I. Cash flows from operating activities:				
Cash received from sale of commodities and rendering of service	42,553,330.68	0.00	77,387,121.79	555,480.00
Net increase of deposits from customers and dues from banks				
Net increase of loans from the central bank				
Net increase of funds borrowed from other financial institutions				
Cash received from premium of original insurance contracts				
Net cash received from reinsurance business				
Net increase of savings of policy holders and investment fund				
Net increase of disposal of tradable financial assets				
Cash received from interest, handling charges and commissions				
Net increase of borrowings from banks and other financial institutions				
Net increase of funds in repurchase business				
Tax refunds received				
Other cash received relating to operating activities	37,808,298.50	1,373,838.56	16,327,870.68	22,784,792.47
Subtotal of cash inflows from operating activities	80,361,629.18	1,373,838.56	93,714,992.47	23,340,272.47
Cash paid for goods and services	17,377,694.88		19,468,484.74	
Net increase of customer lendings and advances				
Net increase of funds deposited in the central bank and amount due from banks				
Cash for paying claims of the original insurance contracts				
Cash for paying interest, handling charges and commissions				
Cash for paying policy dividends				
Cash paid to and for employees	29,396,413.07	1,187,592.57	23,225,073.68	1,394,068.58
Various taxes paid	5,904,014.25	239,894.28	27,558,243.17	567,823.07
Other cash payment relating to operating activities	112,515,107.83	2,356,865.95	22,809,211.39	6,317,991.03

Subtotal of cash outflows from operating activities	165,193,230.03	3,784,352.80	93,061,012.98	8,279,882.68
Net cash flows from operating activities	-84,831,600.85	-2,410,514.24	653,979.49	15,060,389.79
II. Cash flows from investing activities:				
Cash received from disposal of investments	22,500,000.00	22,500,000.00	82,000,000.00	82,000,000.00
Cash received from return on investments				
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	537,291.00		6,790.00	6,000.00
Net cash received from disposal of subsidiaries or other business units				
Other cash received relating to investing activities			15,191,444.71	15,191,444.71
Subtotal of cash inflows from investing activities	23,037,291.00	22,500,000.00	97,198,234.71	97,197,444.71
Cash paid to acquire fixed assets, intangible assets and other long-term assets	3,911,196.60	8,398.00	5,901,026.00	1,300,000.00
Cash paid for investment		19,500,000.00	118,500,000.00	116,500,000.00
Net increase of pledged loans				
Net cash paid to acquire subsidiaries and other business units			5,100,000.00	5,100,000.00
Other cash payments relating to investing activities				
Subtotal of cash outflows from investing activities	3,911,196.60	19,508,398.00	129,501,026.00	122,900,000.00
Net cash flows from investing activities	19,126,094.40	2,991,602.00	-32,302,791.29	-25,702,555.29
III. Cash flows from financing activities:				
Cash received from capital contributions				
Including: Cash received from minority shareholder investments by subsidiaries	0.00			
Cash received from borrowings	320,000,000.00	210,000,000.00	7,000,000.00	
Cash received from issuance of bonds				
Other cash received relating to financing activities				
Subtotal of cash inflows from financing activities	320,000,000.00	210,000,000.00	7,000,000.00	
Repayment of borrowings	258,000,000.00	210,000,000.00	500,000.00	
Cash paid for interest expenses and distribution of dividends or profit	4,486,092.67		16,040,585.00	14,300,000.00
Including: dividends or profit paid by subsidiaries to minority shareholders				
Other cash payments relating to financing activities	3,500,000.00			
Sub-total of cash outflows from financing activities	265,986,092.67	210,000,000.00	16,540,585.00	14,300,000.00
Net cash flows from financing activities	54,013,907.33		-9,540,585.00	-14,300,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents				
V. Net increase in cash and cash equivalents	-11,691,599.12	581,087.76	-41,189,396.80	-24,942,165.50
Add: Cash and cash equivalents at the period-begin	52,507,843.73	515,955.59	136,376,851.19	47,697,821.48
VI. Cash and cash equivalents at the period-end	40,816,244.61	1,097,043.35	95,187,454.39	22,755,655.98

4.4 Auditor's report

Auditor's opinion: un-audited

HaiNan Pearl River Holdings Co., Ltd.
Chairman of the Board of Directors: Zheng Qing
25 Apr. 2012

