



2019 Third Quarter Report

Of

Chongqing Changan Automobile Company Limited

October, 2019

Chapter 1 Important Notes

The Board of Directors, the Supervisory Committee and directors, supervisors and senior management of Chongqing Changan Automobile Company Limited (hereinafter referred to as “the Company”) hereby guarantee that no false or misleading statement or major omission was made to the materials in this report and that they will assume all the responsibilities, individually and jointly, for the trueness, accuracy and completeness of the contents of this report.

All directors attended the board meeting for reviewing the third quarter report.

The Chairman of the Board Zhang Baolin, the Chief Financial Officer Zhang Deyong and the responsible person of the accounting institution (Accountant in charge) Chen Jianfeng hereby declare that the Financial Statements enclosed in this report are true, accurate and complete.

Chapter 2 Basic Information

I. Main accounting data and financial indicators

Does the company conduct the retrospective adjustment or restatement of previous years accounting data due to changes in accounting policies or accounting errors?

Yes No

In RMB Yuan

	The reporting period	The same period of last year		Variance (%)
Total assets	92,946,725,363.81	93,488,854,098.95		-0.58%
Net assets attributable to shareholders of listed company	43,567,997,650.66	46,244,958,676.52		-5.79%
	The reporting period	Variance (%)	Amount of the period from the beginning of year to the end of report term	Variance (%)
Operating income	15,239,641,870.97	7.25%	45,115,421,967.81	-9.50%
Net profit attributable to shareholders of the Company	-421,470,641.21	5.61%	-2,661,510,402.32	-328.83%
Net profit excluding non-recurring gains and losses attributable to shareholders of listed company	-621,493,786.91	12.65%	-3,533,261,383.35	-22,328.47%
cash flow from operating activities	-	-	3,757,823,903.36	306.76%
Basic earnings per share	-0.08	11.11%	-0.55	-329.17%
Diluted earnings per share	-	-	-	-
Weighted average return on net assets	-0.96%	Decrease by 0.01 percentage points	-5.93%	Decrease by 8.39 percentage points

Accidental gain/loss item and amount

Applicable Not applicable

In RMB Yuan

Item	Amount of the period from the beginning of year to the end of report term
Gain/loss of non-current assets	14,557,748.80
Government subsidies accounted into current gain/loss account, other than those closely related to the Company's common business, comply with the national policy and continues to enjoy at certain fixed rate or amount.	762,226,068.65

In addition to the effective hedging business related to the normal business of the company, the gains and losses from changes in fair value arising from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and disposal of transactional financial assets, derivative finance Investment income from assets, trading financial liabilities, derivative financial liabilities and other debt investments	127,407,169.45
Other non-business income and expenditures other than the above	-9,009,286.44
Interest on deferred payment of funds received by non financial enterprises	23,336,168.02
Less: Influenced amount of income tax	34,721,308.93
Influenced amount of minority shareholders' equity	12,045,578.52
Total	871,750,981.03

According to "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" defined non-recurring items ,and Public offering of securities information disclosure of the company's information disclosure announcement No. 1 - non-recurring gains and losses "The items listed in the non-recurring items defined as recurring items shall be explained .

Applicable Not applicable

The company in the reporting period does not base on the definition and listing of "Public offering of securities information disclosure of the company's information disclosure announcement No. 1 – non-recurring gains and losses" about non-recurring gains and losses to define a case of recurring profit or loss.

II. Total number of shareholders at the end of the reporting period and statement on shares held by the top ten tradable shareholders

1. Total number of shareholders at the end of the reporting period and statement on shares held by the top ten shareholders

Unit: share

As of the reporting period, the total number of shareholders	170,799	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any)	0			
Top 10 Shareholders						
Name of the shareholder	Properties of shareholder	Percentage of total shares (%)	Number of shares	Conditional shares	Pledging or freezing	
					Share status	Amount
China South Industries Group Co., Ltd.	State-owned legal person shares	21.56%	1,035,312,673		No pledge or frozen	-
China Changan Automobile Co., Ltd.	State-owned legal person shares	19.32%	928,044,946	139,762,403	No pledge or frozen	-

China securities finance Co, Ltd	domestic general legal person shares	4.88%	234,265,333		No pledge or frozen	
United Prosperity (Hong Kong) Investment Co., Limited.	foreign legal person shares	3.21%	154,120,237		No pledge or frozen	
Central Huijin Investment Ltd.	domestic general legal person shares	1.15%	55,393,100		No pledge or frozen	
DRAGON BILLION SELECT MASTER FUND	foreign legal person shares	0.85%	40,597,114		No pledge or frozen	
National Social Security Fund 107 combination	fund, finance products, etc.	0.76%	36,489,867		No pledge or frozen	
GIC PRIVATE LIMITED	foreign legal person shares	0.73%	35,283,393		No pledge or frozen	
Hong Kong Central Clearing Company Limited	foreign legal person shares	0.63%	30,458,221		No pledge or frozen	
National Social Security Fund 116 combination	fund, finance products, etc.	0.45%	21,707,388		No pledge or frozen	
Top 10 holders of unconditional shares						
Name of the shareholder	Amount of shares without sales restriction	Category of shares				
		Category of shares	Category of shares			
China South Industries Group Co., Ltd.	1,035,312,673	RMB ordinary shares	1,035,312,673			
China Changan Automobile Co., Ltd.	788,282,543	RMB ordinary shares	788,282,543			
China securities finance Co, Ltd	234,265,333	RMB ordinary shares	234,265,333			
United Prosperity (Hong Kong) Investment Co., Limited.	154,120,237	Domestic listed foreign shares	154,120,237			
Central Huijin Investment Ltd.	55,393,100	RMB ordinary shares	55,393,100			
DRAGON BILLION SELECT MASTER FUND	40,597,114	Domestic listed foreign shares	40,597,114			
National Social Security Fund 107 combination	36,489,867	RMB ordinary shares	36,489,867			
GIC PRIVATE LIMITED	35,283,393	Domestic listed foreign shares	35,283,393			
Hong Kong Central Clearing Company Limited	30,458,221	RMB ordinary shares	30,458,221			
National Social Security Fund 116 combination	21,707,388	RMB ordinary shares	21,707,388			
Explanation on the relationship and the action alike of above shareholders	Among the top 10 shareholders, China South Industries Group Co., Ltd., the actual controller; China Changan Automobile Group Co., Ltd., the controlling shareholder, and its wholly owned subsidiary United Prosperity (Hong Kong) Investment Co., Limited. belong to the concerted actor regulated by "Disclosure Administration of Shares Change Information of					

