

**KONKA GROUP CO., LTD.**  
**THIRD QUARTER REPORT 2019**

2019-102

**October 2019**

## Part I Important Notes

**The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Konka Group Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.**

**All the Company’s directors have attended the Board meeting for the review of this Report and its summary.**

**Liu Fengxi, the Company’s legal representative, Li Chunlei, the Company’s Chief Financial Officer (CFO), and Feng Junxiu, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.**

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

## Part II Key Corporate Information

### I Key Consolidated Financial Information

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

Yes  No

	30 September 2019	31 December 2018	Change (%)	
Total assets (RMB)	41,668,497,548.19	32,985,061,889.03	26.33%	
Equity attributable to the listed company's shareholders (RMB)	8,334,866,038.71	8,104,736,790.53	2.84%	
	Q3 2019	YoY change (%)	Q1-Q3 2019	YoY change (%)
Operating revenue (RMB)	15,644,806,446.79	28.91%	41,681,249,260.63	40.05%
Net profit attributable to the listed company's shareholders (RMB)	97,725,667.63	11.00%	450,492,688.36	4.81%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	-423,396,028.22	-109.27%	-1,046,307,661.79	-107.94%
Net cash generated from/used in operating activities (RMB)	--	--	-2,572,579,841.94	11.20%
Basic earnings per share (RMB/share)	0.0406	10.93%	0.1871	4.82%
Diluted earnings per share (RMB/share)	0.0406	10.93%	0.1871	4.82%
Weighted average return on equity (%)	1.20%	0.10%	5.40%	0.16%

Exceptional gains and losses:

Applicable  Not applicable

Unit: RMB

Item	Q1-Q3 2019	Note
Gain/Loss arising from disposal of non-current assets (inclusive of impairment allowance write-offs)	676,642,041.23	
Government subsidies recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	616,080,972.15	
Gain/Loss on entrusting others with investments or asset management	134,559,649.39	
Gain/Loss on changes in fair value arising from holding of trading financial assets and liabilities and investment income from disposal of trading financial assets, financial liabilities and available-for-sale financial assets other than effective hedge business related to the Company's normal operating businesses	-13,291,264.69	

Gain/loss on entrustment loans	1,459,119.47	
Other non-operating income and expense other than the above	55,926,248.85	
Other gains and losses that meet definition of exceptional gain/loss	240,824,796.53	
Less: Income tax effects	98,385,181.09	
Non-controlling interests effects (net of tax)	117,016,031.69	
Total	1,496,800,350.15	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

√ Applicable □ Not applicable

Item	Amount (RMB)	Reason
Tax rebates on software	29,365,991.65	Recurrent government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards

## II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 2019

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

Unit: share

Number of ordinary shareholders	94,131	Number of preferred shareholders with resumed voting rights (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen	
					Status	Shares
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	State-owned legal person	21.75%	523,746,932	0		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.56%	182,100,202	0		
HOLY TIME GROUP LIMITED	Foreign legal person	2.33%	56,139,100	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.25%	54,203,779	0		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0		
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	0.99%	23,763,169	0		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.96%	23,060,224	0		
NAM NGAI	Foreign natural person	0.88%	21,207,340	0		
NATIONAL SOCIAL SECURITY FUND NO. 118 PORTFOLIO	Other	0.88%	21,099,537	0		

CHEN WEIQIN	Domestic natural person	0.69%	16,656,822	0	
Top 10 unrestricted shareholders					
Name of shareholder	Unrestricted shares	Shares by type			
		Type	Shares		
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	523,746,932	RMB-denominated ordinary stock	523,746,932		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	182,100,202	Domestically listed foreign stock	182,100,202		
HOLY TIME GROUP LIMITED	56,139,100	Domestically listed foreign stock	56,139,100		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	54,203,779	Domestically listed foreign stock	54,203,779		
GAOLING FUND,L.P.	52,801,250	Domestically listed foreign stock	52,801,250		
HONG KONG SECURITIES CLEARING COMPANY LTD.	23,763,169	RMB-denominated ordinary stock	23,763,169		
CHINA MERCHANTS SECURITIES (HK) LIMITED	23,060,224	Domestically listed foreign stock	23,060,224		
NAM NGAI	21,207,340	Domestically listed foreign stock	21,207,340		
NATIONAL SOCIAL SECURITY FUND NO. 118 PORTFOLIO	21,099,537	RMB-denominated ordinary stock	21,099,537		
CHEN WEIQIN	16,656,822	RMB-denominated ordinary stock	16,656,822		
Related or acting-in-concert parties among shareholders above	Jialong Investment Limited, a wholly-funded subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 common shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Jialong Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.				
Top 10 ordinary shareholders involved in securities margin trading (if any)	Chen Weiqin holds 16,656,822 A-shares in the Company through his account of collateral securities for margin trading in CITIC Securities Company Limited.				

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes  No

No such cases in the Reporting Period.

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

Applicable  Not applicable

## Part III Significant Events

### I Changes in Selected Consolidated Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

(I) In the Reporting Period, the Company carried on with its long-term development strategy of “Technology + Industry + Park”, accelerating its strategic transformation and upgrade with respect to “One Centric Orientation, Two Development Paths, Three Development Strategies and Four Business Groups” and achieved the following fruits.

1. During the Reporting Period, the Company continued to increase its investment in R&D, thoroughly research and develop core technologies and improve competitiveness of main business. On the one hand, the Company actively made deep application of advanced technologies such as AI, 8K and 5G in product research and development and successively launched a series of core technology products such as 8K TV, panoramic AI TV and OLED TV. On the other hand, the Company further strengthened its technology layout in new display technology, new materials, energy saving and environment protection. It set up academician workstation and semi-conductor and optoelectronics research institute intending to drive high-quality development of the Company through innovations and breakthroughs in core technologies.

