

**Konka Group Co., Ltd.**  
**Report for the First Quarter of 2015**

**2015-18**

**Apr. 2015**

## **Section I. Important Reminders**

**The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Konka Group Co., Ltd. (hereinafter referred to as “the Company”) warrant that the information carried in 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 have attended the board session for reviewing this report.**

**Chen Yuehua, Company Principal, Huang Zhiqiang, Chief of the Accounting Work, and Xu Youshan, 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

	Jan.-Mar. 2015	Jan.-Mar. 2014	+/- (%)
Operating revenues (RMB Yuan)	4,569,152,230.30	4,049,737,785.15	12.83%
Net profit attributable to shareholders of the Company (RMB Yuan)	7,752,441.61	9,522,762.31	-18.59%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	-214,058.24	149,469.07	-243.21%
Net cash flows from operating activities (RMB Yuan)	277,361,649.37	935,058,191.82	-70.34%
Basic EPS (RMB Yuan/share)	0.0064	0.0079	-18.99%
Diluted EPS (RMB Yuan/share)	0.0064	0.0079	-18.99%
Weighted average ROE (%)	0.19%	0.23%	-0.04%
	31 Mar. 2015	31 Dec. 2014	+/- (%)
Total assets (RMB Yuan)	16,084,083,708.65	16,779,359,276.65	-4.14%
Net assets attributable to shareholders of the Company (RMB Yuan)	4,111,305,157.03	4,103,478,971.07	0.19%

Items and amounts of extraordinary gains and losses

Applicable  Inapplicable

Unit: RMB Yuan

Item	Jan.-Mar. 2015	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	-573,789.69	
Government grants 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	4,943,335.85	
Gain/loss on entrusting others with investments or asset management	1,571,095.90	
Gain/loss on entrustment loans	759,999.99	
Non-operating income and expense other than the above	2,753,886.36	
Less: Income tax effects	1,242,760.44	

Minority interests effects (after tax)	245,268.12	
Total	7,966,499.85	--

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

Item	Amount (RMB Yuan)	Reason
Tax rebates on software	30,938,464.43	Government grants closely related to the Company's normal operation and constantly given at certain quotas or amounts according to the government's policies and standards

## II. Total number of shareholders at the period-end and shareholdings of top 10 shareholders

### 1. Total number of common shareholders at the period-end and shareholdings of top 10 common shareholders

Unit: share

Total number of common shareholders at the period-end		62,436				
Shareholdings of top 10 common shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
OCT ENTERPRISES CO.	State-owned corporation	21.75%	261,873,466	198,381,940	Pledged	0
					Frozen	0
Guoyuan Securities Brokerage (HK) Co., Ltd.	Foreign corporation	2.89%	34,826,999	0	Pledged	0
					Frozen	0
National Social Security Fund Portfolio No. 108	Domestic non-state-owned corporation	2.89%	34,766,528	0	Pledged	0
					Frozen	0
China Resources SZITIC-Extraordinary No. 18 Fund Trust	Domestic non-state-owned corporation	2.48%	29,878,723	0	Pledged	0
					Frozen	0
GAOLING FUND, L.P.	Foreign corporation	2.19%	26,400,625	0	Pledged	0
					Frozen	0

HOLY TIME GROUP LIMITED	Foreign corporation	2.18%	26,290,177	0	Pledged	0
					Frozen	0
China Resources SZITIC-Extraordinary No. 17 Fund Trust	Domestic non-state-owned corporation	2.01%	24,183,850	0	Pledged	0
					Frozen	0
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	1.53%	18,474,759	0	Pledged	0
					Frozen	0
Sun Zhenxiang	Domestic natural person	1.17%	14,093,988	0	Pledged	0
					Frozen	0
Shenzhen Ping An Dahua Huitong Wealth-Ping An Bank-Specific Customer Asset Management Plan of No. 1 of Ping An Huitong Chuangfu Hongyu	Domestic non-state-owned corporation	0.98%	11,743,172	0	Pledged	0
					Frozen	0
Shareholdings of top 10 non-restricted common shareholders						
Name of shareholder	Number of non-restricted common shares held	Variety of shares				
		Variety	Number			
OCT ENTERPRISES CO.	63,491,526	RMB ordinary shares	63,491,526			
Guoyuan Securities Brokerage (HK) Co., Ltd.	34,826,999	Domestically listed foreign shares	34,826,999			
National Social Security Fund Portfolio No. 108	34,766,528	RMB ordinary shares	34,766,528			
China Resources SZITIC-Extraordinary No. 18 Fund Trust	29,878,723	RMB ordinary shares	29,878,723			
GAOLING FUND, L.P.	26,400,625	Domestically listed foreign shares	26,400,625			
HOLY TIME GROUP LIMITED	26,290,177	Domestically listed foreign shares	26,290,177			
China Resources SZITIC-Extraordinary No. 17	24,183,850	RMB ordinary shares	24,183,850			

