

Konka Group Co., Ltd.

FINANCIAL REPORT

For the Six Months Ended 30 June 2019

(Un-audited)

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Legal representative: Liu Fengxi

Head of the accounting work: Li Chunlei

Head of the accounting department: Feng Junxiu

English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

☐ Yes ☒ No

They are unaudited by such an auditor.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

30 June 2019

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		
Monetary capital	5,670,267,120.55	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	2,002,435,052.51	3,329,711,954.15
Accounts receivable	5,468,498,179.21	4,458,053,586.42
Financing backed by accounts receivable	107,299,247.91	
Prepayments	2,948,687,941.58	1,036,979,167.56
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	990,966,330.41	410,804,180.50
Including: Interest receivable	2,754,697.90	4,059,682.40
Dividends receivable	547,848.62	547,848.62
Financial assets purchased under resale agreements		
Inventories	5,810,235,773.06	5,487,605,227.05
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets	53,237,851.30	22,318,208.13
Other current assets	1,766,535,360.02	2,744,216,141.98
Total current assets	24,879,657,523.52	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	419,923,711.72	390,793,038.05
Long-term equity investments	2,846,608,296.03	2,637,780,825.53
Investments in other equity instruments	19,140,214.36	
Other non-current financial assets	1,548,364,400.00	
Investment property	208,008,718.57	210,824,355.72
Fixed assets	2,228,083,633.72	2,410,226,495.81
Construction in progress	2,776,018,241.52	2,176,871,530.80
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	798,320,837.28	737,776,686.34
R&D expense		
Goodwill	855,691,423.75	855,691,423.75
Long-term prepaid expense	101,104,614.34	111,223,426.77
Deferred income tax assets	810,334,747.43	639,433,954.30
Other non-current assets	448,155,098.47	337,477,690.39
Total non-current assets	13,059,753,937.19	11,141,764,308.79
Total assets	37,939,411,460.71	32,985,061,889.03
Current liabilities:		
Short-term borrowings	13,163,667,813.10	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	1,109,481,840.84	862,330,689.47
Accounts payable	4,701,864,444.09	4,362,723,050.33
Advances from customers	894,789,245.88	723,227,529.20
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		

Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	218,974,626.78	376,506,567.71
Taxes payable	278,624,661.17	288,004,192.44
Other payables	2,367,030,105.41	2,024,657,277.74
Including: Interest payable	99,998,242.67	27,230,631.41
Dividends payable	240,794,540.80	
Handling charges and commissions payable		
Reinsurance payables		
Contract liabilities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	14,095,773.04	151,792,404.13
Other current liabilities		
Total current liabilities	22,748,528,510.31	22,675,834,245.90
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	1,284,700,000.00	445,000,000.00
Bonds payable	3,489,910,901.50	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	223,522,236.53	128,374,597.41
Long-term payroll payable	5,670,450.62	8,792,614.98
Provisions	1,597,591.51	21,772,898.37
Deferred income	207,308,469.89	112,899,128.24
Deferred income tax liabilities	144,462,027.47	141,020,093.34
Other non-current liabilities		
Total non-current liabilities	5,357,171,677.52	857,859,332.34
Total liabilities	28,105,700,187.83	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	-14,198,105.77	-10,538,219.08
Specific reserve	71,737.08	
Surplus reserves	1,227,564,785.19	1,227,564,785.19
General reserve		
Retained earnings	4,380,496,417.52	4,271,408,192.21
Total equity attributable to owners of the Company as the parent	8,239,642,204.00	8,104,736,790.53
Non-controlling interests	1,594,069,068.88	1,346,631,520.26
Total owners' equity	9,833,711,272.88	9,451,368,310.79
Total liabilities and owners' equity	37,939,411,460.71	32,985,061,889.03

Legal representative: Liu Fengxi

Chief Financial Officer: Li Chunlei

Head of financial department: Feng Junxiu

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		
Monetary capital	2,867,121,320.63	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	1,588,216,743.04	2,181,466,683.90
Accounts receivable	8,266,712,064.66	7,427,246,429.42
Financings backed by accounts receivable		
Prepayments	1,304,083,759.55	1,019,335,571.49
Other receivables	7,868,891,877.59	6,667,463,126.57
Including: Interest receivable	2,276,507.84	5,769,663.24
Dividends receivable		
Inventories	301,955,343.50	254,225,716.41
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	117,570,671.40	77,249,216.99
Total current assets	22,376,046,447.34	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	6,719,375,166.23	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	208,008,718.57	210,824,355.72
Fixed assets	451,987,170.56	462,721,018.30
Construction in progress	161,343,003.34	157,356,696.30
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	80,790,288.02	83,593,959.11
R&D expense		
Goodwill		
Long-term prepaid expense	70,335,791.97	80,388,949.97
Deferred income tax assets	691,575,647.64	516,879,201.66
Other non-current assets	20,000,000.00	20,000,000.00
Total non-current assets	8,668,086,000.69	8,040,891,097.10
Total assets	31,044,132,448.03	27,797,678,363.49
Current liabilities:		
Short-term borrowings	8,723,585,987.34	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	2,067,605,961.65	3,513,157,955.43
Accounts payable	7,459,462,338.28	6,477,055,955.65
Advances from customers	314,025,058.94	306,650,717.69
Contract liabilities		
Payroll payable	68,511,959.60	146,199,496.44
Taxes payable	7,095,620.80	10,913,871.30
Other payables	2,476,885,218.67	2,011,494,378.65
Including: Interest payable	97,385,685.87	24,158,666.48
Dividends payable	240,794,540.80	
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	21,117,172,145.28	20,687,496,966.11

Non-current liabilities:		
Long-term borrowings	344,000,000.00	245,000,000.00
Bonds payable	3,489,910,901.50	
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	206,591.51	206,591.51
Deferred income tax liabilities	68,697,991.43	75,705,476.93
Other non-current liabilities		751,345.42
Total non-current liabilities		
Total liabilities	3,902,815,484.44	321,663,413.86
Owners' equity:	25,019,987,629.72	21,009,160,379.97
Share capital		
Other equity instruments	2,407,945,408.00	2,407,945,408.00
Including: Preferred shares		
Perpetual bonds		
Capital reserves		
Less: Treasury stock	114,018,066.79	114,018,066.79
Other comprehensive income		
Specific reserve	-1,182,217.31	-1,182,217.31
Surplus reserves		
General reserve	1,227,564,785.19	1,227,564,785.19
Retained earnings	2,275,798,775.64	3,040,171,940.85
Total owners' equity	6,024,144,818.31	6,788,517,983.52
Total liabilities and owners' equity	31,044,132,448.03	27,797,678,363.49

3. Consolidated Income Statement

Unit: RMB

Item	H1 2019	H1 2018
1. Revenue	26,036,442,813.84	17,625,414,769.82
Including: Operating revenue	26,036,442,813.84	17,625,414,769.82
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	26,698,772,822.16	17,974,204,673.13