2. In accordance with the long-term development strategy of “Technology + Industry + Park”, during the Reporting Period, the Company successfully delisted lands used for projects of Chuzhou Minghu Health Community, Dongguan City’s New Plant, Chongqing Konka Semi-conductor Optoelectronics Industrial Park, Yantai Health Accelerator Industrial Park and Haimen Headquarters for Eastern China with smooth proceeding of other projects of industrial park.

3. Due to the rapid development of emerging businesses, for Q1~Q3 of 2019, the Company realized the operating revenue of RMB 41.68 billion with an increase of 40.05% compared with that of the same period of last year.

### (II) Changes in Key Financial Statement Line Items

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

Item	30 September 2019	1 January 2019	Change	Change (%)	Main reason for change
Prepayments	377,035.20	103,697.92	273,337.28	263.59%	Remarkable increase in business in relation to environmental protection and supply chain management
Non-current financial assets	154,876.44	54,823.00	100,053.44	182.50%	Newly added investments in opto-electronics industry fund
Interests payable	14,989.11	2,723.06	12,266.05	450.45%	Issue of corporate bonds of RMB5 billion in this year
Long-term borrowings	181,269.57	44,500.00	136,769.57	307.35%	Increase in newly added long-term borrowings of subsidiaries
Item	Q1~Q3 2019	Q1~Q3 2018	Change	Change (%)	Main reason for change

Operating revenue	4,168,124.93	2,976,172.99	1,191,951.94	40.05%	YoY increase in operating revenue and cost of sales regarding supply chain management business for the Reporting
Cost of sales	3,960,148.07	2,806,358.27	1,153,789.80	41.11%	Period and newly added business in relation to environmental protection
R&D expense	31,910.23	22,674.73	9,235.50	40.73%	Continuously enhancement of R&D inputs in this year
Asset disposal income	29,370.58	6,357.51	23,013.07	361.98%	Disposal of assets by subsidiaries in the Reporting Period
Net cash generated from/used in investing activities	-101,394.11	-73,803.61	-27,590.50	-37.38%	Increase in investing of fixed assets and intangible assets in this year

## II Progress, Influence and Solutions with regard to Significant Events

√ Applicable □ Not applicable

1. The lands have been obtained for projects of Chuzhou Minghu Health Community, Dongguan City's New Plant, Chongqing Konka Semi-conductor Optoelectronics Industrial Park, Yantai Health Accelerator Industrial Park and Haimen Headquarters for Eastern China during the Reporting Period. As for Konka Smart Terminals High-Tech Industrial Park in Yibin, Konka Electronics Technology Industrial Park in Suining, Konka Smart Appliances and Equipment Industrial Park in Chuzhou and Lankao Environmental Protection Business Industrial Base, the relevant construction is under the preparation or in progress.

2. In 2018 Launch of establishing the Orient Konka Industrial M&A Fund respectively holds 11.77% of shares in Jiangxi Yahua Electronic Materials Co., Ltd., 2.75% of shares in Shenzhen Genew Technologies Co., Ltd., 3.74% of shares in Roshow Technology Co., Ltd., and 11.73% of shares in Shenzhen Gren RF Communication Co., Ltd. through investments.

3. Private placement of corporate bonds of RMB0.6 billion: The matter has been reviewed and approved in the general meeting of the Company, and the preparation for relevant declaration materials is underway.

Announcement on significant event	Disclosure date	Website link to announcement
Announcement on the Issuance Results of the Private Placement of Corporate Bonds (Phase III) in 2019	24 July 2019	<a href="http://www.cninfo.com.cn/new/index">http://www.cninfo.com.cn/new/index</a>
Announcement on Receiving the Notice of CSRC on the examination of the Application for Resumption of Administrative License	10 September 2019	
Announcement on Completion of Changes in Registration for Transfer of the 51% Equity Interests in Chuzhou Kangjin Health Industrial Development Co., Ltd.	27 September 2019	
The Completion of the Registration of Chongqing Konka Semiconductor Opto-electronics Research Institute	9 October 2019	

Progress of any share repurchase:

□ Applicable √ Not applicable

Progress of any reduction of the repurchased shares through centralized bidding:

Applicable  Not applicable

### **III Commitments that the Company's Actual Controller, Shareholders, Related Parties, Acquirers, the Company Itself or Other Parties, Failed to Fulfill on Time during the Reporting Period**

Applicable  Not applicable

No such cases in the Reporting Period.

### **IV Securities Investments**

Applicable  Not applicable

No such cases in the Reporting Period.

### **V Wealth Management Entrustment**

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 Communications with the Investment Community such as Researches, Inquiries and Interviews during the Reporting Period**

Applicable  Not applicable

Date	Way of Communication	Type of communication party	Index to main information communicated
28 June 2019	On-site meeting	Institution	http://www.cninfo.com.cn/new/index
3 July 2019	On-site meeting	Institution	
17 July 2019	On-site meeting	Institution	
20 August 2019	On-site meeting	Institution	
11 September 2019	On-site meeting	Institution	

### **VIII Irregularities in the Provision of Guarantees**

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

No such cases in the Reporting Period.