Fund Trust			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	18,474,759	Domestically listed foreign shares	18,474,759
Sun Zhenxiang	14,093,988	RMB ordinary shares	14,093,988
Shenzhen Ping An Dahua Huitong Wealth-Ping An Bank-Specific Customer Asset Management Plan of No. 1 of Ping An Huitong Chuangfu Hongyu	11,743,172	RMB ordinary shares	11,743,172
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders	The first majority shareholder OVERSEAS CHINESE TOWN ENTERPRISES CO. has no related-party relationship with other shareholders and they are not acting-in-concert parties, either. Except for that, the Company does not know whether the other shareholders are related parties and whether they are acting-in-concert parties.		
Top 10 common shareholders taking part in securities margin trading (if any)	A shares shareholder — Sun Zhenxiang held 14,093,988 shares through customer credit trading collateral securities account of GF Securities Co., Ltd.		

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conduct any promissory repo during the reporting period?

Yea  No

No such cases in the reporting period.

**2. Total number of preferred shareholders at the period-end and shareholdings of top 10 preferred shareholders**

Applicable  Inapplicable

### Section III. Significant Events

#### I. Significant changes of the major accounting statement items and financial indicators for the reporting period, as well as the reasons for these changes

√ Applicable □ Inapplicable

(I) In the reporting period, we continued to push forward the E-strategy, with an improved product structure, a larger proportion of intelligent TVs in the total sales volume and a growth in the sales income from color TVs. During the reporting period, we also launched Konka T60 Super TV, an internet intelligent TV jointly developed by Konka, GITV (Galaxy Internet TV) and Tencent. GITV was the only integrated broadcast control platform, with Tencent's quality authorized contents introduced via its contents service platform. T60 carried the YIUI control system independently developed by Konka, where we carried out an in-depth cooperation with Tencent in UI (user interface) to create the whole new Q-theme and introduce various software and contents services of Tencent.

However, the reporting period recorded a drop in our net profits due to the cutthroat price competition in the color TV market.

(II) Changes in main financial indicators:

Unit: RMB Ten thousand

Item	Closing amount	Opening amount	Change in amount	Ratio of change (%)	Main reason for the change
Interest receivable	412.98	188.57	224.41	119.00%	The accrual interest incomes increased.
Other current assets	21,584.68	56,802.02	-35,217.34	-62.00%	① The bank deposits in other current assets that had not yet arrived last year arrived in the current period, and other current assets decreased accordingly; ② The pre-paid and to-be-deducted taxes reclassified into other current assets at the period-end decreased.
Taxes and fares payable	4,291.63	11,255.70	-6,964.07	-61.87%	The unpaid taxes and fares decreased.
Interest payable	2,794.95	2,287.24	507.71	22.20%	The accrual interest increased.
Operating revenues	456,915.22	404,973.78	51,941.44	12.83%	The sales increased.

Operating costs	386,190.87	331,429.69	54,761.19	16.52%	The sales increased.
Financial expenses	7,655.13	5,699.61	1,955.52	34.31%	Financing costs and exchange rate fluctuations
Investment gains	287.77	217.43	70.34	32.35%	Wealth management
Income tax expenses	2,737.09	1,273.72	1,463.38	114.89%	The total profits of the Company (without subsidiaries) increased.

## II. Progress of significant events and analysis & explanations on their influence and solutions

Applicable  Inapplicable

### (I) Progress of the urban renewal project in the plant area of the Company's headquarters

In order to push forward the urban renewal of the plant area of the Konka Group Headquarters and fully safeguard the interests of the Company and its investors, as reviewed and approved at the 67<sup>th</sup> Session of the 7<sup>th</sup> Board of Directors and the Second Special General Meeting for 2014, the Company and OCT Enterprises Co. were to jointly incorporate an enterprise to work on the renewal project of the plant area of the Konka Group Headquarters. OCT would hold a stake of 30% in the joint venture while the Company would hold 70%. Up to the disclosure date of this report, the joint venture has been established and is going through relevant formalities.

