

HAINAN PEARL RIVER HOLDINGS CO., LTD.

THE THIRD QUARTERLY REPORT 2012

I. Important Notes

The Board of Directors, the Supervisory Committee, directors, supervisors and other senior management personnel 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 accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

All directors attended the board session for reviewing this report.

Mr. Zheng Qing, Principal of the Company, Mr. Chen Binglian, Person in charge of accounting work and Mr. Yang Daoliang, Person in charge of accounting organ (Financial Manager) hereby confirmed that the Financial Report enclosed in the third quarterly report is true and complete.

II. Company Profile

(I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

Yes No Inapplicable

	30 Sept. 2012	31 Dec. 2011	Increase/decrease (%)	
	Jul.-Sept. 2012	YoY increase/decrease (%)	Jan.-Sept. 2012	YoY increase/decrease (%)
Total assets (RMB Yuan)	1,515,375,323.90	1,311,949,739.44		15.51%
Owners' equity attributable to shareholders of the Company (RMB Yuan)	304,833,015.75	373,004,748.20		-18.28%
Share capital (Share)	426,745,404.00	426,745,404.00		0%
Net assets per share attributable to shareholders of the Company (RMB Yuan/share)	0.71	0.87		-18.39%
Gross operating revenues (RMB Yuan)	41,396,363.51	11.84%	149,738,319.71	-17.41%
Net profit attributable to shareholders of the Company (RMB Yuan)	-41,048,615.60	-124.43%	-78,783,414.04	-136.36%
Net cash flow from operating activities (RMB Yuan)	--	--	-70,155,511.08	-47.21%
Net cash flow per share from operating activities (RMB Yuan/share)	--	--	-0.16	-45.45%
Basic EPS (RMB Yuan/share)	-0.1	-150%	-0.18	-125%
Diluted EPS (RMB Yuan/share)	-0.1	-150%	-0.18	-125%
Weighted average ROE (%)	-11.86%	-7.91%	-23.25%	-16.13%
Weighted average ROE after deducting non-recurring gains and losses (%)	-11.98%	-5.72%	-29.65%	-15.97%

Items of non-recurring gains and losses

√Applicable □Inapplicable

Item	Amount during Jan.-Sept. 2012 (RMB Yuan)	Notes
Gains and losses on disposal of non-current assets	141,821.50	
Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents		
Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards		
Capital occupation fees received from non-financial enterprises that are included in current gains and losses	3,177,103.41	
Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments		
Exchange gains and losses of non-monetary assets		
Gains and losses through entrusting others to invest or manage assets		
Various asset impairment provisions due to acts of God such as natural disasters		
Gains and losses on debt restructuring		
Enterprise reorganization expenses, such as expenses on employee settlement and integration		
Gains and losses on the parts exceeding the fair value when prices of transactions become unfair		
Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control		
Gains and losses on contingent matters which are irrelevant to the normal operation of the Company		
Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation	18,542,755.18	
Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs		
Gains and losses on entrustment loans from external parties		
Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement		
Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations		
Custodian fee income from entrusted operations with the Company		
Other non-operating incomes and expenses besides the items above	-110,231.11	
Other gain and loss items that meet the definition of non-recurring gains and losses		
Minority interests effects	-12,018.97	
Income tax effects	-33,764.85	

Total	21,705,665.16	--

“Other gain and loss items that meet the definition of non-recurring gains and losses” & non-recurring gain and loss items recognized as recurring gain and loss items according to the natures and characteristics of the Company’s normal business