	The Listed Company".
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Whether the company top 10 shareholders of ordinary shares, and the top 10 circulated shareholders agreed on the repurchase transactions during the report period

Applicable Not Applicable

The top 10 shareholders of ordinary shares, and the top 10 circulated shareholders have not agreed on the repurchase transactions during the report period

2. Total number of preferred shareholders at the end of the reporting period and statement on preferred shares held by the top ten tradable shareholders

Applicable Not Applicable

Chapter 3 Important Matters

I. Significant changes & reasons in major accounting data, financial indicators

√Applicable □Not Applicable

In RMB Yuan				
Number	Balance Sheet Items	Sep. 30 th ,2019	Jan. 1st, 2019	Changes (%)
1	Transactional financial assets	1,657,728,480.75	-	-
2	Other equity investment	504,572,800.00	-	-
3	Available for sale financial assets	-	1,957,873,311.31	-
4	Advances from customers	3,366,892,439.12	1,556,482,278.92	116.31%
5	Payroll payable	774,352,946.07	1,362,995,277.56	-43.19%
6	Taxes payable	329,908,762.40	669,316,487.25	-50.71%
7	Other payables	4,694,200,184.74	3,079,749,015.80	52.42%
	Income Statement Items	Jan-Sep 2019	Jan-Sep 2018	Changes (%)
8	Investment gains and losses	-522,405,370.82	1,232,775,886.06	-142.38%
9	Profits belong to the parent company's owner	-2,661,510,402.32	1,163,081,476.01	-328.83%
	Cash Flow Statement Items	Jan-Sep 2019	Jan-Sep 2018	Changes (%)
10	Net cash flows from operating activities	3,757,823,903.36	923,849,319.05	306.76%
11	Net cash flows from investing activities	-3,172,586,837.66	-5,753,482,959.66	44.86%
12	Net cash flows from financing activities	-413,937,943.57	-1,401,416,537.03	70.46%
13	Net increase of cash and cash equivalents	202,190,712.04	-6,208,413,403.91	103.26%

As at the end of reporting period, the company's total asset was 92.991 billion Yuan, with 0.53% decrease compared with the beginning of the year; The total liability was 49.520 billion Yuan, with 4.61% increase compared with the beginning of the year. The debt asset ratio was 53.25%, which was 2.62 percentage points higher than that at the beginning of the year. The huge variance of transactional financial assets、other equity investment and Available for sale financial assets mainly result from the reclassification of available-for-sale financial assets; The balance of advances from customers increased compared with the beginning of the year, mainly due to the increase in on-transit vehicles that the company had invoiced but did not reach the dealers at the end of the quarter; The balance of payroll payables decreased mainly due to the reduction of the accrued payment; The balance of taxes payable decreased mainly due to the decrease in the consumption tax payable; The balance of other payables

increased compared with the beginning of the year, mainly due to the increase in the deposit of the dealer acceptance bill received.

During the reporting period, the investment profit and loss decreased significantly, mainly due to the decrease in investment income of joint ventures and joint ventures; Net profit attributable to owners of the parent company decreased significantly, mainly due to the decline in sales of the company.

During the reporting period, the net increase of cash and cash equivalents rised significantly, mainly due to the significant decrease in net cash flows from investing activities and the significant increase in net cash flows from operating activities; the net cash flow from operating activities increased significantly, mainly due to the decrease span of cash paid for goods and services purchased greater than that received for goods sold and services provided; the net cash flows from investing activities decreased on a year-on-year basis, mainly due to the decrease in cash paid for investing and the purchase and construction of fixed assets, intangible assets and other long-term assets. The net cash flow from financing activities increased significantly compared with the same period of last year, mainly due to the decrease in debt repayment and cash dividend distribution as compared with the same period of last year.

II. The progress and influence of significant events and the analysis and explanation on resolving proposal

Applicable Not Applicable

III. Commitments made within the reporting period by the controlling shareholders, shareholders, related party, acquirer and the company overdue and not fulfilled

Applicable Not Applicable

During the reporting period, the company's actual controllers, shareholders, related parties, purchasers and companies and other commitment parties don't have any overdue unfulfilled commitments.

IV. Forecast of operation performance of 2019

The warning or a reason for a loss or a significant change of cumulative net profit from the beginning of the year to the end of the next reporting period compared with the same period of last year

Applicable Not Applicable

V. Securities investment

Applicable Not Applicable

Securities variety	Securities code	Securities short name	Initial investment cost (Yuan)	Number of shares held at the beginning of	Percentage of shares held at the beginning	Number of shares held at the end of the period	Percentage of shares held at the end of the	Book value at the end of the period	Reporting period profit and loss (Yuan)	Accounting of	Source of shar

				the period (Share)	of the period	(Share)	period	(Yuan)		unt	es
Stock	600369	Southwest Securities	50,000,000	35,500,000	0.63%	35,500,000	0.63%	160,105,000	31,080,250.00	Transac- tional financial assets	Initial invest- ment
Stock	300750	CATL	1,052,930,406.3 6	22,999,575	1.05%	22,999,575	1.04%	1,497,623,480. 75	77,215,844.03	Transac- tional financial assets	Initial invest- ment
Total			1,102,930,406.3 6	58,499,575	--	58,499,575	--	1,657,728,480. 75	108,296,094.03	--	--

VI. Entrusted financial management

Applicable Not Applicable

During the reporting period, there is no entrusted financial management.