## Part IV Financial Statements

### I Financial Statements

#### 1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

30 September 2019

Unit: RMB

Item	30 September 2019	31 December 2018
Current assets:		
Monetary capital	6,994,794,669.87	4,348,144,129.53
Settlement reserve		
Interbank loans granted		
Trading financial assets	61,494,666.97	
Financial assets at fair value through profit or loss		5,464,984.92
Derivative financial assets		
Notes receivable	1,822,756,223.18	3,329,711,954.15
Accounts receivable	5,384,468,569.95	4,458,053,586.42
Accounts receivable financing	30,428,416.44	
Prepayments	3,770,352,017.29	1,036,979,167.56
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	1,177,221,079.26	410,804,180.50
Including: Interests receivable	5,833,162.55	4,059,682.40
Dividends receivable	547,848.62	547,848.62
Financial assets purchased under resale agreements		
Inventories	6,471,061,158.11	5,487,605,227.05
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets	51,791,485.91	22,318,208.13
Other current assets	1,524,910,157.61	2,744,216,141.98
Total current assets	27,289,278,444.59	21,843,297,580.24
Non-current assets:		

Loans and advances to customers		
Investments in debt obligations		
Available-for-sale financial assets		633,664,881.33
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables	412,670,698.02	390,793,038.05
Long-term equity investments	2,964,002,398.80	2,637,780,825.53
Investments in other equity instruments	19,140,214.36	
Other non-current financial assets	1,548,764,400.00	
Investment property	206,600,900.02	210,824,355.72
Fixed assets	2,556,567,268.89	2,410,226,495.81
Construction in progress	3,136,285,379.56	2,176,871,530.80
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	1,181,935,439.32	737,776,686.34
R&D expense		
Goodwill	855,691,423.75	855,691,423.75
Long-term prepaid expense	106,941,419.03	111,223,426.77
Deferred income tax assets	870,066,949.65	639,433,954.30
Other non-current assets	520,552,612.20	337,477,690.39
Total non-current assets	14,379,219,103.60	11,141,764,308.79
Total assets	41,668,497,548.19	32,985,061,889.03
Current liabilities:		
Short-term borrowings	13,813,454,740.84	13,884,132,931.63
Borrowings from central bank		
Interbank loans obtained		
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		2,459,603.25
Derivative financial liabilities		
Notes payable	1,110,673,136.13	862,330,689.47
Accounts payable	5,197,990,516.38	4,362,723,050.33
Advances from customers	1,180,010,394.07	723,227,529.20
Contractual liabilities		

Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	230,972,629.89	376,506,567.71
Taxes payable	381,795,313.44	288,004,192.44
Other payables	2,230,692,538.75	2,024,657,277.74
Including: Interest payable	149,891,095.43	27,230,631.41
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	1,353,399.25	151,792,404.13
Other current liabilities		
Total current liabilities	24,146,942,668.75	22,675,834,245.90
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	1,812,695,729.90	445,000,000.00
Bonds payable	4,986,333,857.47	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	342,932,515.78	128,374,597.41
Long-term payroll payable	5,617,330.28	8,792,614.98
Provisions	1,597,591.51	21,772,898.37
Deferred income	139,556,366.01	112,899,128.24
Deferred income tax liabilities	140,317,722.60	141,020,093.34
Other non-current liabilities		
Total non-current liabilities	7,429,051,113.55	857,859,332.34
Total liabilities	31,575,993,782.30	23,533,693,578.24
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Including: Preferred shares		

Perpetual bonds		
Capital reserves	237,761,961.98	208,356,624.21
Less: Treasury stock		
Other comprehensive income	-16,738,417.62	-10,538,219.08
Special reserves	110,216.01	
Surplus reserves	1,227,564,785.19	1,227,564,785.19
General reserve		
Retained earnings	4,478,222,085.15	4,271,408,192.21
Total equity attributable to owners of the Company as the parent	8,334,866,038.71	8,104,736,790.53
Non-controlling interests	1,757,637,727.18	1,346,631,520.26
Total owners' equity	10,092,503,765.89	9,451,368,310.79
Total liabilities and owners' equity	41,668,497,548.19	32,985,061,889.03

Legal representative: Liu Fengxi

CFO: Li Chunlei

Head of the financial department: Feng Junxiu

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 September 2019	31 December 2018
Current assets:		
Monetary capital	2,851,530,664.06	2,124,335,536.69
Trading financial assets	61,494,666.97	
Financial assets at fair value through profit or loss		5,464,984.92
Derivative financial assets		
Notes receivable	1,296,842,782.41	2,181,466,683.90
Accounts receivable	9,790,478,715.40	7,427,246,429.42
Accounts receivable financing		
Prepayments	1,555,701,408.42	1,019,335,571.49
Other receivables	8,754,780,182.80	6,667,463,126.57
Including: Interest receivable	4,496,389.55	5,769,663.24
Dividends receivable		
Inventories	328,176,805.47	254,225,716.41
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	98,176,190.78	77,249,216.99
Total current assets	24,737,181,416.31	19,756,787,266.39

Non-current assets:		
Investments in debt obligations		
Available-for-sale financial assets		326,164,881.33
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	6,841,301,700.53	6,182,962,034.71
Investments in other equity instruments	14,440,214.36	
Other non-current financial assets	250,230,000.00	
Investment property	206,600,900.02	210,824,355.72
Fixed assets	448,222,683.16	462,721,018.30
Construction in progress	232,303,682.48	157,356,696.30
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	80,820,208.46	83,593,959.11
R&D expense		
Goodwill		
Long-term prepaid expense	66,565,616.18	80,388,949.97
Deferred income tax assets	757,082,868.26	516,879,201.66
Other non-current assets	20,000,000.00	20,000,000.00
Total non-current assets	8,917,567,873.45	8,040,891,097.10
Total assets	33,654,749,289.76	27,797,678,363.49
Current liabilities:		
Short-term borrowings	9,193,116,148.28	8,179,564,987.70
Trading financial liabilities		
Financial liabilities at fair value through profit or loss		2,459,603.25
Derivative financial liabilities		
Notes payable	1,854,390,903.32	3,513,157,955.43
Accounts payable	8,326,957,968.42	6,477,055,955.65
Advances from customers	367,080,069.26	306,650,717.69
Contractual liabilities		
Payroll payable	75,048,950.85	146,199,496.44
Taxes payable	1,850,089.08	10,913,871.30

