Changchai Company, Limited

The Report for the First Quarter of 2018

April 27, 2018

Part I Important Notes

The Board of Directors (or the "Board"), the Supervisory Board as well as the Directors, Supervisors and senior management of Changchai Company, Limited (inclusive of its consolidated subsidiaries, the "Company"; exclusive of its subsidiaries, the "Parent Company", except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions in this Report.

All the Company's Directors have attended the Board meeting for the review of this Report.

Shi Xinkun, the Company's legal representative, Zhang Xin, the Company's General Manager, and Jiang He, head of the Company's financial department (equivalent to financial manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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

Part II Key Corporate Information

I Key Financial Information

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

□ Yes √ No

	January-March 2018	January-March 2017	Change
Sales revenue (RMB)	593,008,785.46	723,164,530.66	-18.00%
Net income attributable to shareholders of the listed company (RMB)	11,343,577.44	34,991,536.70	-67.58%
Net income attributable to shareholders of the listed company before nonrecurring gains and losses (RMB)	11,141,982.06	14,440,682.83	-22.84%
Net cash flows from operating activities (RMB)	-73,259,277.76	-52,599,067.83	-
Basic earnings per share (RMB/share)	0.02	0.06	-66.67%
Diluted earnings per share (RMB/share)	0.02	0.06	-66.67%
Weighted average return on equity (%)	0.51%	1.48%	-0.97%
	March 31, 2018	December 31, 2017	Change
Total assets (RMB)	3,703,879,135.15	3,722,905,285.05	-0.51%
Equity attributable to shareholders of the listed company (RMB)	2,221,644,110.30	2,246,896,857.86	-1.12%

Nonrecurring gains and losses:

√ Applicable □ Not applicable

Unit: RMB

Item	January-March 2018	Note
Gains and losses on disposal of non-current assets (inclusive of offset allowance for asset impairments)	122,640.78	
Gains and losses on changes in fair value of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	64,096.56	
Other gains and losses that meet definition of nonrecurring gain/loss	27,217.56	
Less: Income tax effects	12,359.52	
Total	201,595.38	--

Explanation of why the Company classifies an item as a nonrecurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Nonrecurring Gains and Losses, or reclassifies any nonrecurring gain/loss item listed in the said explanatory announcement as a recurring gain/loss:

□ Applicable √ Not applicable

No such cases for the Reporting Period.

II Total Number of Shareholders and Top 10 Shareholders' Holdings at Period-End

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

Unit: share

Common shareholders at period-end	50,915	Preferred shareholders with resumed voting rights at period-end (if any)			0	
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage at period-end (%)	Shares	Restricted shares	Pledged or frozen shares	
					Status	Shares
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	State-owned juridical person	30.43%	170,845,236	0		
KGI Asia Limited	Foreign juridical person	0.57%	3,189,845	0		
Zhang Ruirong	Domestic natural person	0.32%	1,776,800	0		
Wan Peizhong	Domestic natural person	0.29%	1,645,800	0		
Huang Guoliang	Domestic natural person	0.27%	1,528,891	0		
Hu Wenyong	Domestic natural person	0.27%	1,499,766	0		
Vanguard Total International Stock Index Fund	Foreign juridical person	0.25%	1,382,093	0		
Liang Nianyou	Domestic natural person	0.24%	1,339,452	0		
Li Suinan	Domestic natural person	0.24%	1,338,700	0		
Xiong Shunbao	Domestic natural person	0.23%	1,273,051	0		

Top 10 non-restricted shareholders			
Name of shareholder	Non-restricted shares held at period-end	Type of shares	
		Type	Shares
State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government	170,845,236	RMB common stock	170,845,236

KGI Asia Limited	3,189,845	Domestically listed stock for foreign investors	3,189,845
Zhang Ruirong	1,776,800	RMB common stock	1,776,800
Wan Peizhong	1,645,800	RMB common stock	1,645,800
Huang Guoliang	1,528,891	Domestically listed stock for foreign investors	1,528,891
Hu Wenyong	1,499,766	Domestically listed stock for foreign investors	1,499,766
Vanguard Total International Stock Index Fund	1,382,093	Domestically listed stock for foreign investors	1,382,093
Liang Nianyou	1,339,452	RMB common stock	1,339,452
Li Suinan	1,338,700	Domestically listed stock for foreign investors	1,338,700
Xiong Shunbao	1,273,051	RMB common stock	1,273,051
Related or acting-in-concert parties among shareholders above	It is unknown whether there is among the top 10 tradable shareholders and the top 10 non-restrictedly tradable shareholders any related parties or acting-in-concert parties as defined in the Administrative Measures for Information Regarding Shareholding Alteration.		
Shareholders conducting securities margin trading (if any)	The shareholder Xiong Shunbao holds 1,273,051 shares in the Company through an account of collateral securities for margin trading in Guolian Securities Co., Ltd, accounting for 0.23%.		

