

Stock Code: 000505, 200505

Stock Abbr.: *STZJ, *STZJB

Announcement No.: 2013-032

HaiNan Pearl River Holdings Co., Ltd.

Report for the Third Quarter of 2013

Section I. Important Reminders

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of XXX Co., Ltd. (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

Zheng Qing, company principal, Chen Binglian, chief of the accounting work, and Yang Daoliang, chief of the accounting organ (chief of accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II. Financial Highlights & Change of Shareholders

I. Major accounting data and financial indexes

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☒ Yes ☐ No

| | 30 Sept. 2013 | 31 Dec. 2012 | | Increase/decrease (%) |
|--|------------------|---------------------------|------------------|---------------------------|
| | | Before adjustment | After adjustment | After adjustment |
| Total assets (RMB Yuan) | 1,436,266,260.28 | 1,424,764,273.52 | 1,424,764,273.52 | 0.81% |
| Net assets attributable to shareholders of the Company (RMB Yuan) | 141,237,729.67 | 237,625,634.44 | 237,625,634.44 | -40.56% |
| | Jul.-Sept. 2013 | YoY increase/decrease (%) | Jan.-Sept. 2013 | YoY increase/decrease (%) |
| Operating revenues (RMB Yuan) | 47,202,742.92 | 14.03% | 154,425,764.05 | 3.13% |
| Net profit attributable to shareholders of the Company (RMB Yuan) | -34,001,104.90 | 17.17% | -98,456,113.55 | -24.97% |
| Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan) | -43,085,186.74 | -3.94% | -115,964,812.01 | -15.4% |
| Net cash flows from operating activities (RMB Yuan) | -- | -- | -64,788,775.13 | 7.65% |
| Basic EPS (RMB Yuan/share) | -0.08 | 20% | -0.23 | -27.78% |
| Diluted EPS (RMB Yuan/share) | -0.08 | 20% | -0.23 | -27.78% |
| Weighted average ROE (%) | -23.82% | -11.96% | -51.97% | -28.72% |

Items and amounts of extraordinary gains and losses

☒ Applicable ☐ Inapplicable

Unit: RMB Yuan

| Item | Amount as of Jan.-Sept. 2013 | Note |
|---|------------------------------|------|
| Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions) | 179,405.31 | |
| Capital occupation charges on non-financial enterprises that recorded into current gains and losses | 5,671,854.08 | |
| Gain/loss on debt restructuring | 5,644,350.59 | |

| | | |
|--|---------------|----|
| Other non-operating income and expenses other than the above | 2,993,612.32 | |
| Other gain/loss items that meet the definition of an extraordinary gain/loss | 3,064,013.00 | |
| Less: Income tax effects | 33,805.90 | |
| Minority interests effects (after tax) | 10,730.94 | |
| Total | 17,508,698.46 | -- |

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

☐ Applicable ☒ Inapplicable

II. Total number of shareholders at the period-end and shares held by the top ten shareholders

Unit: share

| Total number of shareholders at the period-end | | 38,713 | | | | |
|---|-------------------------|-----------------------------|---------------------------|--------------------------------------|--------------------------|------------------|
| Shares held by the top ten shareholders | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding percentage (%) | Number of the shares held | Number of the restricted shares held | Pledged or frozen shares | |
| | | | | | Status of shares | Number of shares |
| Beijing Wanfa Real Estate Development Co., Ltd. | State-owned corporation | 26.36% | 112,479,478 | 0 | Pledged | 20,000,000 |
| Zhang Xiaoxia | Domestic natural person | 0.46% | 1,949,250 | 0 | | |
| Chen Mingwei | Domestic natural person | 0.43% | 1,827,900 | 0 | | |
| Hu Zhengxiu | Domestic natural person | 0.43% | 1,827,000 | 0 | | |
| Zeng Ping | Domestic natural person | 0.41% | 1,750,000 | 0 | | |
| Ou Lei | Domestic natural person | 0.35% | 1,500,000 | 0 | | |
| Li Hong | Domestic natural person | 0.33% | 1,400,500 | 0 | | |
| Song Jing | Domestic natural person | 0.32% | 1,356,799 | 0 | | |
| Nanhua Finance | Domestic | 0.3% | 1,299,500 | 1,299,500 | | |