Other payables	2,625,799,680.02	2,011,494,378.65
Including: Interest payable	146,784,607.53	24,158,666.48
Dividends payable		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		40,000,000.00
Other current liabilities		
Total current liabilities	22,444,243,809.23	20,687,496,966.11
Non-current liabilities:		
Long-term borrowings	346,995,729.90	245,000,000.00
Bonds payable	4,986,333,857.47	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions	206,591.51	206,591.51
Deferred income	69,127,582.04	75,705,476.93
Deferred income tax liabilities		751,345.42
Other non-current liabilities		
Total non-current liabilities	5,402,663,760.92	321,663,413.86
Total liabilities	27,846,907,570.15	21,009,160,379.97
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	114,018,066.79	114,018,066.79
Less: Treasury stock		
Other comprehensive income	-1,182,217.31	-1,182,217.31
Special reserves		
Surplus reserves	1,227,564,785.19	1,227,564,785.19
Retained earnings	2,059,495,676.94	3,040,171,940.85
Total owners' equity	5,807,841,719.61	6,788,517,983.52
Total liabilities and owners' equity	33,654,749,289.76	27,797,678,363.49

### 3. Consolidated Income Statement for Q3

Unit: RMB

Item	Q3 2019	Q3 2018
1. Revenue	15,644,806,446.79	12,136,315,129.29
Including: Operating revenue	15,644,806,446.79	12,136,315,129.29
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	16,025,188,376.66	12,507,069,794.98
Including: Cost of sales	14,927,438,285.30	11,621,326,279.61
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	18,882,712.84	22,256,789.30
Selling expense	537,449,008.46	511,335,968.05
Administrative expense	214,581,564.94	194,171,683.61
R&D expense	161,891,918.04	89,738,422.31
Finance costs	164,944,887.08	68,240,652.10
Including: Interest expense	286,311,826.27	266,966,287.29
Interest income	28,365,849.61	98,892,687.14
Add: Other income	298,288,604.77	141,693,252.31
Return on investment (“-” for loss)	236,696,834.29	270,593,341.32
Including: Share of profit or loss of joint ventures and associates	-17,103,633.76	7,581,610.96
Derecognition income of financial assets measured at amortized cost		
Foreign exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		10,085,276.33
Credit impairment loss (“-” for loss)	-39,670,359.96	
Assets impairment loss (“-” for loss)	2,261,331.07	-6,112,105.62

Asset disposal income (“-” for loss)		-147,012.51
3. Operating profit (“-” for loss)	117,194,480.30	45,358,086.14
Add: Non-operating income	41,224,843.98	15,634,997.65
Less: Non-operating expense	1,809,247.39	5,920,162.45
4. Profit before tax (“-” for loss)	156,610,076.89	55,072,921.34
Less: Income tax expense	4,284,277.99	-115,426,383.66
5. Net profit (“-” for net loss)	152,325,798.90	170,499,305.00
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	152,325,798.90	170,499,305.00
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	97,725,667.63	88,041,649.48
5.2.1 Net profit attributable to non-controlling interests	54,600,131.27	82,457,655.52
6. Other comprehensive income, net of tax	-757,628.66	-12,097,422.41
Attributable to owners of the Company as the parent	-2,540,311.85	-13,373,312.59
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		
6.1.4 Changes in the fair value of the company’s credit risks		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-2,540,311.85	-13,373,312.59
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		
6.2.4 Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial		

assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		
6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements	-2,540,311.85	-13,373,312.59
6.2.9 Other		
Attributable to non-controlling interests	1,782,683.19	1,275,890.18
7. Total comprehensive income	151,568,170.24	158,401,882.59
Attributable to owners of the Company as the parent	95,185,355.78	74,668,336.89
Attributable to non-controlling interests	56,382,814.46	83,733,545.70
8. Earnings per share		
8.1 Basic earnings per share	0.0406	0.0366
8.2 Diluted earnings per share	0.0406	0.0366

Legal representative: Liu Fengxi

CFO: Li Chunlei

Head of the financial department: Feng Junxiu

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

Unit: RMB

Item	Q3 2019	Q3 2018
1. Operating revenue	3,420,624,874.36	4,440,642,646.78
Less: Cost of sales	3,398,476,539.34	4,461,216,408.91
Taxes and surcharges	2,196,972.53	3,290,938.91
Selling expense	289,700,691.74	318,949,025.34
Administrative expense	97,690,345.27	116,016,183.63
R&D expense	11,583,116.72	26,533,247.55
Finance costs	51,277,210.40	42,077,470.06
Including: Interest expense	221,815,070.42	157,525,819.04
Interest income	107,028,598.07	47,340,463.92
Add: Other income	16,519,680.07	37,349,655.22
Return on investment (“-” for loss)	151,953,623.56	282,414,798.36
Including: Share of profit or loss of joint ventures and associates	-7,857,057.42	-7,560,003.70
Derecognition income of financial assets measured at amortized cost		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)		10,085,276.33
Credit impairment loss (“-” for loss)	-20,000,000.00	