Item	Involved amount (RMB Yuan)	Notes

(II) Total number of shareholders and top 10 shareholders at the period-end

Total number of shareholders	42,262		
Particulars about shares held by the top ten shareholders holding tradable shares			
Name of shareholder	Number of tradable shares held at period-end	Type and number of shares	
		Type	Number
Beijing Wanfa Real Estate Development Co., Ltd.	112,479,478	RMB ordinary shares	112,479,478
Chen Yunxuan	2,171,922	RMB ordinary shares	2,171,922
Fu Biao	2,142,951	RMB ordinary shares	2,142,951
Xiao Gengning	2,021,653	Domestically listed foreign shares	2,021,653
Zhang Xiaoxia	1,949,250	Domestically listed foreign shares	1,949,250
Ou Lei	1,500,000	RMB ordinary shares	1,500,000
Nanhua Finance Co., Ltd.	1,299,500	RMB ordinary shares	1,299,500
Zeng Ping	1,280,000	RMB ordinary shares	1,280,000
Zhang Huisheng	1,209,968	RMB ordinary shares	1,209,968
Huang Yueling	1,174,900	RMB ordinary shares	1,174,900
Particulars about shareholders	Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are parties with concerted action as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there exists related-party relationship among other shareholders and whether they are prescribed parties with concerted action.		

III. Significant Events

(I) Significant changes in major accounting data, financial highlights and reasons for these changes

Applicable Inapplicable

Significant changes in major accounting data, financial highlights and reasons for these changes

Items	30 Sept. 2012	31 Dec. 2011	Increase/decrease (%)	Main reasons for change
Monetary funds	150,341,686.11	52,507,843.73	186.32%	Increase of cash from borrowings
Accounts receivable	11,853,741.98	7,047,354.39	68.20%	Property service and hotel incomes of subsidiaries increased.
Prepayments	148,212,551.27	76,803,784.89	92.98%	Increase of prepayments for the construction of the Snow Village project

Long-term deferred expenses	29,404,970.27	10,069,867.95	192.01%	The financing consulting fee paid to Chongqing International Trust Co., Ltd.
Short-term borrowings	210,000,000.00	45,000,000.00	366.67%	The Company secured a one-year borrowing from Chongqing International Trust Co., Ltd.
Taxes and fares payable	1,057,814.19	3,581,099.43	-70.46%	Payment of taxes and fares
Non-current liabilities due within one year	12,500,000.00	232,000,000.00	-94.61%	The borrowing from Chongqing International Trust Co., Ltd. was paid off.
Long-term borrowings	352,500,000.00	81,000,000.00	335.19%	The Company secured a two-year borrowing from Chongqing International Trust Co., Ltd. and a long-term borrowing from the Mudan River branch of China Construction Bank.
Minority interests	13,890,223.35	26,674,626.16	-47.93%	Bonuses of the subsidiary Hubei Hubei Pearl River Real Estate Development Co., Ltd.
Items	Jan.-Sept. 2012	Jan.-Sept. 2011	Increase/decrease (%)	Main reasons for change
Business taxes and surtaxes	11,301,987.61	19,919,004.71	-43.26%	Decrease of real estate sales income
Selling expenses	6,705,935.94	4,402,530.39	52.32%	Increase of the sales staff and the salaries for them
Administrative expenses	78,446,279.78	57,713,451.85	35.92%	The consolidation scope expanded and the labor and amortization costs increased.
Financial expenses	47,616,949.88	29,180,612.10	63.18%	Increase of borrowings and decrease of interest income
Asset impairment loss	-8,082,061.18	1,841,485.18	-538.89%	Some accounts receivable were settled, which reversed the relevant bad-debt provisions.
Income tax expenses	1,872,560.35	6,016,502.51	-68.88%	Profit decrease of the subsidiary Hubei Pearl River Real Estate Development Co., Ltd.
Other comprehensive income	10,611,681.59	-25,186,875.00	142.13%	Fair value changes and some disposal of available-for-sale financial assets (shares of Southwest Securities)
Net cash flows from operating activities	-70,155,511.08	-47,655,272.57	-47.21%	Decrease of real estate sales income
Net cash flows from investing activities	-64,689,197.79	-21,309,942.92	-203.56%	Increase of cash paid to acquire fixed assets
Net cash flows from financing activities	232,678,551.25	-16,797,909.82	1485.16%	Increase of cash from borrowings