VII. Derivative Investment

Applicable Not Applicable

During the company's reporting period, there is no derivative investment.

VIII. Interviews and visits in the reporting period

Applicable Not Applicable

Date	Manner	Object	Content discussed and material offered
2019.01.02	On-Site Survey	Institution	For details, see the January 4, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 2, 2019 investor relations activities record sheet
2019.01.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(1)
2019.01.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(2)

2019.01.10	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 10, 2019 investor relations activities record sheet(3)
2019.01.11	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(1)
2019.01.11	On-Site Survey	Institution	For details, see the January 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 11, 2019 investor relations activities record sheet(2)
2019.01.15	On-Site Survey	Institution	For details, see the January 17, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 15, 2019 investor relations activities record sheet
2019.01.15	On-Site Survey	Institution	For details, see the January 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 15, 2019 investor relations activities record sheet(2)
2019.01.16	On-Site Survey	Institution	For details, see the January 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 16, 2019 investor relations activities record sheet
2019.01.18	On-Site Survey	Institution	For details, see the January 22, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 18, 2019 investor relations activities record sheet
2019.01.22	On-Site Survey	Institution	For details, see the January 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(1)
2019.01.22	On-Site Survey	Institution	For details, see the January 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: January 22, 2019 investor relations activities record sheet(2)
2019.02.26	On-Site Survey	Institution	For details, see the February 27, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: February 26, 2019 investor relations activities record sheet
2019.02.28	On-Site Survey	Institution	For details, see the March 1, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: February 28, 2019 investor relations activities record sheet
2019.03.05	On-Site Survey	Institution	For details, see the March 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 5, 2019 investor relations activities record sheet
2019.03.14	On-Site Survey	Institution	For details, see the March 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 14, 2019 investor relations activities record sheet(1)
2019.03.14	On-Site	Institution	For details, see the March 18, 2019 Shenzhen stock exchange interactive

	Survey		(http://irm.cninfo.com.cn) on the Changan Automobile: March 14, 2019 investor relations activities record sheet
2019.03.19	On-Site Survey	Institution	For details, see the March 20, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 19, 2019 investor relations activities record sheet
2019.03.22	On-Site Survey	Institution	For details, see the March 25, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: March 22, 2019 investor relations activities record sheet
2019.04.30	On-Site Survey	Institution	For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: April 30, 2019 investor relations activities record sheet
2019.05.06	On-Site Survey	Institution	For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 6, 2019 investor relations activities record sheet
2019.05.10	On-Site Survey	Institution	For details, see the May 13, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 10, 2019 investor relations activities record sheet
2019.05.14	On-Site Survey	Institution	For details, see the May 16, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 14, 2019 investor relations activities record sheet
2019.06.12	On-Site Survey	Institution	For details, see the May 7, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: May 6, 2019 investor relations activities record sheet
2019.06.12	On-Site Survey	Institution	For details, see the June 14, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 12, 2019 investor relations activities record sheet
2019.06.21	On-Site Survey	Institution	For details, see the June 25, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 21, 2019 investor relations activities record sheet
2019.06.28	On-Site Survey	Institution	For details, see the July 2, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: June 28, 2019 investor relations activities record sheet
2019.07.03	On-Site Survey	Institution	For details, see the July 5, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 3, 2019 investor relations activities record sheet
2019.07.05	On-Site Survey	Institution	For details, see the July 10, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 5, 2019 investor relations activities record sheet
2019.07.19	On-Site Survey	Institution	For details, see the July 23, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 19, 2019 investor relations activities record sheet
2019.07.23	On-Site Survey	Institution	For details, see the July 24, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 23, 2019 investor relations

			activities record sheet
2019.07.24	On-Site Survey	Institution	For details, see the July 26, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 24, 2019 investor relations activities record sheet (1)
2019.07.24	On-Site Survey	Institution	For details, see the July 26, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: July 24, 2019 investor relations activities record sheet (2)
2019.09.09	On-Site Survey	Institution	For details, see the September 11, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 9, 2019 investor relations activities record sheet
2019.09.10	On-Site Survey	Institution	For details, see the September 11, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 10, 2019 investor relations activities record sheet
2019.09.11	On-Site Survey	Institution	For details, see the September 12, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 11, 2019 investor relations activities record sheet (1)
2019.09.11	On-Site Survey	Institution	For details, see the September 12, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 11, 2019 investor relations activities record sheet (2)
2019.09.18	On-Site Survey	Institution	For details, see the September 18, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 18, 2019 investor relations activities record sheet
2019.09.26	On-Site Survey	Institution	For details, see the September 29, 2019 Shenzhen stock exchange interactive (http://irm.cninfo.com.cn) on the Changan Automobile: September 26, 2019 investor relations activities record sheet

IX. Illegal external guarantee

Applicable Not Applicable

The company doesn't violate the rules of external guarantee during the reporting period.

X. Controlling shareholder and its related parties to the listing Corporation's non-operating funds

Applicable Not Applicable

During the reporting period, there is no non-operating capital occupied by the controlling shareholder and its related parties to the listed company.

Chapter 4 Financial Statements

I. Financial Statements

1. Consolidated Balance Sheet

Prepared by: CHONGQING CHANGAN AUTOMOBILE CO., LTD.