Including: Cost of sales	24,674,042,371.13	16,442,256,445.26
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	37,389,092.27	27,646,574.62
Selling expense	1,067,945,914.36	1,103,181,074.51
Administrative expense	347,924,642.43	227,818,772.57
R&D expense	157,210,338.94	137,008,896.76
Finance costs	414,260,463.03	36,292,909.41
Including: Interest expense	529,683,836.52	138,646,255.45
Interest income	118,673,531.77	49,719,529.94
Add: Other income	343,884,971.36	123,026,283.50
Return on investment (“-” for loss)	559,161,027.92	531,758,571.71
Including: Share of profit or loss of joint ventures and associates	8,541,274.56	6,075,182.59
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Foreign exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-3,005,381.67	59,855,412.48
Credit impairment loss (“-” for loss)	-49,476,223.76	
Asset impairment loss (“-” for loss)	-11,717,767.29	-59,552,100.41
Asset disposal income (“-” for loss)	293,705,840.64	63,722,105.38
3. Operating profit (“-” for loss)	470,222,458.88	370,020,369.35
Add: Non-operating income	22,269,442.09	27,217,492.97
Less: Non-operating expense	3,469,741.51	5,951,749.57
4. Profit before tax (“-” for loss)	489,022,159.46	391,286,112.75
Less: Income tax expense	10,311,393.19	-17,446,049.13
5. Net profit (“-” for net loss)	478,710,766.27	408,732,161.88
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)		
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	352,767,020.73	341,793,039.03
5.2.1 Net profit attributable to non-controlling interests	125,943,745.54	66,939,122.85
6. Other comprehensive income, net of tax	-3,108,112.33	-4,400,958.71
Attributable to owners of the Company as the parent	-3,659,886.69	-4,851,840.74
6.1 Items that will not be reclassified to profit or loss	-4,800,000.00	
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	-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 will be reclassified to profit or loss	1,140,113.31	-4,851,840.74
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		-31,342.08
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	1,140,113.31	-4,820,498.66
6.2.9 Other		
Attributable to non-controlling interests	551,774.36	450,882.03
7. Total comprehensive income	475,602,653.94	404,331,203.17
Attributable to owners of the Company as the parent	349,107,134.04	336,941,198.29
Attributable to non-controlling interests	126,495,519.90	67,390,004.88
8. Earnings per share		
8.1 Basic earnings per share	0.1465	0.1419
8.2 Diluted earnings per share	0.1465	0.1419

Legal representative: Liu Fengxi

Chief Financial Officer: Li Chunlei

Head of financial department: Feng Junxiu

4. Income Statement of the Company as the Parent

Unit: RMB

Item	H1 2019	H1 2018
1. Operating revenue	5,368,021,710.40	6,556,568,515.30
Less: Cost of sales	5,264,149,493.15	5,958,024,932.71
Taxes and surcharges	3,050,245.87	10,295,805.36
Selling expense	602,937,451.39	796,586,717.96
Administrative expense	116,641,903.32	125,914,620.99
R&D expense	21,884,250.47	101,846,025.64
Finance costs	263,815,281.41	146,845,768.60
Including: Interest expense	484,646,778.75	288,018,824.66
Interest income	225,398,798.03	113,064,005.13
Add: Other income	25,883,962.58	42,392,110.12
Return on investment (“-” for loss)	185,975,738.88	1,159,447,278.28
Including: Share of profit or loss of joint ventures and associates	3,928,528.71	13,240,183.30
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-3,005,381.67	59,855,412.48
Credit impairment loss (“-” for loss)	-6,660,947.01	
Asset impairment loss (“-” for loss)	-3,172,282.22	-36,873,991.62
Asset disposal income (“-” for loss)	200.00	18,949.32
2. Operating profit (“-” for loss)	-705,435,624.65	641,894,402.62
Add: Non-operating income	1,522,859.81	13,874,505.45
Less: Non-operating expense	957,357.54	5,440,364.14
3. Profit before tax (“-” for loss)	-704,870,122.38	650,328,543.93
Less: Income tax expense	-175,447,791.41	-86,913,171.05
4. Net profit (“-” for net loss)	-529,422,330.97	737,241,714.98
4.1 Net profit from continuing operations (“-” for net loss)	-529,422,330.97	737,241,714.98
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		324,021.02
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		324,021.02
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		
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		324,021.02
5.2.9 Other		
6. Total comprehensive income	-529,422,330.97	737,565,736.00
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	25,473,835,784.74	17,548,318,013.29
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 for acting trading of securities		
Tax rebates	507,670,463.23	234,219,656.63
Cash generated from other operating activities	2,148,795,820.05	1,477,259,476.38
Subtotal of cash generated from operating activities	28,130,302,068.02	19,259,797,146.30
Payments for commodities and services	26,800,524,727.57	16,457,966,672.41
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 financial assets held for trading		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	926,887,184.41	830,723,675.14
Taxes paid	453,909,943.55	1,461,811,434.09
Cash used in other operating activities	1,991,936,384.26	2,347,454,070.52
Subtotal of cash used in operating activities	30,173,258,239.79	21,097,955,852.16
Net cash generated from/used in operating activities	-2,042,956,171.77	-1,838,158,705.86
2. Cash flows from investing activities:		
Proceeds from disinvestment	221,738,210.00	42,903,231.61
Return on investment	73,227,388.55	72,250,837.30
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	100,441,951.60	1,682,604.46
Net proceeds from the disposal of subsidiaries and other business units	32,675,173.25	42,511,059.22
Cash generated from other investing activities	1,396,866,878.42	942,900,000.00
Subtotal of cash generated from investing activities	1,824,949,601.82	1,102,247,732.59
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	642,392,906.08	140,086,476.23
Payments for investments	1,156,259,360.00	198,399,656.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		232,126,165.53
Cash used in other investing activities	700,033,420.00	874,730,000.00
Subtotal of cash used in investing activities	2,498,685,686.08	1,445,342,297.76
Net cash generated from/used in investing activities	-673,736,084.26	-343,094,565.17

3. Cash flows from financing activities:		
Capital contributions received	165,523,493.96	115,980,594.60
Including: Capital contributions by non-controlling interests to subsidiaries	165,523,493.96	115,980,594.60
Borrowings obtained	11,564,151,964.42	6,725,691,416.47
Net proceeds from issuance of bonds	3,487,750,000.00	
Cash generated from other financing activities	350,346,627.50	1,023,076.93
Subtotal of cash generated from financing activities	15,567,772,085.88	6,842,695,088.00
Repayments of borrowings	11,054,191,049.91	3,377,017,426.30
Payments for interest and dividends	255,889,282.00	562,435,220.65
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	264,881,928.72	22,612,122.48
Subtotal of cash used in financing activities	11,574,962,260.63	3,962,064,769.43
Net cash generated from/used in financing activities	3,992,809,825.25	2,880,630,318.57
4. Effect of foreign exchange rate changes on cash and cash equivalents	-9,021,516.41	-35,288,115.64
5. Net increase in cash and cash equivalents	1,267,096,052.81	664,088,931.90
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	4,701,245,534.53	3,761,988,635.66