| Sheng Fubo | Domestic natural person | 0.28% | 1,192,095 | 0 | | |
|--|-------------------------|--|-----------|------------------------------------|-------------|--|
| Shares held by the top ten non-restricted share holders | | | | | | |
| Name of shareholder | | Number of non-restricted shares held | | Type of shares | | |
| | | | | Type | Number | |
| Beijing Wanfa Real Estate Development Co., Ltd. | | 112,479,478 | | RMB ordinary shares | 112,479,478 | |
| Zhang Xiaoxia | | 1,949,250 | | Domestically listed foreign shares | 1,949,250 | |
| Chen Mingwei | | 1,827,900 | | Domestically listed foreign shares | 1,827,900 | |
| Hu Zhengxiu | | 1,827,000 | | RMB ordinary shares | 1,827,000 | |
| Zeng Ping | | 1,750,000 | | RMB ordinary shares | 1,750,000 | |
| Ou Lei | | 1,500,000 | | RMB ordinary shares | 1,500,000 | |
| Li Hong | | 1,400,500 | | RMB ordinary shares | 1,400,500 | |
| Song Jing | | 1,356,799 | | RMB ordinary shares | 1,356,799 | |
| Sheng Fubo | | 1,192,095 | | Domestically listed foreign shares | 1,192,095 | |
| Xu Zhen | | 1,159,300 | | RMB ordinary shares | 1,159,300 | |
| Explanation on associated relationship or persons acting in concert among the above-mentioned 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 is related-party relationship among other shareholders and whether they are prescribed parties with concerted action. | | | | |
| Shareholders taking part in margin financing and securities lending (if any) | | Naught | | | | |

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

☐ Yes ☒ No

Section III. Significant Events

I. Major changes of main accounting statement items and financial indicators in the reporting period, as well as reasons for the changes

1. Financial statement item

| Item | 30 Sept. 2013 | 31 Dec. 2012 | Increase/decrease (%) | Main reason for the change |
|---|----------------|----------------|-----------------------|--|
| Accounts receivable | 17,370,512.29 | 9,889,336.96 | 75.65% | Mainly due to the income of the property service and the hotel revenues of the subsidiary increased, which led accounts payable increased correspondingly. |
| Short-term loans | - | 210,000,000.00 | -100.00% | Due to the short-term loans which had returned to Chongqing International Trust Co., Ltd. |
| Taxes payable | -1,028,383.07 | 2,205,732.91 | -146.62% | Due to the payment of the taxes and so on. |
| Other accounts payable | 701,211,935.09 | 379,871,030.04 | 84.59% | Mainly due to the borrowed funds from other enterprises increased. |
| Non-current liabilities due within 1 year | 228,000,000.00 | 28,000,000.00 | 714.29% | Loans from Chongqing International Trust Co., Ltd. will due within 1 year. |
| Long-term loans | 132,000,000.00 | 341,000,000.00 | -61.29% | Loans from Chongqing International Trust Co., Ltd. will due within 1 year. |

2. Income statement and cash flow statement

| Item | Jan.-Sep. 2013 | Jan.- Sep. 2012 | Increase/decrease (%) | Main reason for the change |
|------------------------|----------------|-----------------|-----------------------|---|
| Financial expenses | 65,346,919.03 | 47,616,946.88 | 37.23% | Mainly due to the raising funds increased. |
| Assets impairment loss | -1,475,764.86 | -8,082,061.18 | 81.74% | Mainly due to the recover part of the current payment of the reversal of bad debts provision decreased. |
| Investment gains | 2,355,087.76 | 17,854,565.89 | -86.81% | Mainly due to the transfer of parts of Xinan Securities shares of last period, and there's no such situation in this period. |
| Non-operating income | 8,892,795.37 | 171,828.34 | 5075.40% | Mainly due to the gains on restructuring of debt with Construction Bank and the default compensation of the original Longzhu Three Project. |
| Income tax expenses | 208,612.05 | 1,872,560.35 | -88.86% | Mainly due to the profits from the subsidiary—Hubei Pearl River Real Estate Development Co., Ltd. decreased. |

| | | | | |
|---|---------------|----------------|-----------|--|
| Gains and losses of minority shareholders | -2,808,509.35 | -184,402.81 | -1423.03% | Mainly due to the profits from the subsidiary—Hubei Pearl River Real Estate Development Co., Ltd. decreased. |
| Other comprehensive income | 2,068,208.78 | 10,611,681.59 | -80.51% | Mainly due to the transfer of parts of Xinan Securities shares of last period, and there's no such situation in this period. |
| Net cash flows from investing activities | -5,094,222.55 | -64,689,197.79 | 92.13% | Mainly due to the cash payment of the purchase of the fixed assets and so on decreased compared to the same period of last period. |
| Net cash flows from financing activities | 62,907,979.91 | 232,678,551.25 | -72.96% | Mainly due to the cash received from the loans decreased compared to the same period of last period. |