(II) Progress of significant events and its influence, as well as the analysis and explanation on solutions

1. About non-standard audit opinion

Applicable Inapplicable

2. The Company offers capital to the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedures.

Applicable Inapplicable

3. Signing and execution of significant contracts concerning routine operation

Applicable Inapplicable

The Company signed the Loan Contract (Contract No.: CQXT[DK] Zi No. 2012342), Mortgage Guarantee Contract (Contract No.: CQXT [DY] Zi No. 2012343), Natural Person Guarantee Contract (Contract No.: CQXT [BZ] Zi No. 2012345) and Financial Adviser Agreement (Contract No.: CQXT [DK] Zi No. 2012346) with Chongqing International Trust Co., Ltd. (hereinafter referred to as "Chongqing Trust"), the Company borrowed RMB 250 million from Chongqing International Trust Co., Ltd. with a period of two years, paying the interest and relevant financial costs at an annual rate of 16.07%. The loan was offered twice, RMB 168 million was offered for the first time, and the remained RMB 82 million was offered according to the needs of the Company after the application of the borrower and with the approval of Chongqing Trust. The Company provided the second priority mortgage guarantee with its three villas located at No. 13 Heng Road West, Haipo Development Zone, Sanya Bay Road, Sanya, Hainan, which is such property ownership of a construction area of 1513.11 m² and the relevant distributed land use right of an area of 25646.19 m²; the Company's wholly-owned subsidiary— Sanya Wanja Hotel Management Co., Ltd. provided the second priority mortgage guarantee with its legally owned Days Hotel & Suites Sanya Resort located at No. 13 Heng Road West, Haipo Development Zone, Sanya Bay Road, Sanya, Hainan, which is such property ownership of a construction area of 25646.19 m² and the relevant distributed land use right of an area of 30780.07 m²; and the legal representative of the Company provided the joint liability guarantee to Chongqing Trust for performing its repayment obligations; the loan will be used for the fine decoration of the main building of Days Hotel & Suites Sanya Resort and three villas as well as paying the loan of Sanya Wanja Hotel Management Co., Ltd. due to Haikou Yeshumen Subbranch of Bank of China.

For details, please refer to public notice published on China Securities Journal, Ta Kung Pao and <http://www.cninfo.com.cn/> dated on 28 Sept. 2012.

4. Others

Applicable Inapplicable

(III) Commitments of the Company or shareholders with an over 5% shareholding made in or carried down into the reporting period

Applicable Inapplicable

(IV) Predict the 2012 annual operating results

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

(V) Other significant events that need to be explained

1. Securities investment

Applicable Inapplicable

2. Investments in derivatives

Applicable Inapplicable

3. Derivative investments held at the period-end

Applicable Inapplicable

4. Researches, visits and interviews received in the reporting period

Applicable Inapplicable

5. Corporate bonds issued

Any corporate bonds issued?

Yes No

**Chairman of the Board of Directors: Zheng Qing
HaiNan Pearl River Holdings Co., Ltd.**
29 October 2012

IV. Appendix

(I) Financial statements

Consolidated statements or not?

Yes No Inapplicable

The currency unit for data of the financial statements below is RMB Yuan unless otherwise specified.

1. Consolidated balance sheet

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Balance as at 30 Sept. 2012	Balance as at 30 Jun. 2012
Current Assets:		
Monetary funds	150,341,686.11	52,507,843.73
Settlement reserves		
Intra-group lendings		
Transactional financial assets		
Notes receivable		
Accounts receivable	11,853,741.98	7,047,354.39
Accounts paid in advance	148,212,551.27	76,803,784.89
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable	260,015.00	260,015.00
Other accounts receivable	302,946,150.24	305,101,592.12