September 30, 2019

In RMB Yuan

Account	Ending Balance	Opening Balance
Current assets:		
Cash	10,510,594,343.29	9,980,544,526.14
Tradable financial assets	1,657,728,480.75	
Notes receivable	17,685,913,990.69	20,561,625,805.24
Accounts receivable	2,062,766,851.13	1,409,419,600.50
Prepayments	933,110,268.67	866,249,749.51
Other receivables	3,619,079,956.70	3,250,452,923.70
Inventories	5,795,866,531.08	4,917,420,457.19
Other current assets	2,220,766,320.17	2,227,565,353.23
Total current assets	44,485,826,742.48	43,213,278,415.51
Non-current assets:		
Long-term equity investments	12,239,728,020.92	13,275,170,118.83
Investment in other equity instruments	504,572,800.00	
Available-for-sale financial assets		1,957,873,311.31
Investment properties	7,159,527.61	7,329,561.28
Fixed assets	22,999,637,127.21	22,161,054,058.31
Construction in progress	5,163,264,798.79	5,383,844,030.75
Intangible assets	5,371,286,282.00	5,018,243,552.80
Development expenditure	583,825,055.99	789,597,615.60
Goodwill	9,804,394.00	9,804,394.00
Long-term deferred expenses	16,857,185.20	17,104,601.67
Deferred tax assets	1,564,763,429.61	1,655,554,438.89
Total non-current assets	48,460,898,621.33	50,275,575,683.44
TOTAL ASSETS	92,946,725,363.81	93,488,854,098.95

Current liabilities:		
Short-term loans	229,580,000.00	190,000,000.00
Notes payable	13,442,200,071.34	14,807,862,262.39
Accounts payable	14,670,597,516.17	13,916,201,276.95
Advances from customers	3,366,892,439.12	1,556,482,278.92
Payroll payable	774,352,946.07	1,362,995,277.56
Taxes payable	329,908,762.40	669,316,487.25
Other payables	4,694,200,184.74	3,079,749,015.81
Non-current liabilities within one year		6,594,120.00
Other current liabilities	3,773,050,469.49	4,325,441,152.61
Total current liabilities	41,280,782,389.33	39,914,641,871.49
Non-current liabilities:		
Long-term payables	290,124,611.27	303,590,824.69
Long-term payroll payable	49,511,133.37	53,837,000.00
Estimated liabilities	3,578,683,047.90	3,245,322,744.12
Deferred Revenue	4,138,018,290.99	3,683,308,534.73
Deferred tax liabilities	138,768,628.97	135,231,170.59
Total non-current liabilities	8,195,105,712.50	7,421,290,274.13
Total liabilities	49,475,888,101.83	47,335,932,145.62
Owners' equity (or Shareholders' equity):		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	5,057,242,440.17	5,057,242,440.17
Other comprehensive income	271,377,450.64	235,509,930.44
Special reserves	76,351,898.56	41,222,369.10
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	30,959,053,094.79	33,707,011,170.31
Equity attributable to owners	43,567,997,650.66	46,244,958,676.52
Minority interests	-97,160,388.68	-92,036,723.19
Total Owners' equity (or Shareholders' equity)	43,470,837,261.98	46,152,921,953.33
Liabilities and owners' equity (or shareholders' equity) in total	92,946,725,363.81	93,488,854,098.95

Legal person: Zhang Baolin

Chief financial officer: Zhang Deyong

The head of accounting department: Chen Jianfeng

2. Balance Sheet

In RMB Yuan

Account	Ending Balance	Opening Balance
Current assets:		
Cash	6,783,904,476.19	7,310,973,018.99
Tradable financial assets	160,105,000.00	
Notes receivable	16,657,797,746.42	19,391,160,283.70
Accounts receivable	6,540,857,455.37	5,679,160,679.69
Prepayments	674,680,338.75	671,849,711.04
Other receivables	2,444,558,642.88	2,344,318,158.83
Inventories	4,137,293,209.04	3,851,783,233.12
Other current assets	1,249,781,601.52	1,355,155,749.21
Total current assets	38,648,978,470.17	40,604,400,834.58
Non-current assets:		
Long-term equity investments	17,340,580,410.69	18,017,137,600.72
Investment in other equity instruments	494,662,800.00	
Available-for-sale financial assets		541,182,000.00
Fixed assets	17,844,661,368.98	16,795,537,563.35
Construction in progress	3,911,485,504.04	4,114,409,774.13
Intangible assets	4,099,740,569.71	4,054,893,372.88
Development expenditure	408,355,613.79	559,309,970.45
Long-term deferred expenses	10,675,460.63	12,555,353.69
Deferred tax assets	1,441,970,444.78	1,533,057,523.95
Other non-current assets		250,000,000.00
Total non-current assets	45,552,132,172.62	45,878,083,159.16
TOTAL ASSETS	84,201,110,642.79	86,482,483,993.75
Current liabilities:		
Short-term loans	29,580,000.00	
Notes payable	11,730,268,174.84	13,572,757,870.72
Accounts payable	12,072,292,829.88	10,690,985,635.15
Advances from customers	2,942,458,998.75	1,208,631,011.05
Payroll payable	476,373,239.33	1,001,765,362.99
Taxes payable	205,806,523.67	604,525,457.30

Other payables	3,165,452,017.82	3,219,909,047.22
Other current liabilities	3,040,696,181.76	3,923,419,042.37
Total current liabilities	33,662,927,966.05	34,221,993,426.80
Non-current liabilities:		
Long-term payables	221,150,961.51	248,240,115.29
Long-term payroll payable	20,403,675.82	24,315,000.00
Estimated liabilities	2,630,952,805.02	2,372,512,543.49
Deferred Revenue	2,836,480,796.10	2,827,208,446.74
Deferred tax liabilities	32,168,492.04	26,683,742.04
Total non-current liabilities	5,741,156,730.49	5,498,959,847.56
Total liabilities	39,404,084,696.54	39,720,953,274.36
Owners' equity (or Shareholders' equity):		
Share capital	4,802,648,511.00	4,802,648,511.00
Capital reserves	4,705,917,638.38	4,705,917,638.38
Other comprehensive income	149,525,803.58	149,525,803.58
Special reserves	26,350,160.93	19,835,367.61
Surplus reserves	2,401,324,255.50	2,401,324,255.50
Retained earnings	32,711,259,576.86	34,682,279,143.32
Total Owners' equity (or Shareholders' equity)	44,797,025,946.25	46,761,530,719.39
Liabilities and owners' equity (or shareholders' equity) in total	84,201,110,642.79	86,482,483,993.75