Unit: RMB

6. Cash Flow Statement of the Company as the Parent

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	10,761,635,579.27	8,900,547,132.50
Tax rebates	30,608,798.86	80,805,268.47
Cash generated from other operating activities	6,301,905,413.21	1,231,787,065.42
Subtotal of cash generated from operating activities	17,094,149,791.34	10,213,139,466.39
Payments for commodities and services	8,915,821,945.44	6,889,739,101.21
Cash paid to and for employees	376,948,025.22	508,124,450.52
Taxes paid	30,146,084.97	1,139,215,454.64
Cash used in other operating activities	7,232,326,927.95	1,847,843,398.55
Subtotal of cash used in operating activities	16,555,242,983.58	10,384,922,404.92
Net cash generated from/used in operating activities	538,906,807.76	-171,782,938.53
2. Cash flows from investing activities:		

Proceeds from disinvestment	105,558,710.00	55,600,000.00
Return on investment	40,874,813.31	77,823,977.16
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	198,805.64	28,777.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	672,765,551.82	1,115,044,083.79
Subtotal of cash generated from investing activities	819,397,880.77	1,248,496,837.95
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	39,488,957.39	54,103,982.64
Payments for investments	551,150,000.00	1,222,391,400.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	4,224,938,500.00	861,154,315.32
Subtotal of cash used in investing activities	4,815,577,457.39	2,137,649,697.96
Net cash generated from/used in investing activities	-3,996,179,576.62	-889,152,860.01
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings obtained	3,954,465,982.73	3,216,716,364.16
Net proceeds from the issuance of bonds	3,487,750,000.00	
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	7,442,215,982.73	3,216,716,364.16
Repayments of borrowings	3,053,659,242.73	1,207,765,069.15
Payments for interest and dividends	204,582,931.37	552,129,671.31
Cash used in other financing activities	8,079,215.50	335,984,291.92
Subtotal of cash used in financing activities	3,266,321,389.60	2,095,879,032.38
Net cash generated from/used in financing activities	4,175,894,593.13	1,120,837,331.78
4. Effect of foreign exchange rate changes on cash and cash equivalents	-9,427,666.78	-75,185,223.64
5. Net increase in cash and cash equivalents	709,194,157.49	-15,283,690.40
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	2,206,988,713.34	1,727,986,254.27

Unit: RMB

7. Consolidated Statements of Changes in Owners' Equity

H1 2019

Unit: RMB

Item	H1 2019													
	Equity attributable to owners of the Company as the parent													Non-controlling interests
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal	
1. Balances as at the end of the prior year	2,407,945,408.00				208,356,624.21		-10,538,219.08		1,227,564,785.19		4,271,408,192.21		8,104,736,790.53	1,346,631,520.26
Add: Adjustments for changed accounting policies											-2,884,254.62		-2,884,254.62	-2,884,254.62
Adjustments for corrections of previous errors														
Adjustments for business combinations under common control														
Other adjustments														
2. Balances as at the beginning of the year	2,407,945,408.00				208,356,624.21		-10,538,219.08		1,227,564,785.19		4,268,523,937.59		8,101,852,535.91	1,346,631,520.26
3. Increase/ decrease in the period ("-" for decrease)					29,405,337.77		-3,659,886.69	71,737.08			111,972,479.93		137,789,668.09	247,437,548.62
3.1 Total comprehensive income							-3,659,886.69				352,767,020.73		349,107,134.04	126,495,519.90
3.2 Capital increased and reduced by owners														120,942,028.72
3.2.1 Ordinary shares														118,854,770.64

increased by shareholders															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other													2,087,258.08	2,087,258.08	
3.3 Profit distribution										-240,794,540.80		-240,794,540.80		-240,794,540.80	
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)										-240,794,540.80		-240,794,540.80		-240,794,540.80	
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings															

3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other					29,405,337.77			71,737.08					29,477,074.85		29,477,074.85
4. Balances as at the end of the period	2,407,945,408.00				237,761,961.98		-14,198,105.77	71,737.08	1,227,564,785.19		4,380,496,417.52		8,239,642,204.00	1,594,069,068.88	9,833,711,272.88

H1 2018

Unit: RMB

Item	H1 2018														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Share capital	Other equity instruments			Capital reserves	Less : Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal			
Preferred shares		Perpetual bonds	Other													
1. Balances as at the end of the prior year	2, 407, 945, 408. 00				104, 732, 242. 30		3, 697, 458. 95		1, 217, 644, 874. 79		4, 260, 125, 492. 57		7, 994, 145, 476. 61	204, 044, 330. 78	8, 198, 189, 807. 39	
Add: Adjustments for changed accounting policies																
Adjustments for corrections of previous errors																
Adjustments for business combinations under common																

control														
Other adjustments														
2. Balances as at the beginning of the year	2, 407, 945, 408. 00				104, 732, 242. 30		3, 697, 458. 95		1, 217, 644, 874. 79		4, 260, 125, 492. 57		7, 994, 145, 476. 61	204, 044, 330. 78 8, 198, 189, 807. 39
3. Increase/ decrease in the period (“-” for decrease)							-4, 851, 840. 74				-48, 294, 095. 61		-53, 145, 936. 35	482, 418, 710. 00 429, 272, 773. 65
3.1 Total comprehensive income							-4, 851, 840. 74				341, 793, 039. 03		336, 941, 198. 29	67, 390, 004. 88 404, 331, 203. 17
3.2 Capital increased and reduced by owners														415, 028, 705. 12 415, 028, 705. 12
3.2.1 Ordinary shares increased by shareholders														415, 028, 705. 12 415, 028, 705. 12
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners' equity														
3.2.4 Other														
3.3 Profit distribution											-390, 087, 134. 64		-390, 087, 134. 64	-390, 087, 134. 64
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)											-390, 087, 134. 64		-390, 087, 134. 64	-390, 087, 134. 64
3.3.4 Other														
3.4 Transfers within owners' equity														

3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balances as at the end of the period	2, 407, 945, 408. 00				104, 732, 242. 30		-1, 154, 381. 79		1, 217, 644, 874. 79		4, 211, 831, 396. 96		7, 940, 999, 540. 26	686, 463, 040. 78	8, 627, 462, 581. 04