II. Progress and influence of significant events, as well as the analysis and explanation on solutions

| Overview of the significant event | Date of disclosure | Index to the relevant announcement disclosed on the website |
|--|--------------------|---|
| <p>Process of Longzhu Three Projects: 22 Aug. 2013, the Company had a quadripartite agreement, Supplementary Agreement on Executing the Center Project--the Original Sixth Agreement of Haikou Visun, with Haikou Visun Real Estate Development Co., Ltd., Haikou Visun Binhai Construction Co., Ltd., Hainan Visun Real Estate Group Co., Ltd..</p> <p>Visun Company paid the Company economic compensation with the amount of RMB 3 million because of the delayed construction. At the same time, Visun Company promised to promote the planning approval process of the center project of Visun as well as to start the comprehensive construction after meeting with the construction conditions as soon as possible, and try hard to gain the permit for presale for the center project of Visun. The project insured the Company for avoiding the losses that due to the possible delayed construction again.</p> | 24 Aug. 2013 | China Securities Journal, Hong Kong Ta Kung Pao and http://www.cninfo.com.cn on 10 Apr., 26 May, 18 Jun. in 2010, 22 Nov. 2011 and 24 Aug. 2013. |

III. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

☐ Applicable ☒ Inapplicable

IV. Predict the 2013 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. Securities investment

| Variety of securities | Code of securities | Name of securities | Initial investment cost (RMB Yuan) | Number of shares held at period-begin | Shareholding percentage at period-begin | Number of shares held at period-end | Shareholding percentage at period-end | Closing book value (RMB Yuan) | Gain/loss for report period (RMB Yuan) | Accounting title | Source of stock |
|-----------------------|--------------------|----------------------|------------------------------------|---------------------------------------|---|-------------------------------------|---------------------------------------|-------------------------------|--|-------------------------------------|------------------|
| Shares | 600369 | Southwest Securities | 150,000,000.00 | 30,640,130 | 1.32% | 30,640,130 | 1.32% | 235,009,797.10 | 0.00 | Financial assets available-for-sale | Direct admission |
| Total | | | 150,000,000.00 | 30,640,130 | -- | 30,640,130 | -- | 235,009,797.10 | 0.00 | -- | -- |

Shareholdings in other listed companies

☐ Applicable ☒ Inapplicable

VI. Investments in derivatives

☐ Applicable ☒ Inapplicable

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

| Time of reception | Place of reception | Way of reception | Visitor type | Visitor | Main discussion and materials provided by the Company |
|-------------------|-----------------------|-------------------------|--------------|---------------------|--|
| 5 Jul. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Put forward advice for the Company, and had record it as well as reported to board of directors. |

| | | | | | |
|--------------|-----------------------|-------------------------|------------|---------------------|--|
| 9 Jul. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Inquire of the published time of the earnings preannouncement and had replied. |
| 12 Jul. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Coal Project of Mulin Town and Iron Ore Project of Yunxi: had replied and offered published information. |
| 12 Aug. 2013 | Securities department | Written inquiries | Individual | Individual investor | Know of the process of Visun Project, and had replied. |
| 13 Aug. 2013 | Individual | Individual investor | Individual | Individual investor | Process of the New Residential Project of Nanluoling Village, Dahe Town, Luquan, Hebei, and had replied |
| 20 Aug. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Inquire of the company performance. |
| 23 Sep. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Inquire of the development prospect of the Company. |
| 24 Sep. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Know of the operation situation of the Company. |
| 24 Sep. 2013 | Securities department | Telephone Communication | Individual | Individual investor | Put forward advice for the Company, and had record it as well as reported to board of directors. |

HaiNan Pearl River Holdings Co., Ltd.