3. Consolidated Income Statement of the reporting term

In RMB Yuan

Account	Current Period	Prior Period
1. Total operating income	15,239,641,870.97	14,208,826,200.12
2. Total operating cost	15,436,958,851.52	14,849,743,608.98
Including: Operating cost	12,377,295,658.38	11,649,373,012.29
Tax and surcharges	499,570,118.20	485,653,007.58
Operating expenses	1,373,059,373.36	1,369,530,915.47
General and administrative expenses	878,020,881.02	1,206,719,665.90
R&D expenses	344,466,229.22	256,006,612.90
Financial expenses	-35,453,408.66	-117,539,605.16

Add: Other income	141,492,994.54	294,983,400.18
Investment income ('-' represent loss)	-414,068,660.88	-129,235,929.05
Including: Investment income from associates and joint venture	-469,708,441.67	-130,437,799.33
Gains from changes in fair value	87,070,018.18	
Credit impairment loss	-4,361,637.66	
Asset impairment loss		-1,796,176.94
Gain on disposal of assets	5,165,289.52	2,320,259.90
3. Operating profit	-382,018,976.85	-474,645,854.77
Add: Non-operating income	5,135,954.79	21,403,080.23
Less: Non-operating expenses	20,336,854.47	13,091,796.95
4. Total profit	-397,219,876.53	-466,334,571.49
Less: Income tax expense	25,352,762.93	-19,920,848.15
5. Net profit	-422,572,639.46	-446,413,723.34
Classification by going concern		
Net profit attributable to owners	-421,470,641.21	-446,525,102.83
Minority interests	-1,101,998.25	111,379.49
6. Other comprehensive income, net of tax	13,299,672.07	17,439,867.39
Net after-tax net of other comprehensive income attributable to the parent company owner	13,299,672.07	17,439,867.39
Other comprehensive income that will be reclassified into profit or loss	13,299,672.07	17,439,867.39
Other comprehensive income of convertible gains and losses under the equity method		-9,692,020.90
Gains and losses from changes in fair value of available-for-sale financial assets		-8,449,000.00
Foreign currency financial statement translation difference	13,299,672.07	35,580,888.29
7. Total comprehensive income	-409,272,967.39	-428,973,855.95
Total comprehensive income attributable to owners	-408,170,969.14	-429,085,235.44
Total comprehensive income attributable to minority interest	-1,101,998.25	111,379.49

8.Earnings per share		
Basic earnings per share	-0.08	-0.09
Diluted earnings per share	N/A	N/A

Legal person: Zhang Baolin

Chief financial officer: Zhang Deyong

The head of accounting department: Chen Jianfeng

4. Income Statement of the reporting term

In RMB Yuan

Account	Current Period	Prior Period
1.Operating revenue	14,120,637,727.72	13,093,065,037.67
Less: Operating cost	12,031,564,713.41	10,883,881,181.83
Tax and surcharges	358,002,714.07	378,993,565.82
Operating expenses	968,592,956.55	1,266,350,051.18
General and administrative expenses	690,004,773.64	978,001,082.16
Research and development expenses	244,023,383.38	281,359,134.12
Financial expenses	-32,976,211.68	-115,817,102.01
Add: Other income	34,022,327.37	46,580,913.63
Investment income	-384,329,858.65	-126,115,875.65
Including: Investment income from associates and joint venture	-431,385,259.48	-130,437,799.33
Gains from changes in fair value	-15,265,000.00	
Credit impairment loss	-2,514,873.36	
Asset impairment loss		-747,130.34
Gain on disposal of assets	3,009,509.76	3,485,853.61
2.Operating profit	-503,652,496.53	-656,499,114.18
Add: Non-operating income	3,122,855.88	15,865,485.40
Less: Non-operating expenses	18,753,563.34	12,646,697.02
3.Total profit	-519,283,203.99	-653,280,325.80
Less: Income tax expense	-3,216,467.13	-12,512,741.46
4.Net profit	-516,066,736.86	-640,767,584.34

5. Consolidated Income Statement from 1st January to 30th September

In RMB Yuan

项目	本期发生额	上期发生额
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1. Total operating income	45,115,421,967.81	49,851,658,390.16
2. Total operating cost	47,846,343,996.87	51,224,849,363.25
Including: Operating cost	39,796,706,285.30	42,264,218,716.74
Tax and surcharges	1,579,840,592.98	1,772,568,209.15
Operating expenses	2,816,275,914.66	3,912,993,343.98
General and administrative expenses	2,138,385,000.99	2,255,596,087.56
R&D expenses	1,647,422,320.75	1,362,531,453.29
Financial expenses	-132,286,117.81	-343,058,447.47
Add: Other income	762,226,068.65	1,411,214,619.50
Investment income	-522,405,370.82	1,232,775,886.06
Including: Investment income from associates and joint venture	-578,045,151.61	1,231,574,015.78
Gains from changes in fair value	127,407,169.45	
Credit impairment loss	-13,891,371.32	
Asset impairment loss	-152,676,538.06	-110,737,599.36
Gain on disposal of assets	14,557,748.80	21,092,069.59
3. Operating profit	-2,515,704,322.36	1,181,154,002.70
Add: Non-operating income	23,972,635.23	50,721,976.99
Less: Non-operating expenses	32,981,921.67	65,440,559.88
4. Total profit	-2,524,713,608.80	1,166,435,419.81
Less: Income tax expense	141,920,459.01	-4,632,530.32
5. Net profit	-2,666,634,067.81	1,171,067,950.13
Net profit attributable to owners	-2,661,510,402.32	1,163,081,476.01
Minority interests	-5,123,665.49	7,986,474.12
6. Other comprehensive income, net of tax	35,867,520.20	264,469,400.98
Net after-tax net of other comprehensive income attributable to the parent company owner	35,867,520.20	264,469,400.98
Other comprehensive income that will be reclassified into profit or loss	35,867,520.20	264,469,400.98
Other comprehensive income of convertible gains and losses under the equity method		280,064,467.99
Gains and losses from changes in fair value of available-for-sale financial assets		-31,985,500.00