8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2019

Unit: RMB

Item	H1 2019											
	股本	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balances as at the end of the prior year	2, 407, 945, 408. 00				114, 018, 066. 79		-1, 182, 217. 31		1, 227, 564, 785. 19	3, 040, 171, 940. 85		6, 788, 517, 983. 52
Add: Adjustments for changed accounting policies										-2, 127, 505. 16		-2, 127, 505. 16
Adjustments for corrections of previous errors												
Other adjustments										7, 971, 211. 72		7, 971, 211. 72
2. Balances as at the beginning of the year	2, 407, 945, 408. 00				114, 018, 066. 79		-1, 182, 217. 31		1, 227, 564, 785. 19	3, 046, 015, 647. 41		6, 794, 361, 690. 08
3. Increase/ decrease in the period (“-” for decrease)										-770, 216, 871. 77		-770, 216, 871. 77
3.1 Total comprehensive income										-529, 422, 330. 97		-529, 422, 330. 97
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												

3.2.4 Other												
3.3 Profit distribution										-240,794,540.80		-240,794,540.80
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-240,794,540.80		-240,794,540.80
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	2,407,945,408.00				114,018,066.79		-1,182,217.31		1,227,564,785.19	2,275,798,775.64		6,024,144,818.31

H1 2018

Unit: RMB

Item	H1 2018											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balances as at the end of the prior year	2, 407, 945, 408. 00				111, 525, 163. 22		−1, 970, 304. 62		1, 217, 644, 874. 79	3, 327, 627, 676. 56		7, 062, 772, 817. 95
Add: Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	2, 407, 945, 408. 00				111, 525, 163. 22		−1, 970, 304. 62		1, 217, 644, 874. 79	3, 327, 627, 676. 56		7, 062, 772, 817. 95
3. Increase/ decrease in the period (“-” for decrease)							324, 021. 02			347, 154, 580. 34		347, 478, 601. 36
3.1 Total comprehensive income							324, 021. 02			737, 241, 714. 98		737, 565, 736. 00
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										−390, 087, 134. 64		−390, 087, 134. 64

3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-390,087,134.64		-390,087,134.64
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balances as at the end of the period	2,407,945,408.00				111,525,163.22		-1,646,283.60		1,217,644,874.79	3,674,782,256.90		7,410,251,419.31

Konka Group Co., Ltd.

Notes to Financial Statements for H1 2019

(All amounts are expressed, unless otherwise stated, in Renminbi (RMB).)

I. Company Profile

1. Establishment

Konka Group Co., Ltd. (hereinafter referred to as “Company” or “the Company”), is a joint-stock limited company reorganized from the former Shenzhen Konka Electronic Co., Ltd. in August 1991 upon approval of the People’s Government of Shenzhen Municipality, and has its ordinary shares (A-share and B-share) listed on Shenzhen Stock Exchange with prior consent from the People’s Bank of China Shenzhen Special Economic Zone Branch. On 29 August 1995, the Company was renamed to “Konka Group Co., Ltd.” (Credibility code: 914403006188155783) with its main business electronic industry. And now the headquarters locates in No. 28 of No. 12 of Keji South Rd., Science & Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province.

2. Share Capital Changes upon Establishment

On 27 November 1991, with approval from the SRYFZ No. 102 [1991] document as issued by the People’s Bank of China Shenzhen Special Economic Zone Branch, Shenzhen Konka Electronic Co., Ltd., during 8 December 1991—31 December 1991, has issued 128,869,000 RMB ordinary shares (A-share) at a par value of RMB1.00 per share, of which the original net assets were converted into 98,719,000 state-owned institutional shares, 30,150,000 new shares were issued, including 26,500,000 circulating shares issued to the public and 3,650,000 staff shares issued to the staff of the Company.

On 29 January 1992, with approval from the SRYFZ No. 106 [1991] document as issued by the People’s Bank of China Shenzhen Special Economic Zone Branch, Shenzhen Konka Electronic Co., Ltd., during 20 December 1991—31 January 1992, has issued to investors abroad 58,372,300 RMB special shares (B-share) at a par value of RMB1.00 per share, of which 48,372,300 shares held by the former foreign investor and founder—Hong Kong Ganghua Electronic Company Co., Ltd. are converted into foreign legal person’s shares, and 10,000,000 B-shares are issued additionally.

On 10 April 1993, the Proposal on Profit Distribution and Dividend Payout 1992 was adopted at the second general meeting of shareholders of the Company. With approval from the SZBF No. 2 [1993] document as issued by Shenzhen Securities Regulatory Office, the Company began to perform dividend policy for FY 1992 as of 30 April 1993: distributing

RMB 0.90 in cash plus 3.5 bonus shares for every 10 shares to all shareholders. The total capital stock reached 187,473,150 shares after this distribution.

On 18 April 1994, the Proposal on Profit Distribution and Dividend Payout 1993 was adopted at the third general meeting of shareholders of the Company. With approval from the SZBF No. 115 [1994] document as issued by Shenzhen Securities Regulatory Office, the Company began to perform dividend policy for FY1993 as of 10 June 1994: distributing RMB 1.10 in cash plus 5 bonus shares (including 4.4 profit bonus shares and 0.6 bonus share capitalized from capital public reserve) for every 10 shares to all shareholders. The total capital stock reached 281,209,724 shares after this distribution and capitalization from capital public reserve.

On 2 June 1994, in accordance with the provisions that “staff shares could go public and be transferred six months after listing”, as jointly promulgated by the State Commission for Restructuring the Economic System and the State Council’s Securities Commission, the staff shares of the Company was planned to be listed on the flow on 6 June 1994, with the prior consent of Shenzhen Securities Regulatory Office and Shenzhen Stock Exchange.

On 8 October 1994, the Proposal on Negotiable Bonus Shares of B-Share Corporate Shareholders 1992 was adopted at the interim general meeting of shareholders of the Company. With approval from the SZBF No. 224 [1994] document as issued by Shenzhen Securities Regulatory Office, the 16,930,305.00 bonus shares for FY 1992 granted to foreign legal persons were listed and negotiated at B-share market on 26 October 1994.

On 6 February 1996, the Proposal on Share Allotment Modes 1996 was adopted at the interim general metering of shareholders of the Company. With approval from the SZBF No. 5 [1996] document as issued by Shenzhen Securities Regulatory Office, and re-examination from the ZJPSZ No. 16 [1996] document and ZJGZ No. 2 [1996] document as issued by China Securities Regulatory Commission, on 16 July 1996 and 29 October 1996, all shareholders were respectively allotted three shares for every ten existing shares held at RMB6.28/A-share and HKD5.85/B-share. Corporate shareholders took their respective existing shares as bases for full subscription of the allocable shares. The total capital stock reached 365,572,641.00 shares after this allotment.

On 25 January 1998, the Plan on Share Allotment 1998 was adopted at the interim general meeting of shareholders of the Company. With approval from the ZZBZ No. 29 [1998] document as issued by Shenzhen Securities Regulatory Office, and ZJSZ No.64 [1998] document as issued by China Securities Regulatory Commission, on 15 July 1998, negotiable A-shares were allotted in proportion of 3:10 at RMB10.50/A-share. For such reasons as

continued weakness in B-share secondary market (lower than share allotment price), B-share negotiation and allotment plan was cancelled, and the corporate shareholders of the Company waived the preemptive right. The total capital stock reached 389,383,603 shares after this allotment.