24 Oct. 2013

Section IV. Financial Statements

I. Financial statements

1. Consolidated balance sheet

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|---|-----------------|-----------------|
| Current Assets: | | |
| Monetary funds | 58,787,853.56 | 65,762,871.33 |
| Settlement reserves | | |
| Intra-group lendings | | |
| Transactional financial assets | | |
| Notes receivable | | |
| Accounts receivable | 17,370,512.29 | 9,889,336.96 |
| Accounts paid in advance | 173,594,989.13 | 148,283,887.61 |
| Premiums receivable | | |
| Reinsurance premiums receivable | | |
| Receivable reinsurance contract reserves | | |
| Interest receivable | | |
| Dividend receivable | 260,015.00 | 260,015.00 |
| Other accounts receivable | 313,700,302.41 | 314,281,649.69 |
| Financial assets purchased under agreements to resell | | |
| Inventories | 111,169,943.97 | 109,749,172.81 |
| Non-current assets due within 1 year | | |
| Other current assets | 3,000,000.00 | |
| Total current assets | 677,883,616.36 | 648,226,933.40 |
| Non-current assets: | | |
| Loans by mandate and advances granted | | |
| Available-for-sale financial assets | 276,373,972.60 | 273,616,360.90 |
| Held-to-maturity investments | | |

| | | |
|--|------------------|------------------|
| Long-term accounts receivable | | |
| Long-term equity investment | 50,049,791.10 | 50,758,716.34 |
| Investing property | 24,274,063.96 | 25,308,707.14 |
| Fixed assets | 317,234,405.53 | 334,321,547.26 |
| Construction in progress | 38,791,384.28 | 34,908,625.06 |
| Engineering materials | 606,206.60 | 606,206.60 |
| Disposal of fixed assets | | |
| Production biological assets | | |
| Oil-gas assets | | |
| Intangible assets | 30,916,300.94 | 31,636,550.86 |
| R&D expense | | |
| Goodwill | | |
| Long-term deferred expenses | 20,136,518.91 | 25,380,625.96 |
| Deferred income tax assets | | |
| Other non-current assets | | |
| Total of non-current assets | 758,382,643.92 | 776,537,340.12 |
| Total assets | 1,436,266,260.28 | 1,424,764,273.52 |
| Current liabilities: | | |
| Short-term borrowings | | 210,000,000.00 |
| 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 | 19,307,946.77 | 20,503,123.52 |
| Accounts received in advance | 19,329,405.64 | 19,033,810.90 |
| Financial assets sold for repurchase | | |
| Handling charges and commissions payable | | |
| Employee's compensation payable | 8,527,484.11 | 9,181,755.84 |
| Tax payable | -1,028,383.07 | 2,205,732.91 |
| Interest payable | 122,908,293.74 | 112,552,231.11 |
| Dividend payable | 3,213,302.88 | 3,213,302.88 |
| Other accounts payable | 701,211,935.09 | 379,871,030.04 |

| | | |
|---|------------------|------------------|
| 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 | 228,000,000.00 | 28,000,000.00 |
| Other current liabilities | | |
| Total current liabilities | 1,101,469,985.16 | 784,560,987.20 |
| Non-current liabilities: | | |
| Long-term borrowings | 132,000,000.00 | 341,000,000.00 |
| Bonds payable | | |
| Long-term payables | | |
| Specific payables | | |
| Estimated liabilities | | |
| Deferred income tax liabilities | 48,290,592.27 | 47,601,189.35 |
| Other non-current liabilities | | |
| Total non-current liabilities | 180,290,592.27 | 388,601,189.35 |
| Total liabilities | 1,281,760,577.43 | 1,173,162,176.55 |
| Owners' equity (or shareholders' equity) | | |
| Paid-up capital (or share capital) | 426,745,404.00 | 426,745,404.00 |
| Capital reserves | 524,014,365.95 | 521,946,157.17 |
| Less: Treasury stock | | |
| Specific reserves | | |
| Surplus reserves | 109,487,064.39 | 109,487,064.39 |
| Provisions for general risks | | |
| Retained profits | -919,009,104.67 | -820,552,991.12 |
| Foreign exchange difference | | |
| Total equity attributable to owners of the Company | 141,237,729.67 | 237,625,634.44 |
| Minority interests | 13,267,953.18 | 13,976,462.53 |
| Total owners' (or shareholders') equity | 154,505,682.85 | 251,602,096.97 |
| Total liabilities and owners' (or shareholders') equity | 1,436,266,260.28 | 1,424,764,273.52 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