Foreign currency financial statement translation difference	35,867,520.20	16,390,432.99
Net after-tax net of other comprehensive income attributable to the minority		
7.Total comprehensive income	-2,630,766,547.61	1,435,537,351.11
Total comprehensive income attributable to owners	-2,625,642,882.12	1,427,550,876.99
Total comprehensive income attributable to minority interest	-5,123,665.49	7,986,474.12
8.Earnings per share		
Basic earnings per share	-0.55	0.24
Diluted earnings per share	N/A	N/A

Legal person: Zhang Baolin

Chief financial officer: Zhang Deyong

The head of accounting department: Chen Jianfeng

6、Income Statement from 1st January to 30th September

In RMB Yuan

Account	Current Period	Prior Period
1.Operating revenue	40,925,746,049.94	47,302,130,753.69
Less: Operating cost	36,669,471,484.36	40,610,368,755.55
Tax and surcharges	1,213,169,611.10	1,471,431,305.62
Operating expenses	1,870,809,533.03	3,564,786,417.55
General and administrative expenses	1,360,825,568.19	1,693,916,179.04
Research and development expenses	1,591,300,039.24	1,369,977,610.61
Financial expenses	-121,729,573.14	-364,251,836.70
Add: Other income	440,862,305.46	808,401,420.89
Investment income	-458,228,680.98	1,869,023,010.80
Including: Investment income from associates and joint venture	-509,433,452.89	1,231,574,015.78
Gains from changes in fair value	36,565,000.00	
Credit impairment loss	-6,896,127.61	
Asset impairment loss	-141,818,001.51	-114,762,129.78
Gain on disposal of assets	9,756,936.37	27,458,836.63
2.Operating profit	-1,777,859,181.11	1,546,023,460.56

Add: Non-operating income	17,355,197.17	38,466,685.40
Less: Non-operating expenses	27,472,289.72	57,358,989.48
3.Total profit	-1,787,976,273.66	1,527,131,156.48
Less: Income tax expense	96,571,829.17	-44,352,572.88
4.Net profit	-1,884,548,102.83	1,571,483,729.36
5.Other comprehensive income, net of tax	-	248,078,967.99
Other comprehensive income that will be reclassified into profit or loss	-	248,078,967.99
Other comprehensive income of convertible gains and losses under the equity method	-	280,064,467.99
Gains and losses from changes in fair value of available-for-sale financial assets	-	-31,985,500.00
6.Total comprehensive income	-1,884,548,102.83	1,819,562,697.35

7、Consolidated cash flow statement

In RMB Yuan

Account	Current Period	Prior Period
1.Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	52,195,863,813.18	64,290,961,489.90
Refunds of taxes	370,518,656.33	728,229,441.60
Cash received relating to other operating activities	4,051,700,128.82	2,686,402,763.17
Subtotal of cash inflows	56,618,082,598.33	67,705,593,694.67
Cash paid for goods and services	41,039,472,205.53	54,305,861,406.86
Cash paid to and on behalf of employees	4,256,843,195.40	4,782,070,413.71
Cash paid for all types of taxes	2,275,961,263.72	2,212,209,891.97
Cash paid relating to other operating activities	5,287,982,030.32	5,481,602,663.08
Subtotal of cash outflows	52,860,258,694.97	66,781,744,375.62
Net cash flows from operating activities	3,757,823,903.36	923,849,319.05
2.Cashflows from investing activities:		

Cash received from investment income	1,382,556,705.95	1,346,724,439.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	9,246,980.58	23,899,810.00
Cash received relating to other investing activities	2,198,000.00	26,358,750.00
Subtotal of cash inflows	1,394,001,686.53	1,396,982,999.40
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,313,861,816.59	4,609,034,832.18
Cash paid for acquisition of investments	936,788,517.00	2,541,431,126.88
Cash paid relating to other investing activities	315,938,190.60	
Subtotal of cash outflows	4,566,588,524.19	7,150,465,959.06
Net cash flows from investing activities	-3,172,586,837.66	-5,753,482,959.66
3.Cash flows from financing activities:		
Cash received from borrowings	85,580,000.00	176,000,000.00
Cash received relating to other financing activities	6,166,032.98	782,530,058.59
Subtotal of cash inflows	91,746,032.98	958,530,058.59
Cash repayments of borrowings	52,708,100.00	188,130,000.00
Cash paid for distribution of dividends or profits and interest expenses	119,340,285.40	2,171,816,595.62
Cash paid relating to other financing activities	333,635,591.15	
Subtotal of cash outflows	505,683,976.55	2,359,946,595.62
Net cash flows from financing activities	-413,937,943.57	-1,401,416,537.03
4.Effect of changes in exchange rate on cash	30,891,589.91	22,636,773.73
5.Net increase in cash and cash equivalents	202,190,712.04	-6,208,413,403.91
Add: Opening balance of cash and cash equivalents	9,648,153,614.80	21,451,305,090.53
6.Closing balance of cash and cash equivalents	9,850,344,326.84	15,242,891,686.62