On 30 June 1999, the Proposal on Profit Distribution and Capitalization from Capital Public Reserve 1998 was adopted at the eighth general meeting of shareholders of the Company. On 20 August 1999, the profit distribution for FY 1998 was carried out: all shareholders were presented RMB3.00 in cash for every 10 shares, plus 2 shares capitalized from capital public reserve. The total capital stock reached 467,260,323.00 shares after this capitalization.

On 30 June 1999, the Plan on A-Share Issue for Capital Increase was adopted at the eighth general meeting of shareholders of the Company. With approval from the ZJFXZ No.140 [1999] document as issued by China Securities Regulatory Commission, on 1 November 1999, 80,000,000.00 A-shares were additionally issued to the public at RMB15.50/share. The total capital stock reached 547,260,323.00 shares after this additional issue.

On 30 May 2000, the Plan on Profit Distribution and Dividend Payout 1999 was adopted at the ninth general meeting of shareholders of the Company. On 25 July 2000, the profit distribution for FY 1999 was carried out: all shareholders were distributed RMB4.00 in cash plus 1 bonus shares for every 10 shares. The total capital stock reached 601,986,352.00 shares after this distribution.

On 26 May 2008, the 2017 general meeting of shareholders s was convened, during which the following resolutions were discussed and adopted: based on the total capital stock of 601,986,352.00 shares for the year ended 31 December 2007, capitalization from capital public reserve was made to all shareholders at a proportion of 1:1, namely 10 new shares for every 10 existing shares. On 16 December 2008, with approval from the SMGZF No. 2662 [2008] document as issued by Shenzhen Bureau of Trade and Industry, the Company was agreed to increase its share capital, and went through the formalities for registration of changes with the administration for industry and commerce on 10 April 2009. The total capital stock reached 1,203,972,704.00 shares after change.

According to the regulations of the 2015 1st Extraordinary General Meeting and the revised articles of the Company, the Company applied to increase the registered capital of RMB1,203,972,704.00, which totally turned into capital reserve with the altered registered capital of RMB2,407,945,408.00 and managed the industrial and commercial alternation registration on 28 January 2016 with the altered share capital of 2,407,945,408.00 shares.

3. Approved business scope: research and development, production and operation of such

intelligent household electric appliances as televisions, refrigerators, washing machines, and personal electronic appliances, and kitchen and bathroom electronic appliances; manufacturing and application of home AV, IPTV set-top boxes, OTT terminal products, digital TV receivers (including ground receiving equipment of satellite television broadcasting), digital products, intelligent wearable products, intelligent health products, intelligent electric products, intelligent switch plug, power bank, mobile communication equipments and terminal products, daily-use electronic products, automotive electronic products, satellite navigation systems, intelligent transportation systems, fire-fighting and security systems, office equipments, computers, displays, large screen display systems; LED (OLED) back light, illumination, light-emitting devices, and packaging thereof; Touch TV AIO, wireless broadcasting television transiting equipment; emergency broadcast system equipment, electronic parts and components, moulds, plastic and rubber products, and packing materials, design and in-door installation security products, monitoring products, wireless and cable digital television system and system integration, and technical consultancy and after-sale paid services of related products (except mobile phone, the other products in the above business scope are manufactured in other places outside Shenzhen); Wholesale, retail, import & export and relevant support services of the aforesaid products (including spare parts) (Commodities subject to state trading management are not involved. Products involved in quota, license management and other specified management shall be subject to the relevant state provisions.); sale of self-developed technological achievements; provision of maintenance services, technical consultant service for electronic products; ordinary cargo transportation, domestic freight forwarding, international freight forwarding, and warehousing services; management of supply chain, consultancy on enterprise management; and self-owned property leasing and management services, recovery of waste electrical appliances and electronic products (excluding disassembling) (operated by branch offices); and outsourcing services of information technology and business procedures by means of undertaking services in the way of outsourcing, including management and maintenance of system application, management of information technology, bank background service, financial settlement, human resource service, software development, call centre, and data processing. Import & export business: domestic trade; international trade (excluding monopoly, exclusive control, and monopolized commodities); selling security products, intelligent household products, door lock, and hardware; doing various business entrusted by (Mobile, Unicom, Telecom, and BC&TV); Water pollution control, solid waste pollution treatment, hazardous waste pollution control, air pollution control, soil pollution control and

remediation; production (excluding mining) and sales of non-metallic mineral products and materials; development, production and sales of specific materials for semiconductor integrated circuits and component; assembly, production and sales of integrated device electronics, design, R&D, manufacturing, testing, packaging and sales of semiconductor integrated circuits, and sales, integrated circuit products and related technical services, technology development, transfer, import and export in the field of semiconductor integrated circuit technology.

4. The Company and its subsidiaries are mainly engaged in the production and sales of colour TVs, white goods, mobile phones, etc.; businesses regarding trade, industry and science and technology, environmental protection, commercial factoring, and etc.

5. The financial statements contained herein have been approved for issue by the Board of Directors of the Company on 5 August 2019.

There were 123 subsidiaries included in the consolidation scope of 2019 of the Company, and please refer to the Notes VIII. "Equities among other entities" for details. There were 15 subsidiaries increased and 6 decreased in the consolidation scope of the Reporting Period over the last period of the Company, for details, see the Notes VII. "Changes of the consolidation scope".

6. A check list of corporate names and their abbreviations mentioned in this Report

Corporate name	Abbreviation
Anhui Konka Electrical Appliance Technology Co., Ltd.	Anhui Electrical Appliance
Anhui Konka Electronic Co., Ltd.	Anhui Konka
Anhui Konka Tongchuang Electrical Appliances Co., Ltd.	Anhui Tongchuang
Anhui Konka Zhilian E-Commerce Co., Ltd.	Anhui Zhilian
Beijing Konka Electronic Co., Ltd.	Beijing Konka Electronic
Boluo Konka Precision Technology Co., Ltd.	Boluo Konka Precision
Boluo Konka PCB Co., Ltd.	Boluo Konka
Sichuan Konka Industrial New Town Development Co., Ltd.	Industrial New Town
Chengdu Anren Konka Cultural and Creative Incubator Management Co., Ltd.	Chengdu Anren
Chengdu Konka Incubator Management Co., Ltd.	Chengdu Konka Incubator
Chuzhou Kangyong Health Industry Development Co., Ltd.	Chuzhou Kangyong
Chuzhou Konka Technology & Industry Development Co., Ltd.	Chuzhou Konka TID
Nanjing Chuanghui Smart Technology Co., Ltd.	Chuanghui Smart
Shenzhen Konka Electronics Technology Co., Ltd.	Electronics Technology
Dongguan Konka Packing Materials Co., Ltd.	Dongguan Packing
Dongguan Konka Electronic Co., Ltd.	Dongguan Konka