Financial assets purchased under agreements to resell		
Inventories	108,978,036.82	118,087,721.51
Non-current assets due within 1 year		
Other current assets		
Total current assets	722,592,181.42	559,808,311.64
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	299,669,450.00	286,947,500.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	51,173,377.92	51,861,567.21
Investing property	25,600,391.86	26,736,246.75
Fixed assets	335,782,442.25	325,412,316.44
Construction in progress	18,664,560.79	17,949,172.88
Engineering materials	606,206.60	606,206.60
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	31,881,742.79	32,558,549.97
R&D expense		
Goodwill		
Long-term deferred expenses	29,404,970.27	10,069,867.95
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	792,783,142.48	752,141,427.80
Total assets	1,515,375,323.90	1,311,949,739.44
Current liabilities:		
Short-term borrowings	210,000,000.00	45,000,000.00
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable	18,660,508.46	22,624,982.35
Accounts received in advance	17,413,826.34	19,556,674.90
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	7,028,370.24	6,909,929.01
Tax payable	1,057,814.19	3,581,099.43
Interest payable	104,881,965.71	99,701,134.38
Dividend payable	3,213,302.88	3,213,302.88
Other accounts payable	415,549,115.68	349,335,603.33
Reinsurance premiums payable		
Insurance contract reserves		

Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year	12,500,000.00	232,000,000.00
Other current liabilities		
Total current liabilities	790,304,903.50	781,922,726.28
Non-current liabilities:		
Long-term borrowings	352,500,000.00	81,000,000.00
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	53,847,181.30	49,347,638.80
Other non-current liabilities		
Total non-current liabilities	406,347,181.30	130,347,638.80
Total liabilities	1,196,652,084.80	912,270,365.08
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	426,745,404.00	426,745,404.00
Capital reserves	541,063,337.56	530,451,655.97
Less: Treasury stock		
Specific reserves		
Surplus reserves	109,487,064.39	109,487,064.39
Provisions for general risks		
Retained profits	-772,462,790.20	-693,679,376.16
Foreign exchange difference		
Total equity attributable to owners of the Company	304,833,015.75	373,004,748.20
Minority interests	13,890,223.35	26,674,626.16
Total owners' (or shareholders') equity	318,723,239.10	399,679,374.36
Total liabilities and owners' (or shareholders') equity	1,515,375,323.90	1,311,949,739.44

Legal representative: Zheng Qing
 Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

2. Balance sheet of the Company

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Balance as at 30 Sept. 2012	Balance as at 30 Jun. 2012
Current Assets:		
Monetary funds	3,491,391.61	515,955.59
Transactional financial assets		
Notes receivable		
Accounts receivable	2,153,602.37	1,233,403.30
Accounts paid in advance	50,565,000.00	50,000,000.00
Interest receivable		
Dividend receivable	260,015.00	260,015.00

Other accounts receivable	606,005,552.02	401,353,832.36
Inventories	4,824,035.45	4,824,035.45
Non-current assets due within 1 year		
Other current assets		
Total current assets	667,299,596.45	458,187,241.70
Non-current assets:		
Available-for-sale financial assets	299,669,450.00	286,947,500.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	300,475,429.61	301,163,618.90
Investing property	7,669,023.08	7,895,850.53
Fixed assets	17,797,011.93	19,120,348.43
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	1,564,956.51	1,600,704.24
R&D expense		
Goodwill		
Long-term deferred expenses	18,000,000.00	
Deferred income tax assets		
Other non-current assets		
Total of non-current assets	645,175,871.13	616,728,022.10
Total assets	1,312,475,467.58	1,074,915,263.80
Current liabilities:		
Short-term borrowings	210,000,000.00	
Transactional financial liabilities		
Notes payable		
Accounts payable	2,482,949.70	2,482,949.70
Accounts received in advance	118,800.00	59,400.00
Employee's compensation payable	387,757.72	537,236.72
Tax payable	-1,836,740.00	-2,478,194.48
Interest payable	72,417,401.58	69,588,108.07
Dividend payable	3,213,302.88	3,213,302.88
Other accounts payable	339,589,450.38	347,896,763.31
Non-current liabilities due within 1 year		220,000,000.00
Other current liabilities		
Total current liabilities	626,372,922.26	641,299,566.20
Non-current liabilities:		
Long-term borrowings	168,000,000.00	0.00
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	52,795,167.50	48,295,625.00