8、Cash Flow Statement

单位：元

项目	本期发生额	上期发生额
1. CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from sale of goods or rendering of services	47,436,005,517.08	61,513,377,295.68
Refunds of taxes		383,815,314.26
Cash received relating to other operating activities	2,387,245,384.10	2,087,450,058.48
Sub-total of cash inflows	49,823,250,901.18	63,984,642,668.42
Cash paid for goods and services	37,783,862,965.51	51,657,866,443.31
Cash paid to and on behalf of employees	2,963,826,773.83	3,816,901,040.92
Cash paid for all types of taxes	1,594,920,019.03	1,612,304,463.01
Cash paid relating to other operating activities	4,938,851,025.43	5,541,806,425.37
Sub-total of cash outflows	47,281,460,783.80	62,628,878,372.61
Net cash flows from operating activities	2,541,790,117.38	1,355,764,295.81
2. CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received from return on investments		839,201.56
Cash received from investment income	1,389,178,372.61	1,353,648,189.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		19,104,810.00
Cash received relating to other investing activities		117,358,750.00
Sub-total of cash inflows	1,389,178,372.61	1,490,950,950.96
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	3,084,777,049.44	4,310,287,332.16
Cash paid for acquisition of investments	997,294,972.55	2,696,187,376.88
Cash paid relating to other investing activities	300,000,000.00	200,000,000.00
Sub-total of cash outflows	4,382,072,021.99	7,206,474,709.04

Net cash flows from investing activities	-2,992,893,649.38	-5,715,523,758.08
3. CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash received from borrowings	29,580,000.00	
Cash received relating to other financing activities		461,856,503.42
Sub-total of cash inflows	29,580,000.00	461,856,503.42
Cash paid for distribution of dividends or profits and interest expenses	105,545,010.80	2,161,624,947.55
Sub-total of cash outflows	105,545,010.80	2,161,624,947.55
Net cash flows from financing activities	-75,965,010.80	-1,699,768,444.13
4. EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	-527,068,542.80	-6,059,527,906.40
Add: Opening balance of cash and cash equivalents	7,310,973,018.99	20,172,657,984.53
6. CLOSING BALANCE OF CASH AND CASH EQUIVLANT	6,783,904,476.19	14,113,130,078.13

II. Notes on financial statement adjustments

1. Relevant situations of adjustment in financial statement at the beginning of the year when the new financial instrument standards, new income standards and new lease standards are first implemented

Applicable Not Applicable

Consolidated Balance Sheet

In RMB Yuan

Account	2018.12.31	2019.1.1	Adjustment
Current assets:			
Cash	9,980,544,526.14	9,980,544,526.14	
Notes receivable and accounts receivable	21,971,045,405.74	21,971,045,405.74	
Notes receivable	20,561,625,805.24	20,561,625,805.24	
Accounts receivable	1,409,419,600.50	1,409,419,600.50	
Prepayments	866,249,749.51	866,249,749.51	
Other receivables	3,250,452,923.70	3,250,452,923.70	

Inventories	4,917,420,457.19	4,917,420,457.19	
Holding assets for sale			
Non-current assets due within one year			
Other current assets	2,227,565,353.23	2,227,565,353.23	
Total current assets	43,213,278,415.51	43,213,278,415.51	
Non-current assets:			
Available-for-sale financial assets	1,957,873,311.31	not applicable	-1,957,873,311.31
Long-term receivables			
Long-term equity investments	13,275,170,118.83	13,275,170,118.83	
Investment in other equity instruments	not applicable	1,957,873,311.31	1,957,873,311.31
Investment properties	7,329,561.28	7,329,561.28	
Fixed assets	22,161,054,058.31	22,161,054,058.31	
Construction in progress	5,383,844,030.75	5,383,844,030.75	
Intangible assets	5,018,243,552.80	5,018,243,552.80	
Development expenditure	789,597,615.60	789,597,615.60	
Goodwill	9,804,394.00	9,804,394.00	
Long-term deferred expenses	17,104,601.67	17,104,601.67	
Deferred tax assets	1,655,554,438.89	1,655,554,438.89	
Other non-current assets			
Total non-current assets	50,275,575,683.44	50,275,575,683.44	
TOTAL ASSETS	93,488,854,098.95	93,488,854,098.95	
Current liabilities:			
Short-term loans	190,000,000.00	190,000,000.00	
Notes payable and accounts payable	28,724,063,539.34	28,724,063,539.34	
Advances from customers	1,556,482,278.92	1,556,482,278.92	
Payroll payable	1,362,995,277.56	1,362,995,277.56	
Taxes payable	669,316,487.25	669,316,487.25	
Other payables	3,079,749,015.81	3,079,749,015.81	
Non-current liabilities within one year	6,594,120.00	6,594,120.00	
Other current liabilities	4,325,441,152.61	4,325,441,152.61	
Total current liabilities	39,914,641,871.49	39,914,641,871.49	
Non-current liabilities:			
Long-term loans			
Long-term payables	303,590,824.69	303,590,824.69	

Long-term payroll payable	53,837,000.00	53,837,000.00	
Estimated liabilities	3,245,322,744.12	3,245,322,744.12	
Deferred Revenue	3,683,308,534.73	3,683,308,534.73	
Deferred tax liabilities	135,231,170.59	135,231,170.59	
Other non-current liabilities			
Total non-current liabilities	7,421,290,274.13	7,421,290,274.13	
Total liabilities	47,335,932,145.62	47,335,932,145.62	
Owners' equity (or Shareholders' equity):			
Share capital	4,802,648,511.00	4,802,648,511.00	
Capital reserves	5,057,242,440.17	5,057,242,440.17	
Other comprehensive income	235,509,930.44	235,509,930.44	
Special reserves	41,222,369.10	41,222,369.10	
Surplus reserves	2,401,324,255.50	2,401,324,255.50	
Retained earnings	33,707,011,170.31	33,707,011,170.31	
Equity attributable to owners	46,244,958,676.52	46,244,958,676.52	
Minority interests	-92,036,723.19	-92,036,723.19	
Total Owners' equity (or Shareholders' equity)	46,152,921,953.33	46,152,921,953.33	
Liabilities and owners' equity (or shareholders' equity) in total	93,488,854,098.95	93,488,854,098.95	