Corporate name	Abbreviation
Dongguan Konka Investment Co., Ltd.	Dongguan Konka Investment
Hainan Konka Technology Industry Development Co., Ltd.	Hainan Technology
Hefei KONSEMI Storage Technology Co., Ltd.	Hefei KONSEMI
Jiali International (Hong Kong) Limited	Jiali International
Jiaxin Technology Co., Ltd.	Jiaxin Technology
Jiangxi Konka New Material Technology Co., Ltd.	Jiangxi Konka
Konka Electrical Appliances International Trading Co., Ltd.	Konka Electrical Appliances International Trading
Konka Electrical Appliances Investment & Development Co., Ltd.	Konka Electrical Appliances Investment
Konka Factoring (Shenzhen) Co., Ltd.	Konka Factoring
Hainan Konka Material Technology Co., Ltd.	Konka Material
Konka Ventures Development (Shenzhen) Co., Ltd.	Konka Ventures
Guiyang Konka Enterprise Service Co., Ltd.	Konka Enterprise Service
Shenzhen Konka Electrical Appliances Co., Ltd.	Konka Electrical Appliances
Konka Huanjia (Dalian) Environmental Technology Co., Ltd.	Konka Huanjia
Konka Huanjia (Henan) Environmental Technology Co., Ltd.	Konka Huanjia (Henan)
Shenzhen Konka Unifortune Technology Co., Ltd.	Konka Unifortune
Guizhou Konka Enterprise Management Service Co., Ltd.	Konka Enterprise Management
Konka Ronghe Industrial Technology (Foshan) Co., Ltd.	Konka Ronghe
Shenzhen Konka Eco-Development Investment Co., Ltd.	Konka Eco-Development
Shenzhen Konka Suyuan Investment Industrial Co., Ltd.	Konka Suyuan
Konka Suiyong Investment (Shenzhen) Co., Ltd.	Konka Suiyong
Sichuan Kangjietong Technology Co., Ltd.	Kangjietong
Shenzhen Konka Investment Holding Co., Ltd.	Konka Investment
Shenzhen Konka E-display Co., Ltd.	Konka E-display
Konka SmartTech Limited	Konka SmartTech
Shenzhen Konka Capital Equity Investment Management Co., Ltd.	Konka Capital
Konka Financial Leasing (Tianjin) Co., Ltd.	Konka Leasing
Kangjietong (Hong Kong) Limited	Kangjietong
Shenzhen Kangqiao Easy Chain Technology Co., Ltd.	Kangqiao Easy Chain
Shenzhen Kangquan Enterprise Management Consulting Co., Ltd.	Kangquan Enterprise
Anhui Kangzhi Trade Co., Ltd.	Kangzhi Trade
Shenzhen Konka Cross-Border Technological Innovation Service Co., Ltd.	Cross-Border Technological Innovation
Mudanjiang Arctic Ocean Appliances Co., Ltd.	Mudanjiang Appliances
Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.	Nano Crystallized Glass

Corporate name	Abbreviation
Nanjing Konka Smart Technology Co., Ltd.	Nanjing Konka
Konka (Europe) Co., Ltd.	Konka Europe
Shenzhen Konka Electronic Fittings Technology Co., Ltd.	Fittings Technology
Shenzhen Konka Pengrun Technology & Industry Co., Ltd.	Konka Pengrun
Xiamen Dalong Trading Co., Ltd.	Xiamen Dalong
Shandong Kangxin Industrial Development Co., Ltd.	Shandong Kangxin
Shenzhen Konka Commercial System Technology Co., Ltd.	Commercial System Technology
Shanghai Konka Industrial Co., Ltd.	Shanghai Konka
Shanghai Xinfeng Zhuoqun PCB Co., Ltd.	Shanghai Xinfeng
Shenzhen Huanan Investment Partnership (Limited Partnership)	Shenzhen Huanan
Shenzhen KONSEMI Co., Ltd.	Shenzhen KONSEMI
Shenzhen Meixin Semiconductor Technology Co., Ltd.	Shenzhen Meixin
Shenzhen Nianhua Enterprise Management Co., Ltd.	Shenzhen Nianhua
Shenzhen Konka Life Electric Appliance Co., Ltd.	Life Electric Appliance
Shenzhen Konka Shengxing Industrial Co., Ltd.	Shengxing Industrial
Sichuan Konka Smart Terminal Technology Co., Ltd.	Sichuan Konka
Suining Konka Electronic Technological Innovation Co., Ltd.	Suining Electronic Technological Innovation
Suining Konka Industrial Park Development Co., Ltd.	Suining Konka Industrial Park
Shenzhen Konka Telecommunications Technology Co., Ltd.	Telecommunication Technology
Shenzhen Wankaida Science and Technology Co., Ltd.	Wankaida
Hong Kong Konka Limited	Hong Kong Konka
Konka Mobility Co., Limited	Konka Mobility
Shenzhen Xiaojia Technology Co., Ltd.	Xiaojia Technology
Henan Frestec Electrical Appliances Co., Ltd.	Frestec Electrical Appliances
Henan Frestec Household Appliances Co., Ltd.	Frestec Household Appliances
Henan Frestec Refrigeration Appliance Co., Ltd.	Frestec Refrigeration
Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.	Xinfeng Microcrystalline
GuangDong XingDa HongYe Electronic Co., Ltd.	XingDa HongYe
Yantai Konka Healthcare Enterprise Service Co., Ltd.	Yantai Konka
Yantai Konka Industrial Co., Ltd.	Yantai Konka Industrial
Yantai Kangjin Technology Development Co., Ltd.	Yantai Kangjin
Shenzhen E-display Service Co., Ltd.	E-display Service
Yibin Konka Technology Park Operation Co., Ltd.	Yibin Konka Technology Park
Yibin Konka Incubator Management Co., Ltd.	Yibin Konka Incubator

Corporate name	Abbreviation
Shenzhen Konka Mobile Interconnection Technology Co., Ltd.	Mobile Interconnection
Hefei Yihe Electronic Co., Ltd.	Yihe Electronic
Shenzhen Konka Yifang Technology Co., Ltd.	Yifang Technology
E3info (Hainan) Technology Co., Ltd.	E3info
Shenzhen E2info Network Technology Co., Ltd.	E2info
Shandong Econ Technology Co., Ltd. (inclusive of its consolidated subsidiaries)	Econ Technology
Youshi Kangrong Culture Communication Co., Ltd.	Youshi Kangrong
Shenzhen Youzhihui Technology Co., Ltd.	Youzhihui
Yibin Konka Smart Technology Co., Ltd.	Smart Technology
Chain Kingdom Memory Technologies Co., Limited	Chain Kingdom Memory Technologies
Chain Kingdom Memory Technologies (Shenzhen) Co., Ltd.	Chain Kingdom Memory Technologies (Shenzhen)
Chongqing Konka Technology Development Co., Ltd.	Chongqing Konka