2. Balance sheet of the Company

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Closing balance | Opening balance |
|--------------------------------------|-----------------|-----------------|
| Current Assets: | | |
| Monetary funds | 7,226,421.54 | 2,641,297.45 |
| Transactional financial assets | | |
| Notes receivable | | |
| Accounts receivable | 2,968,429.08 | 2,341,351.09 |
| Accounts paid in advance | 50,300,000.00 | 50,196,666.00 |
| Interest receivable | | |
| Dividend receivable | 260,015.00 | 260,015.00 |
| Other accounts receivable | 594,298,369.78 | 557,322,758.74 |
| Inventories | 4,824,035.45 | 4,824,035.45 |
| Non-current assets due within 1 year | | |
| Other current assets | | |
| Total current assets | 659,877,270.85 | 617,586,123.73 |
| Non-current assets: | | |
| Available-for-sale financial assets | 276,373,972.60 | 273,616,360.90 |
| Held-to-maturity investments | | |
| Long-term accounts receivable | | |
| Long-term equity investment | 299,436,895.40 | 300,108,192.64 |
| Investing property | 7,366,586.48 | 7,593,413.93 |
| Fixed assets | 16,278,268.98 | 17,446,366.12 |
| Construction in progress | | |
| Engineering materials | | |
| Disposal of fixed assets | | |
| Production biological assets | | |
| Oil-gas assets | | |
| Intangible assets | 1,517,292.87 | 1,553,040.60 |
| R&D expense | | |

| | | |
|---|------------------|------------------|
| Goodwill | | |
| Long-term deferred expenses | 11,953,441.04 | 16,324,363.64 |
| Deferred income tax assets | | |
| Other non-current assets | | |
| Total of non-current assets | 612,926,457.37 | 616,641,737.83 |
| Total assets | 1,272,803,728.22 | 1,234,227,861.56 |
| 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 | 130,680.00 | 59,400.00 |
| Employee's compensation payable | 468,881.71 | 546,010.23 |
| Tax payable | -1,336,435.64 | -1,615,110.81 |
| Interest payable | 89,566,938.50 | 81,573,212.53 |
| Dividend payable | 3,213,302.88 | 3,213,302.88 |
| Other accounts payable | 554,182,620.91 | 295,396,790.14 |
| Non-current liabilities due within 1 year | 197,000,000.00 | |
| Other current liabilities | | |
| Total current liabilities | 845,708,938.06 | 591,656,554.67 |
| Non-current liabilities: | | |
| Long-term borrowings | | 178,000,000.00 |
| Bonds payable | | |
| Long-term payables | | |
| Specific payables | | |
| Estimated liabilities | | |
| Deferred income tax liabilities | 47,492,201.50 | 46,802,798.58 |
| Other non-current liabilities | | |
| Total non-current liabilities | 47,492,201.50 | 224,802,798.58 |
| Total liabilities | 893,201,139.56 | 816,459,353.25 |
| Owners' equity (or shareholders' equity) | | |
| Paid-up capital (or share capital) | 426,745,404.00 | 426,745,404.00 |
| Capital reserves | 527,030,705.49 | 524,962,496.71 |

| | | |
|---|------------------|------------------|
| Less: Treasury stock | | |
| Specific reserves | | |
| Surplus reserves | 109,487,064.39 | 109,487,064.39 |
| Provisions for general risks | | |
| Retained profits | -683,660,585.22 | -643,426,456.79 |
| Foreign exchange difference | | |
| Total owners' (or shareholders') equity | 379,602,588.66 | 417,768,508.31 |
| Total liabilities and owners' (or shareholders') equity | 1,272,803,728.22 | 1,234,227,861.56 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

3. Consolidated income statement for the reporting period

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jul.-Sept. 2013 | Jul.-Sept. 2012 |
|--|-----------------|-----------------|
| I. Total operating revenues | 47,202,742.92 | 41,396,363.51 |
| Including: Sales income | 47,202,742.92 | 41,396,363.51 |
| II. Total operating cost | 91,267,715.61 | 83,012,981.08 |
| Including: Cost of sales | 39,178,126.18 | 33,761,484.54 |
| Taxes and associate charges | 3,259,795.48 | 2,394,060.06 |
| Selling and distribution expenses | 1,612,330.26 | 1,826,277.83 |
| Administrative expenses | 23,184,600.41 | 25,445,687.48 |
| Financial expenses | 24,473,683.01 | 18,550,214.62 |
| Asset impairment loss | -440,819.73 | 1,035,256.55 |
| Gain/(loss) from investment ("-" means loss) | -201,429.17 | -258,725.01 |
| Including: share of profits in associates and joint ventures | -201,429.17 | |
| III. Business profit ("-" means loss) | -44,266,401.86 | -41,875,342.58 |
| Add: non-operating income | 8,819,519.77 | 98,938.84 |
| Less: non-operating expense | 4,119.85 | 13,884.01 |
| IV. Total profit ("-" means loss) | -35,451,001.94 | -41,790,287.75 |
| Less: Income tax expense | 33,134.28 | 95,531.39 |