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

□ Yea √ No

No such cases in the Reporting Period.

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

□ Applicable √ Not applicable

Part III Significant Events

I Changes in Selected Financial Statement Items and Explanation of why

√ Applicable □ Not applicable

1. Accounts receivable rose by RMB280,595,318.57, or 71.58%, as of March 31, 2018 compared to December 31, 2017, primarily because the Company properly allowed customers' buying on credit for more markets in Q1 2018 and multi-cylinder diesel engine customers are usually given longer payment days.

2. Prepayments rose by RMB8,647,269.62, or 104.87%, as of March 31, 2018 compared to December 31, 2017, primarily because the Company properly increased its prepayments to suppliers to ensure the supply of raw materials and components.

3.Other receivables were increased by RMB18,512,464.39, or 319.46%, mainly due to the temporary borrowing of subsidiary, Changzhou Horizon Investment Company, to the Xuzhou Hua Dong Foundry.

4. Finance costs went down by RMB4,583,391.46, during Q1 2018 compared to Q1 2017, primarily driven by the changes in net foreign exchange gains and losses resulted from exchange rate fluctuations in Q1 2018.

5. Non-operating income decreased by RMB19,969,994.21,or 92.26%, compared with the same period last year, mainly due to the fact that there was no discount for the equity purchase of subsidiary companies compared with the same period last year.

6.Non-operating expense went down by RMB2,123,588.54, or 58.21%, during Q1 2018 compared to Q1 2017, primarily driven by a year-over-year decrease in the loss on disposal of defective inventories.

7. Net income went down by RMB23,727,160.85, or 67.28%, during Q1 2018 compared to Q1 2017, primarily because an equity acquisition was concluded at a price lower than the appraised price, generating a non-recurring gain, in Q1 2017 and costs increased in Q1 2018 due to weak demand for diesel engines and stricter emission regulations.

8. Net cash flows from operating activities decreased by RMB20,660,209.93 from the same period of last year mainly because of the increased accounts receivable.

9. Net cash flows from investing activities went down by RMB29,598,627.43, during Q1 2018 compared to Q1 2017, primarily because Q1 2018 saw a decrease in fixed-assets construction.

II Progress, Influence and Solutions Associated with Significant Events

□ Applicable √ Not applicable

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

□ Applicable √ Not applicable

No such cases in the Reporting Period.

IV Operating Result Forecast for January-June 2018

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

□ Applicable √ Not applicable

V Securities Investments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

VI Investments in Derivative Financial Instruments

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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

√ Applicable □ Not applicable

Date of visit	Way of visit	Type of visitor	About
January 3, 2018	Other	Individual	The Company's cooperative purpose with foreign companies
January 18, 2018	Other	Individual	Cooperation with scientific research organizations and institutions of higher education
January 29, 2018	Other	Individual	Disclosure time of the Company's operating result forecast
March 13, 2018	Other	Individual	Mixed ownership reform of state-owned enterprises
March 13, 2018	Other	Individual	Development in Southeast Asian market
March 31, 2018	Other	Individual	Cooperation with Jiangsu World
March 31, 2018	Other	Individual	Management of the Company's market value
March 31, 2018	Other	Individual	Situation of the Company's reform

VIII Irregularities in Provision of Guarantees for External Parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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

□ Applicable √ Not applicable

No such cases in the Reporting Period.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Prepared by Changchai Company, Limited

March 31, 2018

Unit: RMB

Item	March 31, 2018	December 31, 2017
Current assets:		
Monetary assets	366,513,921.78	430,305,367.71
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	621,401,634.94	716,404,345.57
Accounts receivable	672,606,272.12	392,010,953.55
Prepayments	36,428,277.39	17,781,007.77
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable		
Dividends receivable		
Other receivables	24,307,435.61	5,794,971.22
Financial assets purchased under resale agreements		
Inventories	418,465,150.90	508,246,807.48
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	33,187,794.91	42,540,184.05
Total current assets	2,172,910,487.65	2,113,083,637.35
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	750,468,139.04	793,522,639.04
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments		
Investment property	52,312,263.23	52,864,348.43
Property, plant and equipment	544,065,907.91	560,049,970.50
Construction in progress	81,018,450.18	94,581,989.06