II. Basis for the Preparation of Financial Statements

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with The Accounting Standards for Business Enterprises—Basic Standard issued by the Ministry of Finance with Decree No. 33 and revised with Decree No. 76, the 42 specific accounting standards, the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 February 2006 onwards (hereinafter jointly referred to as the Accounting Standards for Business Enterprises, China Accounting Standards or “CAS”), as well as the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Company adopted the accrual basis in accounting. Except for some financial instruments and investment properties, the financial statements are based on historic costs to measure. Non-current assets held for sale is priced by the lower amount between the amounts that fair value minus estimated amount and the original book value that meets the held for sale requirement. Where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

III. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's financial positions as at 30 June 2019, business results and cash flows for H1 of 2019, and other relevant information. In addition, the Company's and the Company's financial statements meet the requirements of disclosing financial statements and notes thereto stated in the Rules for Preparation Convention of Disclosure of Public Offering Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

IV. Important Accounting Policies and Estimations

The Company and its subsidiaries are mainly engaged in the production and sales of colour TVs, white goods, mobile phones, etc.; businesses regarding trade, industry and science and technology, environmental protection, commercial factoring, financing lease, etc. The Company and its subsidiaries formulated certain specific accounting policies and accounting estimates according to the actual production and operation characteristics and the regulations of the relevant ASBE on the transactions and events of the revenues recognition, the recognition of completion of construction contract, and research development expenditure. For the details, please refer to each description of Notes IV. 23 “Revenues”. For the notes of the significant accounting judgment and estimations made by the management layer, please refer to Notes IV. 29 “Significant accounting judgment and estimations”.

1. Fiscal Period

The Company's fiscal periods include fiscal years and fiscal periods shorter than a complete fiscal year. The Company's fiscal year starts on January 1 and ends on December 31 of every year according to the Gregorian calendar.

2. Operating Cycle

A normal operating cycle refers to a period from the Company purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Company is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

3. Recording Currency

Renminbi is the dominant currency used in the economic circumstances where the Company and its domestic subsidiaries are involved. Therefore, the Company and its domestic subsidiaries use Renminbi as their bookkeeping base currency. The overseas subsidiaries of the Company should confirm the HK Dollar and Euro as their recording currency according its major economic environment of their operating address. And the Company adopted Renminbi as the bookkeeping base currency when preparing the financial statements for the

Reporting Year.

4. Accounting Treatment Methods for Business Combinations under the Same Control or not under the Same Control

Business combinations, it is refer to two or more separate enterprises merge to form a reporting entity transactions or events. Business combination is divided into under the same control and those non under the same control.

(1) Business combinations under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The “combining date” refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital (share premium) shall be adjusted. If the additional paid-in capital (share premium) is not sufficient to be offset, the retained earnings shall be adjusted.

The direct cost for the business combination of the combining party shall be recorded into the profits and losses at the current period.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree.

For a business combination not under the same control, the combination costs shall include the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree, the expenses for audit, legal services and assessment, and other administrative expenses,

which are recorded into the profits and losses in the current period. The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities. The involved contingent consideration shall be recorded into the combination costs at its fair value on the acquiring date. Where new or further evidences emerge, within 12 months since the acquiring date, against the existing circumstances on the acquiring date and the contingent consideration thus needs to be adjusted, the combined goodwill shall be adjusted accordingly. The combination costs of the acquirer and the identifiable net assets obtained by it in the combination shall be measured according to their fair values at the acquiring date. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. Where the combination costs are less than the fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall re-examine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs. If, after the re-examination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, the acquirer shall record the balance into the profits and losses of the current period.

As for the deductible temporary differences the acquirer obtains from the acquiree which are not recognized into deferred income tax liabilities due to their not meeting the recognition standards, if new or further information shows that the relevant situation has existed on the acquiring date and the economic benefits brought by the deductible temporary differences the acquirer obtains from the acquiree on the acquiring date can be realized, they shall be recognized into deferred income tax assets and the relevant goodwill shall be reduced. Where the goodwill is not sufficient to be offset, the difference shall be recognized into the profits and losses in the current period. In other circumstances than the above, where the deductible temporary differences are recognized into deferred income tax assets on the acquiring date, they shall be recorded into the profits and losses in the current period.

In a business combination not under same control realized by two or more transactions of exchange, according to about the No. 5 Notice about the Treasury Issuing the Accounting Standards for Enterprises (Finance accounting) [2012] No. 19 and the Article 51 of Accounting Standards for Enterprises No. 33—Consolidated Financial Statements Criterion about the “package deal” (see Note IV, 5 (2)), Whether the deals are “package deal” or not, belong to the “package deal”, see the previous paragraphs described in this section and Note

IV, 13 “long term equity investment” and conduct accounting treatment, those not belong to the “package deal” distinguish between the individual financial statements and the consolidated financial statements and conduct relevant accounting treatment.

In the individual financial statements, the sum of the book value and new investment cost of the Company holds in the acquiree before the acquiring date shall be considered as initial cost of the investment. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains).

In the Company’s consolidated financial statements, as for the equity interests that the Company holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date. Other related comprehensive gains in relation to the equity interests that the Company holds in the acquiree before the acquiring date shall be treated on the same basis as the acquiree directly disposes the related assets or liabilities when disposing the investment (that is, except for the corresponding share in the changes in the net liabilities or assets with a defined benefit plan measured at the equity method arising from the acquiree’s re-measurement, the others shall be transferred into current investment gains on the acquiring date).

5. Methods for Preparing Consolidated Financial Statements

(1) Principle for determining the consolidation scope

The consolidation scope for financial statements is determined on the basis of control. The term “control” is the power of the Company upon an investee, with which it can take part in relevant activities of the investee to obtain variable returns and is able to influence the amount of returns. The scope of consolidation includes the Company and its all subsidiaries. A subsidiary is an enterprise or entity controlled by the Company.

Once any changes in the relevant facts or situations resulted in any changes in the elements involved in the aforesaid definition of “control”, the Company shall carry out a reassessment.

(2) Methods for preparing the consolidated financial statements

Subsidiaries are fully consolidated from the date on which the Company obtains control on their net assets and operation decision-making and are de-consolidated from the date when

such control ceases. As for a disposed subsidiary, its operating results and cash flows before the disposal date has been appropriately included in the consolidated income statement and cash flow statement; and as for subsidiaries disposed in the current period, the opening items in the consolidated balance sheet are not adjusted. For a subsidiary acquired in a business combination not under the same control, its operating results and cash flows after the acquiring date have been appropriately included in the consolidated income statement and cash flow statement, and the opening items and comparative items in the consolidated financial statements are not adjusted. For a subsidiary acquired in a business combination under the same control and the merged party in a consolidation by merger, its operating results and cash flows from the beginning of the Reporting Period of the combination to the combination date have been appropriately included in the consolidated income statement and cash flow statement, and the comparative items in the consolidated financial statements are adjusted at the same time.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries. For a subsidiary acquired from a business combination not under the same control, the individual financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant inter-Company balances, transactions and unrealized profits are offset in the consolidated financial statements.