Statement of adjustment

In 2017, the Ministry of Finance revised and issued the “Accounting Standard for Business Enterprise No.22- Recognition of financial instrument and measurement”, “Accounting Standard for Business Enterprise No.23- Transfer of Financial assets”, “Accounting Standard for Business Enterprise No.24- Hedge Accounting” and “Accounting Standard for Business Enterprise No.37- Presentation of financial instruments”, and the enterprises listed in China are required to implementing relevant accounting rules of new financial instruments since 1 Jan. 2019.

In accordance with the requirement, the company carries out above mentioned accounting rules since 1 Jan. 2019 and reclassify “Available-for-sale financial assets” into “Investment in other equity instruments” for presenting.

Balance Sheet

In RMB Yuan

Account	2018.12.31	2019.1.1	Adjustment
Current assets:			
Cash	7,310,973,018.99	7,310,973,018.99	
Notes receivable and accounts receivable	25,070,320,963.39	25,070,320,963.39	
Notes receivable	19,391,160,283.70	19,391,160,283.70	
Accounts receivable	5,679,160,679.69	5,679,160,679.69	
Prepayments	671,849,711.04	671,849,711.04	
Other receivables	2,344,318,158.83	2,344,318,158.83	

Inventories	3,851,783,233.12	3,851,783,233.12	
Holding assets for sale			
Non-current assets due within one year			
Other current assets	1,355,155,749.21	1,355,155,749.21	
Total current assets	40,604,400,834.58	40,604,400,834.58	
Non-current assets:			
Available-for-sale financial assets	541,182,000.00	not applicable	-541,182,000.00
Long-term receivables			
Long-term equity investments	18,017,137,600.72	18,017,137,600.72	
Investment in other equity instruments	not applicable	541,182,000.00	541,182,000.00
Investment properties			
Fixed assets	16,795,537,563.35	16,795,537,563.35	
Construction in progress	4,114,409,774.13	4,114,409,774.13	
Intangible assets	4,054,893,372.88	4,054,893,372.88	
Development expenditure	559,309,970.45	559,309,970.45	
Goodwill			
Long-term deferred expenses	12,555,353.69	12,555,353.69	
Deferred tax assets	1,533,057,523.95	1,533,057,523.95	
Other non-current assets	250,000,000.00	250,000,000.00	
Total non-current assets	45,878,083,159.17	45,878,083,159.17	
TOTAL ASSETS	86,482,483,993.75	86,482,483,993.75	
Current liabilities:			
Short-term loans			
Notes payable	13,572,757,870.72	13,572,757,870.72	
Accounts payable	10,690,985,635.15	10,690,985,635.15	
Advances from customers	1,208,631,011.05	1,208,631,011.05	
Payroll payable	1,001,765,362.99	1,001,765,362.99	
Taxes payable	604,525,457.30	604,525,457.30	
Other payables	3,219,909,047.22	3,219,909,047.22	
Holding liabilities for sale			
Non-current liabilities within one year			
Other current liabilities	3,923,419,042.37	3,923,419,042.37	
Total current liabilities	34,221,993,426.80	34,221,993,426.80	
Non-current liabilities:			

Long-term loans			
Long-term payables	248,240,115.29	248,240,115.29	
Long-term payroll payable	24,315,000.00	24,315,000.00	
Estimated liabilities	2,372,512,543.49	2,372,512,543.49	
Deferred Revenue	2,827,208,446.74	2,827,208,446.74	
Deferred tax liabilities	26,683,742.04	26,683,742.04	
Other non-current liabilities			
Total non-current liabilities	5,498,959,847.56	5,498,959,847.56	
Total liabilities	39,720,953,274.36	39,720,953,274.36	
Owners' equity (or Shareholders' equity):			
Share capital	4,802,648,511.00	4,802,648,511.00	
Capital reserves	4,705,917,638.38	4,705,917,638.38	
Other comprehensive income	149,525,803.58	149,525,803.58	
Special reserves	19,835,367.61	19,835,367.61	
Surplus reserves	2,401,324,255.50	2,401,324,255.50	
Retained earnings	34,682,279,143.32	34,682,279,143.32	
Total Owners' equity (or Shareholders' equity)	46,761,530,719.39	46,761,530,719.39	
Liabilities and owners' equity (or shareholders' equity) in total	86,482,483,993.75	86,482,483,993.75	

Statement of adjustment

In 2017, the Ministry of Finance revised and issued the “Accounting Standard for Business Enterprise No.22- Recognition of financial instrument and measurement”, “Accounting Standard for Business Enterprise No.23- Transfer of Financial assets”, “Accounting Standard for Business Enterprise No.24- Hedge Accounting” and “Accounting Standard for Business Enterprise No.37- Presentation of financial instruments”, and the enterprises listed in China are required to implementing relevant accounting rules of new financial instruments since 1 Jan. 2019.

In accordance with the requirement, the company carries out above mentioned accounting rules since 1 Jan. 2019 and reclassify “Available-for-sale financial assets” into “Investment in other equity instruments” for presenting.

2. Explanation on retrospective adjustments in the previous comparison data for the first implementation of new financial instrument standards and new lease standards

Applicable Not Applicable

III. Auditors' Report

Whether the third quarter report has been audited

Yes No

The third quarter report has not been audited.