| | | |
|---------------------------------------|----------------|----------------|
| V. Net profit (“-” means loss) | -35,484,136.22 | -41,885,819.14 |
| Attributable to owners of the Company | -34,001,104.90 | -41,048,615.60 |
| Minority shareholders’ income | -1,483,031.32 | -837,203.54 |
| VI. Earnings per share | -- | -- |
| (I) Basic earnings per share | -0.08 | -0.1 |
| (II) Diluted earnings per share | -0.08 | -0.1 |
| VII. Other comprehensive incomes | 31,023,131.63 | -41,420,280.00 |
| VIII. Total comprehensive incomes | -4,461,004.59 | -83,306,099.14 |
| Attributable to owners of the Company | -2,977,973.27 | -82,468,895.60 |
| Attributable to minority shareholders | -1,483,031.32 | -837,203.54 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

4. Income statement of the Company for the reporting period

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jul.-Sept. 2013 | Jul.-Sept. 2012 |
|--|-----------------|-----------------|
| I. Total sales | 290,872.20 | 288,669.10 |
| Less: cost of sales | 88,898.40 | 88,898.40 |
| Business taxes and surcharges | 16,288.84 | 16,165.47 |
| Distribution expenses | | 1,701.00 |
| Administrative expenses | 5,385,677.19 | 5,654,351.12 |
| Financial costs | 16,490,490.12 | 11,264,799.65 |
| Impairment loss | -431,920.19 | 983,003.54 |
| Gain/(loss) from investment (“-” means loss) | -170,780.17 | -258,725.01 |
| II. Business profit (“-” means loss) | -21,429,342.33 | -17,978,975.09 |
| Add: non-business income | 8,644,350.59 | |
| Less: non-business expense | 523.93 | 3,528.12 |
| III. Total profit (“-” means loss) | -12,785,515.67 | -17,982,503.21 |
| IV. Net profit (“-” means loss) | -12,785,515.67 | -17,982,503.21 |

| | | |
|---------------------------------|---------------|----------------|
| V. Earnings per share | -- | -- |
| VI. Other comprehensive income | 31,023,131.63 | -41,420,280.00 |
| VII. Total comprehensive income | 18,237,615.96 | -59,402,783.21 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

5. Consolidated income statement for Jan.-Sept. 2013

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jan.-Sept. 2013 | Jan.-Sept. 2012 |
|---|-----------------|-----------------|
| I. Total operating revenues | 154,425,764.05 | 149,738,319.71 |
| Including: Sales income | 154,425,764.05 | 149,738,319.71 |
| Interest income | | |
| Premium income | | |
| Handling charge and commission income | | |
| II. Total operating cost | 266,654,230.88 | 244,719,732.49 |
| Including: Cost of sales | 117,018,038.63 | 108,730,640.46 |
| 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 | 9,620,082.67 | 11,301,987.61 |
| Selling and distribution expenses | 6,219,275.46 | 6,705,935.94 |
| Administrative expenses | 69,925,679.95 | 78,446,279.78 |
| Financial expenses | 65,346,919.03 | 47,616,949.88 |
| Asset impairment loss | -1,475,764.86 | -8,082,061.18 |
| Add: Gain/(loss) from change in fair value ("-" means loss) | | |

| | | |
|--|-----------------|----------------|
| Gain/(loss) from investment (“-” means loss) | 2,355,087.76 | 17,854,565.89 |
| Including: share of profits in associates and joint ventures | -708,925.24 | -688,189.29 |
| Foreign exchange gains (“-” means loss) | | |
| III. Business profit (“-” means loss) | -109,873,379.07 | -77,126,846.89 |
| Add: non-operating income | 8,892,795.37 | 171,828.34 |
| Less: non-operating expense | 75,427.15 | 140,237.95 |
| Including: loss from non-current asset disposal | 18,727.23 | |
| IV. Total profit (“-” means loss) | -101,056,010.85 | -77,095,256.50 |
| Less: Income tax expense | 208,612.05 | 1,872,560.35 |
| V. Net profit (“-” means loss) | -101,264,622.90 | -78,967,816.85 |
| Including: Net profit achieved by combined parties before the combinations | | |
| Attributable to owners of the Company | -98,456,113.55 | -78,783,414.04 |
| Minority shareholders’ income | -2,808,509.35 | -184,402.81 |
| VI. Earnings per share | -- | -- |
| (I) Basic earnings per share | -0.23 | -0.18 |
| (II) Diluted earnings per share | -0.23 | -0.18 |
| VII. Other comprehensive incomes | 2,068,208.78 | 10,611,681.59 |
| VIII. Total comprehensive incomes | -99,196,414.12 | -68,356,135.26 |
| Attributable to owners of the Company | -96,387,904.77 | -68,171,732.45 |
| Attributable to minority shareholders | -2,808,509.35 | -184,402.81 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