Assets impairment loss (“-” for loss)		
Asset disposal income (“-” for loss)		607.74
2. Operating profit (“-” for loss)	-281,826,698.01	-197,590,289.97
Add: Non-operating income	185,713.17	966,927.34
Less: Non-operating expense	169,334.48	285,098.31
3. Profit before tax (“-” for loss)	-281,810,319.32	-196,908,460.94
Less: Income tax expense	-65,507,220.62	-77,096,924.08
4. Net profit (“-” for net loss)	-216,303,098.70	-119,811,536.86
4.1 Net profit from continuing operations (“-” for net loss)	-216,303,098.70	-119,811,536.86
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		5,222,526.42
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		5,222,526.42
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		4,296,185.76
5.2.4 Other comprehensive income arising from the reclassification of financial assets		
5.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.6 Allowance for credit impairments in investments in other debt obligations		
5.2.7 Reserve for cash flow hedges		
5.2.8 Differences arising from the translation of foreign currency-denominated financial statements		926,340.66

5.2.9 Other		
6. Total comprehensive income	-216,303,098.70	-114,589,010.44
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 5. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2019	Q1~Q3 2018
1. Revenue	41,681,249,260.63	29,761,729,899.11
Including: Operating revenue	41,681,249,260.63	29,761,729,899.11
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	42,723,961,198.82	30,481,274,468.11
Including: Cost of sales	39,601,480,656.43	28,063,582,724.87
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	56,271,805.11	49,903,363.92
Selling expense	1,605,394,922.82	1,614,517,042.56
Administrative expense	562,506,207.37	421,990,456.18
R&D expense	319,102,256.98	226,747,319.07
Finance costs	579,205,350.11	104,533,561.51
Including: Interest expense	815,995,662.79	495,028,664.94
Interest income	147,039,381.38	238,028,339.28
Add: Other income	642,173,576.13	264,719,535.81
Investment income ("-" for loss)	795,857,862.21	802,351,913.03
Including: Share of profit or loss of joint ventures and associates	-8,562,359.20	13,656,793.55
Derecognition income of financial assets measured at amortized cost		

Foreign exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-3,005,381.67	69,940,688.81
Credit impairment loss (“-” for loss)	-89,146,583.72	
Assets impairment loss (“-” for loss)	-9,456,436.22	-65,664,206.03
Asset disposal income (“-” for loss)	293,705,840.64	63,575,092.87
3. Operating profit (“-” for loss)	587,416,939.18	415,378,455.49
Add: Non-operating income	63,494,286.07	42,852,490.62
Less: Non-operating expense	5,278,988.90	11,871,912.02
4. Profit before tax (“-” for loss)	645,632,236.35	446,359,034.09
Less: Income tax expense	14,595,671.18	-132,872,432.79
5. Net profit (“-” for net loss)	631,036,565.17	579,231,466.88
5.1 By operating continuity (“-” for net loss)		
5.1.1 Net profit from continuing operations (“-” for net loss)	631,036,565.17	579,231,466.88
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	450,492,688.36	429,834,688.51
5.2.2. Net profit attributable to non-controlling interests	180,543,876.81	149,396,778.37
6. Other comprehensive income, net of tax	-3,865,740.99	-16,498,381.12
Attributable to owners of the Company as the parent	-6,200,198.54	-18,225,153.33
6.1 Items that will not be reclassified to profit or loss	-4,800,000.00	
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-4,800,000.00	
6.1.4 Changes in the fair value of the company’s credit risks		
6.1.5 Other		
6.2 Items that may subsequently be reclassified to profit or loss	-1,400,198.54	-18,225,153.33

6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Gain/Loss on changes in fair value of available-for-sale financial assets		-31,342.08
6.2.4. Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		
6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from translation of foreign currency-denominated financial statements	-1,400,198.54	-18,193,811.25
6.2.9 Other		
Attributable to non-controlling interests	2,334,457.55	1,726,772.21
7. Total comprehensive income	627,170,824.18	562,733,085.76
Attributable to owners of the Company as the parent	444,292,489.82	411,609,535.18
Attributable to non-controlling interests	182,878,334.36	151,123,550.58
8. Earnings per share		
8.1 Basic earnings per share	0.1871	0.1785
8.2 Diluted earnings per share	0.1871	0.1785

Legal representative: Liu Fengxi

CFO: Li Chunlei

Head of the financial department: Feng Junxiu

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

Unit: RMB

Item	Q1~Q3 2019	Q1~Q3 2018
1. Operating revenue	8,788,646,584.76	10,997,211,162.08
Less: Cost of sales	8,662,626,032.49	10,419,241,341.62
Taxes and surcharges	5,247,218.40	13,586,744.27
Selling expense	892,638,143.13	1,115,535,743.30
Administrative expense	214,332,248.59	241,930,804.62
R&D expense	33,467,367.19	128,379,273.19
Finance costs	315,092,491.81	188,923,238.66
Including: Interest expense	706,461,849.17	445,544,643.70

Interest income	332,427,396.10	160,404,469.05
Add: Other income	42,403,642.65	79,741,765.34
Investment income (“-” for loss)	337,929,362.44	1,441,862,076.64
Including: Share of profit or loss of joint ventures and associates	-3,928,528.71	5,680,179.60
Derecognition income of financial assets measured at amortized cost		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-3,005,381.67	69,940,688.81
Credit impairment loss (“-” for loss)	-26,660,947.01	
Assets impairment loss (“-” for loss)	-3,172,282.22	-36,873,991.62
Asset disposal income (“-” for loss)	200.00	19,557.06
2. Operating profit (“-” for loss)	-987,262,322.66	444,304,112.65
Add: Non-operating income	1,708,572.98	14,841,432.79
Less: Non-operating expense	1,126,692.02	5,725,462.45
3. Profit before tax (“-” for loss)	-986,680,441.70	453,420,082.99
Less: Income tax expense	-240,955,012.03	-164,010,095.13
4. Net profit (“-” for net loss)	-745,725,429.67	617,430,178.12
4.1 Net profit from continuing operations (“-” for net loss)	-745,725,429.67	617,430,178.12
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		5,546,547.44
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that may subsequently be reclassified to profit or loss		5,546,547.44
5.2.1 Share of other comprehensive income of		