Other non-current liabilities		
Total non-current liabilities	220,795,167.50	48,295,625.00
Total liabilities	847,168,089.76	689,595,191.20
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	426,745,404.00	426,745,404.00
Capital reserves	544,079,677.10	533,467,995.51
Less: Treasury stock		
Specific reserves		
Surplus reserves	109,487,064.39	109,487,064.39
Provisions for general risks		
Retained profits	-615,004,767.67	-684,380,391.30
Foreign exchange difference		
Total owners' (or shareholders') equity	465,307,377.82	385,320,072.60
Total liabilities and owners' (or shareholders') equity	1,312,475,467.58	1,074,915,263.80

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

3. Consolidated income statement for the reporting period

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
I. Total operating revenues	41,396,363.51	37,014,691.21
Including: Sales income	41,396,363.51	37,014,691.21
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	83,012,981.08	76,229,393.26
Including: Cost of sales	33,761,484.54	29,535,808.25
Interest expenses		
Handling charge 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	2,394,060.06	2,795,706.50
Selling and distribution expenses	1,826,277.83	808,936.27
Administrative expenses	25,445,687.48	17,992,016.62
Financial expenses	18,550,214.62	23,424,772.74
Asset impairment loss	1,035,256.55	1,672,152.88
Add: Gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-")	-258,725.01	20,708,753.71

means loss)		
Including: share of profits in associates and joint ventures	-258,725.01	
Foreign exchange gains ("-" means loss)		
III. Business profit ("-" means loss)	-41,875,342.58	-18,505,948.34
Add: non-operating income	98,938.84	2,666.37
Less: non-operating expense	13,884.01	53.51
Including: loss from non-current asset disposal		478.96
IV. Total profit ("-" means loss)	-41,790,287.75	-18,503,335.48
Less: Income tax expense	95,531.39	583,213.92
V. Net profit ("-" means loss)	-41,885,819.14	-19,086,549.40
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	-41,048,615.60	-18,290,101.17
Minority shareholders' income	-837,203.54	-796,448.23
VI. Earnings per share	--	--
(I) Basic earnings per share	-0.1	-0.04
(II) Diluted earnings per share	-0.1	-0.04
VII. Other comprehensive incomes	-41,420,280.00	-31,171,875.00
VIII. Total comprehensive incomes	-83,306,099.14	-50,258,424.40
Attributable to owners of the Company	-82,468,895.60	-49,461,976.17
Attributable to minority shareholders	-837,203.54	-796,448.23

Where business mergers under the same control occurred in this reporting period, the net profit achieved by the merged parties before the business mergers was RMB 0.

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

4. Income statement of the Company for the reporting period

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jul.-Sept. 2012	Jul.-Sept. 2011
I. Total sales	288,669.10	126,370.00
Less: cost of sales	88,898.40	13,289.25
Business taxes and surcharges	16,165.47	7,076.73
Distribution expenses	1,701.00	
Administrative expenses	5,654,351.12	3,333,366.15
Financial costs	11,264,799.65	22,116,809.72
Impairment loss	983,003.54	2,287,292.43
Add: gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-" means loss)	-258,725.01	20,708,753.71
Including: income from investment on associates and joint ventures		
II. Business profit ("-" means loss)	-17,978,975.09	-6,922,710.57

Add: non-business income		
Less: non-business expense	3,528.12	51.43
Including: loss from non-current asset disposal		
III. Total profit ("-" means loss)	-17,982,503.21	-6,922,762.00
Less: income tax expense		
IV. Net profit ("-" means loss)	-17,982,503.21	-6,922,762.00
V. Earnings per share	--	--
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other comprehensive income	-41,420,280.00	-31,171,875.00
VII. Total comprehensive income	-59,402,783.21	-38,094,637.00