### (II) Progress of the Company's Kunshan Zhouzhuang Project

After the approval by the 42<sup>nd</sup> meeting of the 6<sup>th</sup> Board of Directors, the Company obtained the land use rights of the land in the south of Quanwang Road, Zhouzhuang County, Kunshan. The project covers an area of 366,575.8 m<sup>2</sup> for tourism facilities and commercial housing.

The Company is planned to develop the land by stages and determine the annual development plans according to market condition. From March, 2013, the first-phrase residential project has been started for construction and some houses were delivered in 2014. It generated some sales income and produced profits in 2014. Meanwhile, the second-phrase residential project started in 2014.

## III. Commitments made by the Company or any shareholder with a shareholding over 5% in the reporting period or such commitments made in previous period and carried down into the reporting period

Applicable  Inapplicable

No such cases in the reporting period.

## IV. Predict the operating results of Jan.-Jun. 2015

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next reporting period according to prediction, as well as explanations on the reasons:

Applicable  Inapplicable

## V. Securities investments

Applicable  Inapplicable

Variety of securities	Code of securities	Name of securities	Initial investment cost (RMB Yuan)	Number of shares held at period-begin	Shareholding percent age at period-begin	Number of shares held at period-end	Shareholding percent age at period-end	Closing book value (RMB Yuan)	Gain/loss for reporting period (RMB Yuan)	Accounting title	Source of securities
Stock	000002	Vanke A	2,311,748.07	117,310	0.00%	117,310	0.00%	1,621,224.20	0.00	Available-for-sale financial assets	Subscription of issuing new shares
Total			2,311,748.07	117,310	--	117,310	--	1,621,224.20	0.00	--	--
Disclosure date of the board announcement on securities investment approval			Inapplicable								
Disclosure date of the general meeting announcement on securities investment approval (if any)			Inapplicable								

## VI. Shareholdings in other listed companies

Applicable  Inapplicable

No such cases in the reporting period.

## VII. Investments in derivatives

Applicable  Inapplicable

No such cases in the reporting period.

## VIII. Researches, visits and interviews received in the reporting period

Applicable  Inapplicable

No such cases in the reporting period.

## Section IV. Financial Statements

### I. Financial statements

#### 1. Consolidated balance sheet

Prepared by Konka Group Co., Ltd.

31 Mar. 2015

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,810,044,864.71	1,703,135,732.18
Settlement reserves		
Intra-group lendings		
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	3,677,246,015.74	3,819,417,076.37
Accounts receivable	2,211,159,697.58	2,259,293,207.16
Accounts paid in advance	329,599,318.16	315,150,044.57
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	4,129,817.08	1,885,727.36
Dividend receivable		
Other accounts receivable	336,356,912.26	298,975,391.68
Financial assets purchased under agreements to resell		
Inventories	3,529,048,169.13	3,904,436,250.33
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	215,846,771.36	568,020,200.48

Total current assets	12, 113, 431, 566. 02	12, 870, 313, 630. 13
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	305, 634, 224. 20	245, 033, 609. 00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	363, 308, 383. 66	362, 765, 183. 66
Investing real estate	231, 941, 634. 23	233, 349, 452. 80
Fixed assets	1, 774, 296, 631. 84	1, 783, 695, 548. 92
Construction in progress	181, 895, 302. 45	159, 604, 884. 09
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	350, 402, 983. 16	347, 626, 130. 58
R&D expense		
Goodwill	3, 597, 657. 15	3, 597, 657. 15
Long-term deferred expenses	35, 293, 732. 96	25, 792, 805. 06
Deferred income tax assets	236, 217, 613. 98	259, 516, 396. 26
Other non-current assets	488, 063, 979. 00	488, 063, 979. 00
Total of non-current assets	3, 970, 652, 142. 63	3, 909, 045, 646. 52
Total assets	16, 084, 083, 708. 65	16, 779, 359, 276. 65
Current liabilities:		
Short-term borrowings	5, 000, 179, 106. 52	5, 145, 712, 436. 91
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	973, 235, 070. 69	911, 355, 028. 47
Accounts payable	2, 713, 613, 371. 11	3, 144, 408, 433. 93