investees that will be reclassified to profit or loss under equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Gain/Loss on changes in fair value of available-for-sale financial assets		4,296,185.76
5.2.4 Other comprehensive income arising from the reclassification of financial assets		
5.2.5 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.6 Allowance for credit impairments in investments in other debt obligations		
5.2.7 Reserve for cash flow hedges		
5.2.8 Differences arising from translation of foreign currency-denominated financial statements		1,250,361.68
5.2.9 Other		
6. Total comprehensive income	-745,725,429.67	622,976,725.56
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

## 7. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2019	Q1~Q3 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	41,460,695,427.76	24,472,986,972.47
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		

Tax rebates	596,940,645.18	312,128,742.81
Cash generated from other operating activities	2,810,409,063.92	2,865,828,267.19
Subtotal of cash generated from operating activities	44,868,045,136.86	27,650,943,982.47
Payments for commodities and services	42,633,289,918.22	24,117,693,794.31
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		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,354,791,311.98	1,235,221,504.02
Taxes paid	604,891,331.46	1,593,043,900.48
Cash used in other operating activities	2,847,652,417.14	3,601,969,084.22
Subtotal of cash used in operating activities	47,440,624,978.80	30,547,928,283.03
Net cash generated from/used in operating activities	-2,572,579,841.94	-2,896,984,300.56
2. Cash flows from investing activities:		
Proceeds from disinvestment	222,405,975.50	45,531,154.28
Investment income	109,794,038.16	100,982,942.46
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	123,083,476.75	1,851,025.13
Net proceeds from disposal of subsidiaries or other business units	90,801,480.11	141,294,742.26
Cash generated from other investing activities	1,757,416,878.42	1,392,285,000.00
Subtotal of cash generated from investing activities	2,303,501,848.94	1,681,944,864.13
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	1,280,750,151.25	267,022,282.19
Payments for investments	1,236,659,360.00	450,546,156.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		927,532,476.11
Cash used in other investing activities	800,033,420.00	774,880,000.00
Subtotal of cash used in investing activities	3,317,442,931.25	2,419,980,914.30
Net cash generated from/used in investing activities	-1,013,941,082.31	-738,036,050.17
3. Cash flows from financing activities:		
Capital contributions received	316,350,268.17	189,790,594.60

Including: Capital contributions by non-controlling interests to subsidiaries	316,350,268.17	189,790,594.60
Increase in borrowings obtained	21,816,836,119.64	11,340,498,767.13
Cash generated from other financing activities	662,446,627.50	1,023,076.93
Subtotal of cash generated from financing activities	22,795,633,015.31	11,531,312,438.66
Repayment of borrowings	15,301,413,298.24	6,369,248,011.05
Payments for interest and dividends	674,111,965.45	668,095,998.12
Including: Dividends paid by subsidiaries to non-controlling interests	33,607,322.95	1,629,621.25
Cash used in other financing activities	534,292,325.64	77,087,550.43
Subtotal of cash used in financing activities	16,509,817,589.33	7,114,431,559.60
Net cash generated from/used in financing activities	6,285,815,425.98	4,416,880,879.06
4. Effect of foreign exchange rate changes on cash and cash equivalents	7,020,688.15	22,282,446.23
5. Net increase in cash and cash equivalents	2,706,315,189.88	804,142,974.56
Add: Cash and cash equivalents, beginning of the period	3,434,149,481.72	3,097,899,703.76
6. Cash and cash equivalents, end of the period	6,140,464,671.60	3,902,042,678.32

## 8. Cash Flow Statement of the Company as the Parent for Q1~Q3

Unit: RMB

Item	Q1~Q3 2019	Q1~Q3 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	15,276,237,884.82	12,987,769,338.60
Tax rebates	48,371,777.09	130,863,528.45
Cash generated from other operating activities	9,241,152,305.86	2,759,126,679.00
Subtotal of cash generated from operating activities	24,565,761,967.77	15,877,759,546.05
Payments for commodities and services	13,228,154,713.94	11,185,702,814.55
Cash paid to and for employees	538,054,123.81	713,115,942.78
Taxes paid	44,781,446.37	1,158,672,182.51
Cash used in other operating activities	10,978,851,545.86	3,967,958,429.50
Subtotal of cash used in operating activities	24,789,841,829.98	17,025,449,369.34
Net cash generated from/used in operating activities	-224,079,862.21	-1,147,689,823.29
2. Cash flows from investing activities:		
Proceeds from disinvestment	166,685,882.00	224,007,998.00
Investment income	96,058,958.81	111,276,583.85
Net proceeds from disposal of fixed assets, intangible	255,200.79	172,255.79