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

5. Consolidated income statement from 1 Jan. 2012 to 30 Sept. 2012

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
I. Total operating revenues	149,738,319.71	181,307,464.94
Including: Sales income	149,738,319.71	181,307,464.94
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	244,719,732.49	229,110,218.77
Including: Cost of sales	108,730,640.46	116,053,134.54
Interest expenses		
Handling charge 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	11,301,987.61	19,919,004.71
Selling and distribution expenses	6,705,935.94	4,402,530.39
Administrative expenses	78,446,279.78	57,713,451.85
Financial expenses	47,616,949.88	29,180,612.10
Asset impairment loss	-8,082,061.18	1,841,485.18
Add: Gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-" means loss)	17,854,565.89	20,303,937.79
Including: share of profits in associates and joint ventures	-688,189.29	-685,167.99
Foreign exchange gains ("-" means		

loss)		
III. Business profit ("-" means loss)	-77,126,846.89	-27,498,816.04
Add: non-operating income	171,828.34	433,052.37
Less: non-operating expense	140,237.95	67,724.03
Including: loss from non-current asset disposal		15,679.21
IV. Total profit ("-" means loss)	-77,095,256.50	-27,133,487.70
Less: Income tax expense	1,872,560.35	6,016,502.51
V. Net profit ("-" means loss)	-78,967,816.85	-33,149,990.21
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	-78,783,414.04	-33,331,967.28
Minority shareholders' income	-184,402.81	181,977.07
VI. Earnings per share	--	--
(I) Basic earnings per share	-0.18	-0.08
(II) Diluted earnings per share	-0.18	-0.08
VII. Other comprehensive incomes	10,611,681.59	-25,186,875.00
VIII. Total comprehensive incomes	-68,356,135.26	-58,336,865.21
Attributable to owners of the Company	-68,171,732.45	-58,518,842.28
Attributable to minority shareholders	-184,402.81	181,977.07

Where business mergers under the same control occurred from 1 Jan. 2012 to 30 Sept. 2012, the net profit achieved by the merged parties before the business mergers was RMB 0.

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

6. Income statement of the Company from 1 Jan. 2012 to 30 Sept. 2012

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
I. Total sales	868,007.30	319,710.00
Less: cost of sales	266,695.20	39,867.75
Business taxes and surcharges	48,496.41	53,627.58
Distribution expenses	2,968.00	15,000.00
Administrative expenses	16,416,375.91	12,114,180.85
Financial costs	27,302,414.28	25,882,894.77
Impairment loss	-2,293,543.42	1,827,235.43
Add: gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-" means loss)	110,254,565.89	20,303,937.79
Including: income from investment on associates and joint ventures	-688,189.29	-685,167.99
II. Business profit ("-" means loss)	69,379,166.81	-19,309,158.59
Add: non-business income		
Less: non-business expense	3,543.18	22,630.65
Including: loss from non-current asset disposal		12,915.00

III. Total profit ("-" means loss)	69,375,623.63	-19,331,789.24
Less: income tax expense		
IV. Net profit ("-" means loss)	69,375,623.63	-19,331,789.24
V. Earnings per share	--	--
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other comprehensive income	10,611,681.59	-25,186,875.00
VII. Total comprehensive income	79,987,305.22	-44,518,664.24