Accounts received in advance	312,570,135.81	302,904,453.86
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	218,323,182.59	299,272,715.05
Tax payable	42,916,297.98	112,557,005.85
Interest payable	27,949,527.55	22,872,418.43
Dividend payable		
Other accounts payable	1,232,326,558.54	1,376,803,381.03
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within 1 year	1,212,681.18	1,525,465.53
Other current liabilities		
Total current liabilities	10,522,325,931.97	11,317,411,339.06
Non-current liabilities:		
Long-term borrowings	983,882,578.42	957,541,210.52
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables	30,136,615.38	30,029,990.10
Long-term payroll payables	27,846,234.56	28,554,734.16
Specific payables		
Estimated liabilities		
Deferred income	152,077,680.03	147,315,999.02
Deferred income tax liabilities	1,049,498.77	1,049,498.77
Other non-current liabilities		
Total non-current liabilities	1,194,992,607.16	1,164,491,432.57
Total liabilities	11,717,318,539.13	12,481,902,771.63
Owners' equity:		

Share capital	1,203,972,704.00	1,203,972,704.00
Other equity instruments		
Of which: preferred shares		
Perpetual bonds		
Capital reserves	1,289,403,563.99	1,289,403,563.99
Less: Treasury stock		
Other comprehensive income	16,245,222.26	16,171,477.91
Specific reserves		
Surplus reserves	847,908,466.28	847,908,466.28
Provisions for general risks		
Retained profits	753,775,200.50	746,022,758.89
Total equity attributable to owners of the Company	4,111,305,157.03	4,103,478,971.07
Minority interests	255,460,012.49	193,977,533.95
Total owners' equity	4,366,765,169.52	4,297,456,505.02
Total liabilities and owners' equity	16,084,083,708.65	16,779,359,276.65

Legal representative: Chen Yuehua  
the accounting work: Huang Zhiqiang

Person-in-charge of

Chief of the accounting division: Xu Youshan

## 2. Balance sheet of the Company

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	749,444,246.85	993,131,773.08
Financial assets measured at fair value of which changes are recorded in current profits and losses		
Derivative financial assets		
Notes receivable	3,542,855,791.18	3,664,117,423.56
Accounts receivable	1,395,976,908.62	1,539,295,976.29
Accounts paid in advance	307,469,052.71	349,343,179.42
Interest receivable	18,439,721.47	14,450,153.53
Dividend receivable		

Other accounts receivable	1,066,473,091.30	988,199,630.05
Inventories	1,933,329,021.85	2,500,537,916.63
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	120,157,607.39	201,280,204.53
Total current assets	9,134,145,441.37	10,250,356,257.09
Non-current assets:		
Available-for-sale financial assets	273,584,224.20	218,983,609.00
Held-to-maturity investments	652,000,000.00	600,000,000.00
Long-term accounts receivable		
Long-term equity investment	1,736,174,456.09	1,608,674,456.09
Investing real estate	231,941,634.23	233,349,452.80
Fixed assets	530,001,210.15	534,363,754.80
Construction in progress	35,818,579.88	37,567,861.10
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	80,641,490.03	76,397,532.51
R&D expense		
Goodwill		
Long-term deferred expenses	23,250,395.49	14,567,206.83
Deferred income tax assets	223,653,709.01	244,080,035.45
Other non-current assets		
Total of non-current assets	3,787,065,699.08	3,567,983,908.58
Total assets	12,921,211,140.45	13,818,340,165.67
Current liabilities:		
Short-term borrowings	285,766,000.82	244,808,594.52
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable	456,406,863.94	367,803,372.65
Accounts payable	6,550,745,291.38	7,871,208,959.66

Accounts received in advance	420,878,094.79	190,627,895.21
Payroll payable	107,026,896.18	146,758,331.08
Tax payable	4,612,047.98	5,081,943.95
Interest payable	3,236,763.25	5,406,211.20
Dividend payable		
Other accounts payable	1,143,394,094.24	1,103,672,772.19
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	8,972,066,052.58	9,935,368,080.46
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income	83,126,750.64	80,679,738.96
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	83,126,750.64	80,679,738.96
Total liabilities	9,055,192,803.22	10,016,047,819.42
Owners' equity:		
Share capital	1,203,972,704.00	1,203,972,704.00
Other equity instruments		
Of which: preferred shares		
Perpetual bonds		
Capital reserves	1,250,283,488.79	1,250,283,488.79
Less: Treasury stock		
Other comprehensive income	464,788.91	471,827.51
Specific reserves		