Engineering materials		
Proceeds from disposal of property, plant and equipment		
Productive living assets		
Oil and gas assets		
Intangible assets	102,096,933.33	107,795,746.86
R&D expense		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	1,006,953.81	1,006,953.81
Other non-current assets		
Total non-current assets	1,530,968,647.50	1,609,821,647.70
Total assets	3,703,879,135.15	3,722,905,285.05
Current liabilities:		
Short-term borrowings	26,700,000.00	24,900,000.00
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	444,178,000.00	347,070,500.00
Accounts payable	484,086,878.29	616,228,500.18
Advances from customers	46,546,444.25	40,153,984.91
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	44,310,431.42	51,247,112.66
Taxes payable	4,160,118.37	4,017,920.78
Interest payable		
Dividends payable	3,891,433.83	3,891,433.83
Other payables	237,449,902.13	192,094,243.08
Reinsurance payables		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities	2,798,865.66	2,028,937.59
Total current liabilities	1,294,122,073.95	1,281,632,633.03
Non-current liabilities:		
Long-term borrowings	21,500,000.00	21,500,000.00
Bonds payable		
Including: Preferred shares		

Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	60,992,858.46	60,992,858.46
Deferred income tax liabilities	85,951,604.39	92,409,779.39
Other non-current liabilities		
Total non-current liabilities	168,444,462.85	174,902,637.85
Total liabilities	1,462,566,536.80	1,456,535,270.88
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	164,328,665.43	164,328,665.43
Less: Treasury shares		
Other comprehensive income	478,472,225.00	515,068,550.00
Specific reserve	13,289,059.21	13,289,059.21
Surplus reserves	313,705,210.16	313,705,210.16
General reserve		
Retained earnings	690,474,624.50	679,131,047.06
Total equity attributable to owners of Parent Company	2,221,644,110.30	2,246,896,857.86
Non-controlling interests	19,668,488.05	19,473,156.31
Total owners' equity	2,241,312,598.35	2,266,370,014.17
Total liabilities and owners' equity	3,703,879,135.15	3,722,905,285.05

Legal representative: Shi Xinkun The Company's general manager: Zhang Xin

Head of the Company financial department: Jiang He

2. Parent Company Balance Sheet

Unit: RMB

Item	March 31, 2018	December 31, 2017
Current assets:		
Monetary assets	323,315,001.72	366,907,287.64
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	618,351,634.94	711,474,345.57
Accounts receivable	595,530,316.22	319,887,051.70
Prepayments	18,485,696.31	9,815,561.98
Interest receivable		
Dividends receivable		
Other receivables	11,598,810.17	11,798,211.40
Inventories	290,105,961.33	376,814,388.82
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	9,616,652.35	20,692,057.15
Total current assets	1,867,004,073.04	1,817,388,904.26
Non-current assets:		
Available-for-sale financial assets	742,783,000.00	785,837,500.00
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	231,752,730.03	231,752,730.03
Investment property	52,312,263.23	52,864,348.43
Property, plant and equipment	440,604,265.55	453,155,359.47
Construction in progress	80,677,650.18	93,681,793.26
Engineering materials		
Proceeds from disposal of property, plant and equipment		
Productive living assets		
Oil and gas assets		
Intangible assets	74,523,191.02	75,623,219.49
R&D expense		
Goodwill		
Long-term prepaid expense		
Deferred income tax assets	934,554.06	934,554.06
Other non-current assets		
Total non-current assets	1,623,587,654.07	1,693,849,504.74
Total assets	3,490,591,727.11	3,511,238,409.00
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		