6. Income statement of the Company for Jan.-Sept. 2013

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jan.-Sept. 2013 | Jan.-Sept. 2012 |
|--|-----------------|-----------------|
| I. Total sales | 872,616.60 | 868,007.30 |
| Less: cost of sales | 266,695.20 | 266,695.20 |
| Business taxes and surcharges | 48,866.52 | 48,496.41 |
| Distribution expenses | | 2,968.00 |
| Administrative expenses | 16,407,806.60 | 16,416,375.91 |
| Financial costs | 46,074,535.80 | 27,302,414.28 |
| Impairment loss | -10,660,882.71 | -2,293,543.42 |
| Add: gain/(loss) from change in fair value ("-" means loss) | | |
| Gain/(loss) from investment ("-" means loss) | 2,392,715.76 | 110,254,565.89 |
| Including: income from investment on associates and joint ventures | -671,297.24 | -688,189.29 |
| II. Business profit ("-" means loss) | -48,871,689.05 | 69,379,166.81 |
| Add: non-business income | 8,644,350.78 | |
| Less: non-business expense | 6,790.16 | 3,543.18 |
| Including: loss from non-current asset disposal | | |
| III. Total profit ("-" means loss) | -40,234,128.43 | 69,375,623.63 |
| Less: income tax expense | | |
| IV. Net profit ("-" means loss) | -40,234,128.43 | 69,375,623.63 |
| V. Earnings per share | -- | -- |
| (I) Basic earnings per share | 0 | 0 |
| (II) Diluted earnings per share | 0 | 0 |
| VI. Other comprehensive income | 2,068,208.78 | 10,611,681.59 |
| VII. Total comprehensive income | -38,165,919.65 | 79,987,305.22 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

7. Consolidated cash flow statement for Jan.-Sept. 2013

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jan.-Sept. 2013 | Jan.-Sept. 2012 |
|------|-----------------|-----------------|
|------|-----------------|-----------------|

| | | |
|---|----------------|----------------|
| I. Cash flows from operating activities: | | |
| Cash received from sale of commodities and rendering of service | 150,363,104.72 | 134,531,557.50 |
| 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 | 31,350,987.80 | 18,020,154.87 |
| Subtotal of cash inflows from operating activities | 181,714,092.52 | 152,551,712.37 |
| Cash paid for goods and services | 63,227,126.91 | 51,505,073.86 |
| 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 | 90,916,572.94 | 78,753,886.41 |
| Various taxes paid | 16,193,706.56 | 18,782,038.75 |
| Other cash payment relating to operating activities | 76,165,461.24 | 73,666,224.43 |
| Subtotal of cash outflows from operating activities | 246,502,867.65 | 222,707,223.45 |
| Net cash flows from operating activities | -64,788,775.13 | -70,155,511.08 |
| II. Cash flows from investing activities: | | |
| Cash received from withdrawal of investments | 35,000,000.00 | 44,400,000.00 |
| Cash received from return on investments | 3,064,013.00 | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 629,757.00 | 21,515,827.27 |
| Net cash received from disposal of subsidiaries or other business units | | |
| Other cash received relating to investing activities | 5,647,661.11 | 8,718,575.65 |
| Subtotal of cash inflows from investing activities | 44,341,431.11 | 74,634,402.92 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 16,435,653.66 | 84,323,600.71 |
| Cash paid for investment | 33,000,000.00 | 55,000,000.00 |
| 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 | 49,435,653.66 | 139,323,600.71 |
| Net cash flows from investing activities | -5,094,222.55 | -64,689,197.79 |
| III. Cash Flows from Financing Activities: | | |
| Cash received from capital contributions | 2,100,000.00 | |