assets and other long-lived assets		
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities	777,615,551.82	1,564,279,083.79
Subtotal of cash generated from investing activities	1,040,615,593.42	1,899,735,921.43
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	59,662,429.02	72,123,850.33
Payments for investments	703,450,000.00	2,022,767,387.50
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities	5,137,623,500.00	922,780,798.39
Subtotal of cash used in investing activities	5,900,735,929.02	3,017,672,036.22
Net cash generated from/used in investing activities	-4,860,120,335.60	-1,117,936,114.79
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained	11,517,566,793.66	4,899,799,364.16
Cash generated from other financing activities	2,500,000.00	
Subtotal of cash generated from financing activities	11,520,066,793.66	4,899,799,364.16
Repayment of borrowings	4,960,897,423.76	1,502,962,221.73
Payments for interest and dividends	561,130,301.68	640,026,892.15
Cash used in other financing activities	10,922,037.42	435,233,291.92
Subtotal of cash used in financing activities	5,532,949,762.86	2,578,222,405.80
Net cash generated from/used in financing activities	5,987,117,030.80	2,321,576,958.36
4. Effect of foreign exchange rate changes on cash and cash equivalents	-10,762,185.92	-41,200,286.25
5. Net increase in cash and cash equivalents	892,154,647.07	14,750,734.03
Add: Cash and cash equivalents, beginning of the period	1,497,794,555.85	1,743,269,944.67
6. Cash and cash equivalents, end of the period	2,389,949,202.92	1,758,020,678.70

## II Adjustments to the Financial Statements

### 1. Adjustments to the Financial Statements at the Beginning of the Execution of any New Standards Governing Financial Instruments, Revenue or Leases from 2019

√ Applicable □ Not applicable

#### Consolidated Balance Sheet

Unit: RMB

Item	31 December 2018	1 January 2019	Adjusted
Current assets:			

Monetary capital	4,348,144,129.53	4,348,144,129.53	
Trading financial assets	Inapplicable	66,959,651.89	66,959,651.89
Financial assets at fair value through profit or loss	5,464,984.92	Inapplicable	-5,464,984.92
Notes receivable	3,329,711,954.15	3,136,050,327.88	-193,661,626.27
Accounts receivable	4,458,053,586.42	4,457,458,904.32	-594,682.10
Accounts receivable financing	Inapplicable	193,661,626.27	193,661,626.27
Prepayments	1,036,979,167.56	1,036,979,167.56	
Other receivables	410,804,180.50	408,514,607.98	-2,289,572.52
Including: Interest receivable	4,059,682.40	4,059,682.40	
Dividends receivable	547,848.62	547,848.62	
Inventories	5,487,605,227.05	5,487,605,227.05	
Current portion of non-current assets	22,318,208.13	22,318,208.13	
Other current assets	2,744,216,141.98	2,744,216,141.98	
Total current assets	21,843,297,580.24	21,901,907,992.59	58,610,412.35
Non-current assets:			
Available-for-sale financial assets	633,664,881.33	Inapplicable	-633,664,881.33
Long-term receivables	390,793,038.05	390,793,038.05	
Long-term equity investments	2,637,780,825.53	2,637,780,825.53	
Investments in other equity instruments	Inapplicable	23,940,214.36	23,940,214.36
Other non-current financial assets	Inapplicable	548,230,000.00	548,230,000.00
Investment property	210,824,355.72	210,824,355.72	
Fixed assets	2,410,226,495.81	2,410,226,495.81	
Construction in progress	2,176,871,530.80	2,176,871,530.80	
Intangible assets	737,776,686.34	737,776,686.34	
Goodwill	855,691,423.75	855,691,423.75	
Long-term prepaid expense	111,223,426.77	111,223,426.77	
Deferred income tax assets	639,433,954.30	639,433,954.30	
Other non-current assets	337,477,690.39	337,477,690.39	
Total non-current assets	11,141,764,308.79	11,080,269,641.82	-61,494,666.97
Total assets	32,985,061,889.03	32,982,177,634.41	-2,884,254.62
Current liabilities:			
Short-term borrowings	13,884,132,931.63	13,884,132,931.63	
Trading financial liabilities	Inapplicable	2,459,603.25	2,459,603.25

Financial liabilities at fair value through profit or loss	2,459,603.25	Inapplicable	-2,459,603.25
Notes payable	862,330,689.47	862,330,689.47	
Accounts payable	4,362,723,050.33	4,362,723,050.33	
Advances from customers	723,227,529.20	723,227,529.20	
Payroll payable	376,506,567.71	376,506,567.71	
Taxes payable	288,004,192.44	288,004,192.44	
Other payables	2,024,657,277.74	2,024,657,277.74	
Including: Interest payable	27,230,631.41	27,230,631.41	
Current portion of non-current liabilities	151,792,404.13	151,792,404.13	
Total current liabilities	22,675,834,245.90	22,675,834,245.90	
Non-current liabilities:			
Long-term borrowings	445,000,000.00	445,000,000.00	
Long-term payables	128,374,597.41	128,374,597.41	
Long-term payroll payable	8,792,614.98	8,792,614.98	
Provisions	21,772,898.37	21,772,898.37	
Deferred income	112,899,128.24	112,899,128.24	
Deferred income tax liabilities	141,020,093.34	141,020,093.34	
Total non-current liabilities	857,859,332.34	857,859,332.34	
Total liabilities	23,533,693,578.24	23,533,693,578.24	
Owners' equity:			
Share capital	2,407,945,408.00	2,407,945,408.00	
Capital reserves	208,356,624.21	208,356,624.21	
Other comprehensive income	-10,538,219.08	-10,538,219.08	
Surplus reserves	1,227,564,785.19	1,227,564,785.19	
Retained earnings	4,271,408,192.21	4,268,523,937.59	-2,884,254.62
Total equity attributable to owners of the Company as the parent	8,104,736,790.53	8,101,852,535.91	-2,884,254.62
Non-controlling interests	1,346,631,520.26	1,346,631,520.26	
Total owners' equity	9,451,368,310.79	9,448,484,056.17	-2,884,254.62
Total liabilities and owners' equity	32,985,061,889.03	32,982,177,634.41	-2,884,254.62

### Notes for adjustment

The Company has implemented the New Financial Instrument Standard since January 1, 2019, respectively measured “financial assets at fair value through profit or loss” as “financial assets held for trading”, measured “available-for-sale financial assets” as

“financial assets held for trading”, “other non-current financial assets” and “other equity instrument”, measured “notes measured at the fair value with its changes included into other comprehensive income” as “accounts receivable financing”, measured “financial liabilities at fair value through profit or loss” as “trading financial liabilities”.