Notes payable	421,138,000.00	323,030,500.00
Accounts payable	431,385,259.65	560,214,489.22
Advances from customers	45,026,626.59	38,382,261.14
Payroll payable	39,860,797.44	41,401,495.39
Taxes payable	1,021,050.66	1,373,036.64
Interest payable		
Dividends payable	3,243,179.97	3,243,179.97
Other payables	220,694,284.58	182,738,709.26
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,162,369,198.89	1,150,383,671.62
Non-current liabilities:		
Long-term borrowings	19,500,000.00	19,500,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	60,992,858.46	60,992,858.46
Deferred income tax liabilities	84,436,275.00	90,894,450.00
Other non-current liabilities		
Total non-current liabilities	164,929,133.46	171,387,308.46
Total liabilities	1,327,298,332.35	1,321,770,980.08
Owners' equity:		
Share capital	561,374,326.00	561,374,326.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	183,071,147.70	183,071,147.70
Less: Treasury shares		
Other comprehensive income	478,472,225.00	515,068,550.00
Specific reserve	13,289,059.21	13,289,059.21
Surplus reserves	313,705,210.16	313,705,210.16
Retained earnings	613,381,426.69	602,959,135.85
Total owners' equity	2,163,293,394.76	2,189,467,428.92
Total liabilities and owners' equity	3,490,591,727.11	3,511,238,409.00

3. Consolidated Income Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Operating revenue	593,008,785.46	723,164,530.66
Including: Sales revenue	593,008,785.46	723,164,530.66
Interest revenue		
Premium revenue		
Handling charge and commission revenue		
2. Cost of operating revenue	579,389,265.96	705,529,406.81
Including: Cost of sales	514,583,143.24	638,873,185.41
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	2,841,402.82	2,438,458.01
Selling expense	27,010,594.06	26,191,359.28
Administrative expense	31,414,153.72	39,069,823.45
Finance costs	3,539,972.12	-1,043,419.34
Asset impairment losses		
Add: Gain on changes in fair value (“-” for loss)		
Investment income (“-” for loss)	64,096.56	2,215,049.22
Including: Share of profit or loss of joint ventures and associates		
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)		
Other income		
3. Operating income (“-” for loss)	13,683,616.06	19,850,173.07
Add: Non-operating revenue	1,674,474.55	21,644,468.76
Less: Non-operating expense	1,524,616.21	3,648,204.75
4. Pretax income (“-” for loss)	13,833,474.40	37,846,437.08
Less: Income tax expense	2,294,565.22	2,580,367.05
5. Net income (“-” for net loss)	11,538,909.18	35,266,070.03
5.1 Net income from continuing operations (“-” for net loss)	11,538,909.18	35,266,070.03
5.2 Net income from discontinued operations (“-” for net loss)		
Attributable to owners of Parent Company	11,343,577.44	34,991,536.70
Attributable to non-controlling interests	195,331.74	274,533.33
6. Other comprehensive income, net of tax	-36,596,325.00	34,093,500.00
Attributable to owners of Parent Company	-36,596,325.00	34,093,500.00
6.1 Items that will not be reclassified to profit or loss		

6.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-36,596,325.00	34,093,500.00
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets	-36,596,325.00	34,093,500.00
6.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements		
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-25,057,415.82	69,359,570.03
Attributable to owners of Parent Company	-25,252,747.56	69,085,036.70
Attributable to non-controlling interests	195,331.74	274,533.33
8. Earnings per share		
8.1 Basic earnings per share	0.02	0.06
8.2 Diluted earnings per share	0.02	0.06

Legal representative: Shi Xinkun The Company's general manager: Zhang Xin

Head of the Company financial department: Jiang He

4. Parent Company Income Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Sales revenue	546,106,384.32	671,067,381.57
Less: Cost of sales	478,947,398.52	597,712,030.57
Taxes and surtaxes	2,016,404.51	1,852,624.69
Selling expense	24,722,755.12	23,846,836.58
Administrative expense	26,313,858.28	34,336,123.95
Finance costs	1,660,143.55	-1,346,027.09
Asset impairment losses		
Add: Gain on changes in fair value (“-” for loss)		
Investment income (“-” for loss)		
Including: Share of profit or loss of joint ventures and associates		
Asset disposal income (“-” for loss)		
Other income		
2. Operating income (“-” for loss)	12,445,824.34	14,665,792.87
Add: Non-operating revenue	1,339,652.51	468,401.99
Less: Non-operating expense	1,523,958.21	3,585,448.64
3. Pretax income (“-” for loss)	12,261,518.64	11,548,746.22
Less: Income tax expense	1,839,227.80	1,824,701.90
4. Net income (“-” for net loss)	10,422,290.84	9,724,044.32
4.1 Net income from continuing operations (“-” for net loss)	10,422,290.84	9,724,044.32
4.2 Net income from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-36,596,325.00	269,528,625.00
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by re-measurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss	-36,596,325.00	269,528,625.00
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method		
5.2.2 Gains/Losses on changes in fair value of available-for-sale financial assets	-36,596,325.00	269,528,625.00
5.2.3 Gains/Losses arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total comprehensive income	-26,174,034.16	279,252,669.32