Surplus reserves	847,908,466.28	847,908,466.28
Retained profits	563,388,889.25	499,655,859.67
Total owners' equity	3,866,018,337.23	3,802,292,346.25
Total liabilities and owners' equity	12,921,211,140.45	13,818,340,165.67

### 3. Consolidated income statement

Unit: RMB Yuan

Item	Jan.-Mar. 2015	Jan.-Mar. 2014
I. Total operating revenues	4,569,152,230.30	4,049,737,785.15
Including: Sales income	4,569,152,230.30	4,049,737,785.15
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating costs	4,578,328,053.63	4,063,464,797.95
Including: Cost of sales	3,861,908,737.54	3,314,296,879.16
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	13,913,541.44	13,476,912.89
Selling and distribution expenses	479,744,466.36	530,426,324.73
Administrative expenses	146,226,312.63	153,450,740.64
Financial expenses	76,551,299.57	56,996,063.54
Asset impairment loss	-16,303.91	-5,182,123.01
Add: Gain/(loss) from change in fair value ("-" means loss)		
Gain/(loss) from investment ("-" means loss)	2,877,685.83	2,174,273.27
Including: share of profits in associates and joint ventures	543,200.00	2,174,273.27
Foreign exchange gains ("-" means loss)		
III. Business profit ("-" means loss)	-6,298,137.50	-11,552,739.53

Add: non-operating income	39,220,480.97	36,198,775.51
Including: Gains on disposal of non-current assets		
Less: non-operating expense	1,158,584.02	1,583,788.49
Including: Losses on disposal of non-current assets	598,558.94	950,183.34
IV. Total profit (“-” means loss)	31,763,759.45	23,062,247.49
Less: Income tax expense	27,370,944.43	12,737,179.94
V. Net profit (“-” means loss)	4,392,815.02	10,325,067.55
Net profit attributable to owners of the Company	7,752,441.61	9,522,762.31
Minority shareholders’ income	-3,359,626.59	802,305.24
VI. After-tax net amount of other comprehensive incomes	403,940.87	-2,017,338.63
After-tax net amount of other comprehensive incomes attributable to owners of the Company	73,744.35	-1,443,336.33
(I) Other comprehensive incomes that will not be reclassified into gains and losses	0.00	0.00
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement	0.00	0.00
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method	0.00	0.00
(II) Other comprehensive incomes that will be reclassified into gains and losses	73,744.35	-1,443,336.33
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method	0.00	0.00
2. Gains and losses on fair value changes of available-for-sale financial assets	-7,038.61	5,278.95
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets	0.00	0.00
4. Effective hedging gains and losses on cash flows	0.00	0.00
5. Foreign-currency financial statement translation difference	80,782.96	-1,448,615.28
6. Other	0.00	0.00
After-tax net amount of other comprehensive	330,196.52	-574,002.30



Less: Income tax expense	20,428,672.64	10,759,011.58
IV. Net profit (“-” means loss)	63,733,029.58	30,650,519.49
V. After-tax net amount of other comprehensive incomes	-7,038.61	5,278.95
(I) Other comprehensive incomes that will not be reclassified into gains and losses	0.00	0.00
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement	0.00	0.00
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method	0.00	0.00
(II) Other comprehensive incomes that will be reclassified into gains and losses	-7,038.61	5,278.95
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method	0.00	0.00
2. Gains and losses on fair value changes of available-for-sale financial assets	-7,038.61	5,278.95
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets	0.00	0.00
4. Effective hedging gains and losses on cash flows	0.00	0.00
5. Foreign-currency financial statement translation difference	0.00	0.00
6. Other	0.00	0.00
VI. Total comprehensive incomes	63,725,990.97	30,655,798.44
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Mar. 2015	Jan.-Mar. 2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	4,304,120,204.92	4,228,168,316.46
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 financial assets measured at fair value of which changes are recorded into current gains and losses		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	122,737,100.94	133,591,444.76
Other cash received relating to operating activities	92,724,628.19	67,080,392.97
Subtotal of cash inflows from operating activities	4,519,581,934.05	4,428,840,154.19
Cash paid for goods and services	3,322,914,131.71	2,484,241,440.37
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	487,672,449.52	483,492,822.28
Various taxes paid	155,040,386.50	210,931,969.79
Other cash payment relating to operating activities	276,593,316.95	315,115,729.93
Subtotal of cash outflows from operating activities	4,242,220,284.68	3,493,781,962.37
Net cash flows from operating activities	277,361,649.37	935,058,191.82
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	20,170,536.85	13,879,620.00
Cash received from return on investments	7,595,434.93	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	180,987.50	304,708.58
Net cash received from disposal of subsidiaries or		