| | | |
|--|----------------|----------------|
| Including: Cash received from minority shareholder investments by subsidiaries | 2,100,000.00 | 0.00 |
| Cash received from borrowings | 379,000,000.00 | 602,400,000.00 |
| Cash received from issuance of bonds | | |
| Other cash received relating to financing activities | 1,300,000.00 | |
| Subtotal of cash inflows from financing activities | 382,400,000.00 | 602,400,000.00 |
| Repayment of borrowings | 262,000,000.00 | 303,900,000.00 |
| Cash paid for interest expenses and distribution of dividends or profit | 40,650,248.94 | 40,662,348.75 |
| Including: dividends or profit paid by subsidiaries to minority shareholders | | |
| Other cash payments relating to financing activities | 16,841,771.15 | 25,159,100.00 |
| Sub-total of cash outflows from financing activities | 319,492,020.09 | 369,721,448.75 |
| Net cash flows from financing activities | 62,907,979.91 | 232,678,551.25 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | |
| V. Net increase in cash and cash equivalents | -6,975,017.77 | 97,833,842.38 |
| Add: Opening balance of cash and cash equivalents | 65,762,871.33 | 52,507,843.73 |
| VI. Closing balance of cash and cash equivalents | 58,787,853.56 | 150,341,686.11 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

8. Cash flow statement of the Company for Jan.-Sept. 2013

Prepared by HaiNan Pearl River Holdings Co., Ltd.

Unit: RMB Yuan

| Item | Jan.-Sept. 2013 | Jan.-Sept. 2012 |
|--|-----------------|-----------------|
| I. Cash flows from operating activities: | | |

| | | |
|---|----------------|-----------------|
| Cash received from sale of commodities and rendering of service | 885,215.20 | 0.00 |
| Tax refunds received | | |
| Other cash received relating to operating activities | 57,930,297.95 | 6,676,569.64 |
| Subtotal of cash inflows from operating activities | 58,815,513.15 | 6,676,569.64 |
| Cash paid for goods and services | | |
| Cash paid to and for employees | 4,332,624.69 | 3,690,573.44 |
| Various taxes paid | 865,562.55 | 394,820.10 |
| Other cash payment relating to operating activities | 17,887,380.95 | 113,562,093.74 |
| Subtotal of cash outflows from operating activities | 23,085,568.19 | 117,647,487.28 |
| Net cash flows from operating activities | 35,729,944.96 | -110,970,917.64 |
| II. Cash flows from investing activities: | | |
| Cash received from retraction of investments | 35,000,000.00 | 45,400,000.00 |
| Cash received from return on investments | 3,064,013.00 | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | | 20,932,029.27 |
| Net cash received from disposal of subsidiaries or other business units | | |
| Other cash received relating to investing activities | 5,647,661.11 | 8,718,575.65 |
| Subtotal of cash inflows from investing activities | 43,711,674.11 | 75,050,604.92 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 277,435.00 | 94,496.00 |
| Cash paid for investment | 103,329,500.00 | 153,100,000.00 |
| Net cash paid to acquire subsidiaries and other business units | | |
| Other cash payments relating to investing activities | | |
| Subtotal of cash outflows from | 103,606,935.00 | 153,194,496.00 |

| | | |
|--|----------------|----------------|
| investing activities | | |
| Net cash flows from investing activities | -59,895,260.89 | -78,143,891.08 |
| III. Cash Flows from Financing Activities: | | |
| Cash received from capital contributions | | |
| Cash received from borrowings | 322,000,000.00 | 488,300,000.00 |
| Cash received from issuance of bonds | | |
| Other cash received relating to financing activities | | |
| Subtotal of cash inflows from financing activities | 322,000,000.00 | 488,300,000.00 |
| Repayment of borrowings | 250,000,000.00 | 246,300,000.00 |
| Cash paid for interest expenses and distribution of dividends or profit | 30,607,788.83 | 28,250,655.26 |
| Other cash payments relating to financing activities | 12,641,771.15 | 21,659,100.00 |
| Sub-total of cash outflows from financing activities | 293,249,559.98 | 296,209,755.26 |
| Net cash flows from financing activities | 28,750,440.02 | 192,090,244.74 |
| IV. Effect of foreign exchange rate changes on cash and cash equivalents | | |
| V. Net increase in cash and cash equivalents | 4,585,124.09 | 2,975,436.02 |
| Add: Opening balance of cash and cash equivalents | 2,641,297.45 | 515,955.59 |
| VI. Closing balance of cash and cash equivalents | 7,226,421.54 | 3,491,391.61 |

Legal representative: Zheng Qing

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

Chief of the accounting division: Yang Daoliang

II. Audit report

Is this report audited?

☐ Yes ☒ No

This report is not audited.