7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Cash generated by or used in operating activities:		
Proceeds from sale of commodities and rendering of services	439,612,228.47	559,720,974.26
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	17,753,037.91	20,849,031.11
Cash generated by other operating activities	3,702,330.49	3,910,470.17
Subtotal of cash generated by operating activities	461,067,596.87	584,480,475.54
Payments for commodities and services	406,939,946.87	499,393,990.54
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	92,450,068.47	98,279,534.01
Taxes paid	9,951,419.10	13,750,299.06
Cash used in other operating activities	24,985,440.19	25,655,719.76
Subtotal of cash used in operating activities	534,326,874.63	637,079,543.37
Net cash flows from operating activities	-73,259,277.76	-52,599,067.83
2. Cash generated by or used in investing activities:		
Proceeds from disinvestments	2,000,000.00	
Investment income	64,096.56	107,098.26
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	198,255.47	457,913.44
Net proceeds from disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	2,262,352.03	565,011.70
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	9,895,537.64	32,207,669.61

Payments for investments	4,265,444.20	3,000,000.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		1,854,599.33
Cash used in other investing activities	8,000,000.00	13,000,000.00
Subtotal of cash used in investing activities	22,160,981.84	50,062,268.94
Net cash flows from investing activities	-19,898,629.81	-49,497,257.24
3. Cash generated by or used in financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained	1,800,000.00	
Net proceeds from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities	1,800,000.00	
Repayment of borrowings		
Payments for interest and dividends	645,225.08	81,250.00
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		4,497.87
Subtotal of cash used in financing activities	645,225.08	85,747.87
Net cash flows from financing activities	1,154,774.92	-85,747.87
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-92,003,132.65	-102,182,072.94
Add: Cash and cash equivalents, beginning of the period	325,263,654.43	583,278,129.09
6. Cash and cash equivalents, end of the period	233,260,521.78	481,096,056.15

6. Parent Company Cash Flow Statement

Unit: RMB

Item	January-March 2018	January-March 2017
1. Cash generated by or used in operating activities:		
Proceeds from sale of commodities and rendering of services	383,944,530.99	535,658,165.47
Tax rebates	14,412,296.14	17,491,266.11
Cash generated by other operating activities	2,985,456.36	3,339,265.22
Subtotal of cash generated by operating activities	401,342,283.49	556,488,696.80
Payments for commodities and services	360,203,288.81	491,217,873.52
Cash paid to and for employees	80,778,231.12	86,413,231.91
Taxes paid	6,738,039.59	10,628,148.30
Cash used in other operating activities	20,149,380.94	21,879,334.47
Subtotal of cash used in operating activities	467,868,940.46	610,138,588.20
Net cash flows from operating activities	-66,526,656.97	-53,649,891.40
2. Cash generated by or used in investing activities:		
Proceeds from disinvestments		
Investment income		
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-lived assets	16,700.00	62,913.44
Net proceeds from disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	16,700.00	62,913.44
Payments for acquisition of property, plant and equipment, intangible assets and other long-lived assets	8,205,480.04	28,498,615.58
Payments for investments		
Net payments for acquisition of subsidiaries and other business units		23,794,779.68
Cash used in other investing activities		
Subtotal of cash used in investing activities	8,205,480.04	52,293,395.26
Net cash flows from investing activities	-8,188,780.04	-52,230,481.82
3. Cash generated by or used in financing activities:		
Capital contributions received		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		
Payments for interest and dividends	375,425.98	
Cash used in other financing activities		
Sub-total of cash used in financing activities	375,425.98	
Net cash flows from financing activities	-375,425.98	
4. Effect of foreign exchange rate changes on cash and cash equivalents		

5. Net increase in cash and cash equivalents	-75,090,862.99	-105,880,373.22
Add: Cash and cash equivalents, beginning of the period	272,064,464.71	558,159,090.01
6. Cash and cash equivalents, end of the period	196,973,601.72	452,278,716.79

II Independent Auditor’s Report

Indicate by tick mark whether the Q1 financial statements have been audited by an independent auditor.

□Yes √ No

The Q1 financial statements have not been audited by such an auditor.