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

7. Consolidated cash flow statement from 1 Jan. 2012 to 30 Sept. 2012

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	134,531,557.50	153,174,156.59
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 deposits 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 intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received		
Other cash received relating to operating activities	18,020,154.87	14,429,673.44
Subtotal of cash inflows from operating activities	152,551,712.37	167,603,830.03
Cash paid for goods and services	51,505,073.86	50,084,935.44
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	78,753,886.41	62,526,491.45
Various taxes paid	18,782,038.75	53,343,972.19
Other cash payment relating to operating activities	73,666,224.43	49,303,703.52
Subtotal of cash outflows from operating activities	222,707,223.45	215,259,102.60
Net cash flows from operating activities	-70,155,511.08	-47,655,272.57
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	44,400,000.00	284,700,000.00
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	21,515,827.27	164,708.50
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	8,718,575.65	36,611,451.04
Subtotal of cash inflows from investing activities	74,634,402.92	321,476,159.54
Cash paid to acquire fixed assets, intangible assets and other long-term assets	84,323,600.71	20,226,102.46
Cash paid for investment	55,000,000.00	322,560,000.00
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	139,323,600.71	342,786,102.46
Net cash flows from investing activities	-64,689,197.79	-21,309,942.92
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		4,900,000.00
Including: Cash received from minority shareholder investments by subsidiaries		4,900,000.00
Cash received from borrowings	602,400,000.00	40,216,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		9,298.18
Subtotal of cash inflows from financing activities	602,400,000.00	45,125,298.18
Repayment of borrowings	303,900,000.00	25,890,930.00
Cash paid for interest expenses and distribution of dividends or profit	40,662,348.75	36,032,278.00
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	25,159,100.00	
Sub-total of cash outflows from financing activities	369,721,448.75	61,923,208.00

Net cash flows from financing activities	232,678,551.25	-16,797,909.82
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	97,833,842.38	-85,763,125.31
Add: Opening balance of cash and cash equivalents	52,507,843.73	136,376,851.19
VI. Closing balance of cash and cash equivalents	150,341,686.11	50,613,725.88

Legal representative: Zheng Qing
Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

8. Cash flow statement of the Company from 1 Jan. 2012 to 30 Sept. 2012

Prepared by Hainan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Sept. 2012	Jan.-Sept. 2011
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	0.00	707,165.00
Tax refunds received		
Other cash received relating to operating activities	6,676,569.64	4,002,780.17
Subtotal of cash inflows from operating activities	6,676,569.64	4,709,945.17
Cash paid for goods and services		
Cash paid to and for employees	3,690,573.44	3,359,426.94
Various taxes paid	394,820.10	1,596,881.85
Other cash payment relating to operating activities	113,562,093.74	11,157,540.09
Subtotal of cash outflows from operating activities	117,647,487.28	16,113,848.88
Net cash flows from operating activities	-110,970,917.64	-11,403,903.71
II. Cash flows from investing activities:		
Cash received from retraction of investments	45,400,000.00	201,700,000.00
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	20,932,029.27	6,000.00
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	8,718,575.65	27,721,904.43
Subtotal of cash inflows from investing activities	75,050,604.92	229,427,904.43
Cash paid to acquire fixed assets, intangible assets and other long-term assets	94,496.00	1,368,449.00
Cash paid for investment	153,100,000.00	311,600,000.00
Net cash paid to acquire subsidiaries and other business units		

Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	153,194,496.00	312,968,449.00
Net cash flows from investing activities	-78,143,891.08	-83,540,544.57
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	488,300,000.00	79,000,000.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	488,300,000.00	79,000,000.00
Repayment of borrowings	246,300,000.00	790,930.00
Cash paid for interest expenses and distribution of dividends or profit	28,250,655.26	29,009,070.00
Other cash payments relating to financing activities	21,659,100.00	
Sub-total of cash outflows from financing activities	296,209,755.26	29,800,000.00
Net cash flows from financing activities	192,090,244.74	49,200,000.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	2,975,436.02	-45,744,448.28
Add: Opening balance of cash and cash equivalents	515,955.59	47,697,821.48
VI. Closing balance of cash and cash equivalents	3,491,391.61	1,953,373.20

Legal representative: Zheng Qing
 Chief of the accounting division: Yang Daoliang

Person-in-charge of the accounting work: Chen Binglian

(II) Audit report

Auditor's opinion	
-------------------	--

Summary of audit report

Naught