According to the convergence rules of the New Financial Instrument Standards, the Company does not need to restate the previous comparables, and the information presented in the financial statements is not inconsistent with the requirements of the new standard. The difference between the original book value of the financial instrument and the new book value on the date of implementation of the standard is included in the retained earnings at the beginning of 2019.

### Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2018	1 January 2019	Adjusted
Current assets:			
Monetary capital	2,124,335,536.69	2,124,335,536.69	
Trading financial assets	Inapplicable	66,959,651.89	66,959,651.89
Financial assets at fair value through profit or loss	5,464,984.92	Inapplicable	-5,464,984.92
Notes receivable	2,181,466,683.90	2,181,166,683.90	-300,000.00
Accounts receivable	7,427,246,429.42	7,426,742,836.53	-503,592.89
Accounts receivable financing	Inapplicable	300,000.00	300,000.00
Prepayments	1,019,335,571.49	1,019,335,571.49	
Other receivables	6,667,463,126.57	6,665,839,214.30	-1,623,912.27
Including: Interest receivable	5,769,663.24	5,769,663.24	
Inventories	254,225,716.41	254,225,716.41	
Other current assets	77,249,216.99	77,249,216.99	
Total current assets	19,756,787,266.39	19,816,154,428.20	59,367,161.81
Non-current assets:			
Available-for-sale financial assets	326,164,881.33	Inapplicable	-326,164,881.33
Long-term equity investments	6,182,962,034.71	6,182,962,034.71	
Investments in other equity instruments	Inapplicable	14,440,214.36	14,440,214.36
Other non-current financial assets	Inapplicable	250,230,000.00	250,230,000.00
Investment property	210,824,355.72	210,824,355.72	
Fixed assets	462,721,018.30	462,721,018.30	

Construction in progress	157,356,696.30	157,356,696.30	
Intangible assets	83,593,959.11	83,593,959.11	
Long-term prepaid expense	80,388,949.97	80,388,949.97	
Deferred income tax assets	516,879,201.66	516,879,201.66	
Other non-current assets	20,000,000.00	20,000,000.00	
Total non-current assets	8,040,891,097.10	7,979,396,430.13	-61,494,666.97
Total assets	27,797,678,363.49	27,795,550,858.33	-2,127,505.16
Current liabilities:			
Short-term borrowings	8,179,564,987.70	8,179,564,987.70	
Trading financial liabilities	Inapplicable	2,459,603.25	2,459,603.25
Financial liabilities at fair value through profit or loss	2,459,603.25	Inapplicable	-2,459,603.25
Notes payable	3,513,157,955.43	3,513,157,955.43	
Accounts payable	6,477,055,955.65	6,477,055,955.65	
Advances from customers	306,650,717.69	306,650,717.69	
Payroll payable	146,199,496.44	146,199,496.44	
Taxes payable	10,913,871.30	10,913,871.30	
Other payables	2,011,494,378.65	2,011,494,378.65	
Including: Interest payable	24,158,666.48	24,158,666.48	
Current portion of non-current liabilities	40,000,000.00	40,000,000.00	
Total current liabilities	20,687,496,966.11	20,687,496,966.11	
Non-current liabilities:			
Long-term borrowings	245,000,000.00	245,000,000.00	
Provisions	206,591.51	206,591.51	
Deferred income	75,705,476.93	75,705,476.93	
Deferred income tax liabilities	751,345.42	751,345.42	
Total non-current liabilities	321,663,413.86	321,663,413.86	
Total liabilities	21,009,160,379.97	21,009,160,379.97	
Owners' equity:			
Share capital	2,407,945,408.00	2,407,945,408.00	
Capital reserves	114,018,066.79	114,018,066.79	
Other comprehensive income	-1,182,217.31	-1,182,217.31	
Surplus reserves	1,227,564,785.19	1,227,564,785.19	
Retained earnings	3,040,171,940.85	3,038,044,435.69	-2,127,505.16

Total owners' equity	6,788,517,983.52	6,786,390,478.36	-2,127,505.16
Total liabilities and owners' equity	27,797,678,363.49	27,795,550,858.33	-2,127,505.16

### Notes for adjustment

The Company has implemented the New Financial Instrument Standard since January 1, 2019, respectively measured “financial assets at fair value through profit or loss” as “financial assets held for trading”, measured “available-for-sale financial assets” as “financial assets held for trading”, “other non-current financial assets” and “other equity instrument”, measured “notes measured at the fair value with its changes included into other comprehensive income” as “accounts receivable financing”, measured “financial liabilities at fair value through profit or loss” as “trading financial liabilities”.

According to the convergence rules of the New Financial Instrument Standards, the Company does not need to restate the previous comparables, and the information presented in the financial statements is not inconsistent with the requirements of the new standard. The difference between the original book value of the financial instrument and the new book value on the date of implementation of the standard is included in the retained earnings at the beginning of 2019.

### 2. Retrospective Restatement of Previous Comparative Data due to the First of any New Standards Governing Financial Instruments or Leases from 2019

Applicable  Not applicable

### III Independent Auditor's Report

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

Yes  No

These financial statements have not been audited by such an auditor.

The Board of Directors  
Konka Group Co., Ltd.  
30 October 2019