other business units		
Other cash received relating to investing activities	550,500,000.00	
Subtotal of cash inflows from investing activities	578,446,959.28	14,184,328.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets	73,752,961.97	554,763,873.92
Cash paid for investment	60,610,000.00	
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities	550,150,000.00	183,497.35
Subtotal of cash outflows from investing activities	684,512,961.97	554,947,371.27
Net cash flows from investing activities	-106,066,002.69	-540,763,042.69
III. Cash Flows from Financing Activities:		
Cash received from capital contributions	69,408,631.07	
Including: Cash received from minority shareholder investments by subsidiaries	69,408,631.07	
Cash received from borrowings	1,325,704,590.05	1,249,214,976.99
Cash received from issuance of bonds		
Other cash received relating to financing activities	118,098,914.34	471.75
Subtotal of cash inflows from financing activities	1,513,212,135.46	1,249,215,448.74
Repayment of borrowings	1,404,925,078.41	448,563,365.07
Cash paid for interest expenses and distribution of dividends or profit	40,634,577.65	9,784,990.71
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	121,682,102.37	959,134.76
Sub-total of cash outflows from financing activities	1,567,241,758.43	459,307,490.54
Net cash flows from financing activities	-54,029,622.97	789,907,958.20
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-37,073,373.72	15,165,240.87
V. Net increase in cash and cash equivalents	80,192,649.99	1,199,368,348.20
Add: Opening balance of cash and cash equivalents	1,640,236,837.08	1,771,489,421.21
VI. Closing balance of cash and cash equivalents	1,720,429,487.07	2,970,857,769.41

**6. Cash flow statement of the Company**

Unit: RMB Yuan

Item	Jan.-Mar. 2015	Jan.-Mar. 2014
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of commodities and rendering of service	3,718,414,073.90	3,384,948,009.22
Tax refunds received	42,946,819.67	70,970,465.76
Other cash received relating to operating activities	214,398,614.69	39,210,508.85
Subtotal of cash inflows from operating activities	3,975,759,508.26	3,495,128,983.83
Cash paid for goods and services	3,285,785,906.80	1,744,797,235.10
Cash paid to and for employees	269,023,634.05	275,654,888.89
Various taxes paid	67,107,627.22	108,228,753.26
Other cash payment relating to operating activities	361,524,255.40	367,470,718.52
Subtotal of cash outflows from operating activities	3,983,441,423.47	2,496,151,595.77
Net cash flows from operating activities	-7,681,915.21	998,977,388.06
<b>II. Cash flows from investing activities:</b>		
Cash received from retraction of investments	5,278,509.85	13,879,620.00
Cash received from return on investments	11,517,815.40	2,400,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	101,987.50	101,208.58
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	570,000,000.00	
Subtotal of cash inflows from investing activities	586,898,312.75	16,380,828.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets	14,014,990.30	506,239,295.60
Cash paid for investment	182,610,000.00	
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities	622,000,000.00	40,000,000.00
Subtotal of cash outflows from investing activities	818,624,990.30	546,239,295.60
Net cash flows from investing activities	-231,726,677.55	-529,858,467.02
<b>III. Cash Flows from Financing Activities:</b>		
Cash received from capital contributions		

Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities	118,098,914.34	0
Subtotal of cash inflows from financing activities	118,098,914.34	0
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities	119,643,450.94	524.85
Sub-total of cash outflows from financing activities	119,643,450.94	524.85
Net cash flows from financing activities	-1,544,536.60	-524.85
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,734,551.47	2,858,928.22
V. Net increase in cash and cash equivalents	-243,687,680.83	471,977,324.41
Add: Opening balance of cash and cash equivalents	991,459,790.62	1,117,689,643.16
VI. Closing balance of cash and cash equivalents	747,772,109.79	1,589,666,967.57

## II. Auditor's report

Is this report audited?

Yes  No

This report is not audited.

Konka Group Co., Ltd.

Board of Directors

29 Apr. 2015