The portion of a subsidiary's shareholders' equity and the portion of a subsidiary's net profits and losses for the period not held by the Company are recognized as minority interests and minority shareholder profits and losses respectively and presented separately under shareholders' equity and net profits in the consolidation financial statements. The portion of a subsidiary's net profits and losses for the period that belong to minority interests is presented as the item of "minority shareholder profits and losses" under the bigger item of net profits in the consolidated financial statements. Where the loss of a subsidiary shared by minority shareholders exceeds the portion enjoyed by minority shareholders in the subsidiary's opening owners' equity, minority interests are offset.

Where the Company loses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained

from the disposal of equity interests and the fair value of the residual equity interests, minus the portion in the original subsidiary's net assets measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary are treated on the same accounting basis as the acquiree directly disposes the relevant assets or liabilities (that is, except for the changes in the net liabilities or assets with a defined benefit plan resulted from re-measurement of the original subsidiary, the rest shall all be transferred into current investment gains) when such control ceases. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises —Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises—Recognition and Measurement of Financial Instruments. For details, see Note IV. 13 “long term equity investment” or Note IV. 9 “financial instruments”.

If the company disposes the equity investment in the subsidiary company until the loss of control through multiple transactions, it is necessary to distinguish whether the transactions disposing the equity investment in the subsidiary company until the loss of control belong to package transactions. All the transaction terms, conditions and economic impact of the disposal of subsidiaries' equity investment are in accordance with one or more of the following conditions, which usually indicate the multiple transactions, should be considered as a package deal for accounting treatment. ① These deals are at the same time or under the condition of considering the influence of each other to concluded; ② These transactions only be as a whole can achieve a complete business result; ③ The occurrence of a deal depends on at least one other transactions; ④ A deal alone is not economical, it is economical with other trading together. Those not belong to a package deal, each of them a deal depends on circumstances respectively conduct accounting treatment in accordance with the applicable principles of “part disposal of subsidiaries of a long-term equity investment under the condition of not losing control on its subsidiaries” (see Note IV. 13. (2) ④) and “Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons” (See the front paragraph) relevant transactions of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, considered as a transaction and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated

financial statements, which together transferred into the current profits and losses in the loss of control, when the Company losing control on its subsidiary.

6. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

A joint arrangement refers to an arrangement jointly controlled by two participants or above. The Company classifies joint arrangements into joint operations and joint ventures according to its rights and duties in the joint arrangements. A joint operation refers to a joint arrangement where the Company enjoys assets and has to bear liabilities related to the arrangement. A joint venture refers to a joint arrangement where the Company is only entitled to the net assets of the arrangement.

The Company's investments in joint ventures are measured at the equity method according to the accounting policies mentioned in Note IV. 13 (2) ② "Long-term equity investments measured at the equity method".

For a joint operation, the Company, as a joint operator, recognizes the assets and liabilities that it holds and bears in the joint operation, and recognizes the jointly-held assets and jointly-borne liabilities according to the Company's stake in the joint operation; recognizes the income from sale of the Company's share in the output of the joint operation; recognizes the income from sale of the joint operation's outputs according to the Company's stake in it; and recognizes the expense solely incurred to the Company and the expense incurred to the joint operation according to the Company's stake in it.

When the Company, as a joint operator, transfers or sells assets (the assets not constituting business, the same below) to the joint operation, or purchases assets from the joint operation, before the assets are sold to a third party, the Company only recognizes the share of the other joint operators in the gains and losses arising from the sale. Where impairment occurs to the assets as prescribed in The Accounting Standard No. 8 for Business Enterprises—Asset Impairment, the Company shall fully recognizes the loss for a transfer or sale of assets to a joint operation; and shall recognize the loss according to its stake in the joint operation for a purchase of assets from the joint operation.

7. Recognition Standard for Cash and Cash Equivalents

In the Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

8. Foreign Currency Businesses and Translation of Foreign Currency Financial Statements

(1) Accounting treatments for translation of foreign currency transactions

As for a foreign currency transaction, the Company shall convert the amount in a foreign currency into amount in its bookkeeping base at the spot exchange rate (usually referring to the central parity rate that day announced by the People's Bank of China, the same below) of the transaction date, while as for such transactions as foreign exchange or involving in foreign exchange, the Company shall converted into amount in the bookkeeping base currency at actual exchange rate the transaction is occurred.

(2) Accounting treatments for translation of foreign currency monetary items and non-monetary items

On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded in the profits and losses in the current period, excluding the following situations: ① the exchange difference arising from foreign currency loans related to acquisition of fixed assets shall be treated at the principle of capitalization of borrowing costs; ② the exchange difference arising from the hedging instruments used for effective hedging of net overseas operation investments shall be recorded into other comprehensive incomes, and shall be recognized into current gains and losses when the net investments are disposed; and ③ the exchange difference arising from change in the book balance of foreign currency monetary items available for sale except the amortized costs shall be recorded into other comprehensive gains and losses.

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the other comprehensive income; and be recorded into disposal gains and losses at current period when disposing overseas business.

A foreign currency non-monetary item measured at the historical costs shall still be translated at the spot exchange rate on the transaction date. Where the foreign non-monetary items measured at the fair value shall be converted into amount in its bookkeeping base currency at spot exchange rate, the exchange gains and losses arising thereof shall be treated as change in fair value, and recorded into the current period gains and losses or as other comprehensive incomes.

(3) Translation of foreign currency financial statements

When it involves overseas business in preparing the consolidated financial statement, for the translation difference of foreign currency monetary items of net investment in overseas business arising from the change in exchange rate, it shall be recorded into the item of “difference of foreign currency financial statement translation” under the owners’ equity; and be recorded into disposal gains and losses at current period when disposing overseas business.

The foreign currency financial statement of overseas business should be translated in to RMB financial statement by the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner’s equity items, except for the items as “undistributed profits”, other items shall be translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements shall be translated at the spot exchange rate of the transaction date. The retained earnings at period-end is the retained earnings the period-end of last year after the translation; retained earnings at period-end shall be listed as various distribution items after the translation; after the translation, the balance between assets and the sum of liabilities and shareholders’ equities shall be recorded into other comprehensive gains and losses as difference of foreign currency translation. Where an enterprise disposes of an overseas business without the control right, it shall shift the differences, which is presented under the items of the shareholders’ equities in the balance sheet and which arises from the translation of foreign currency financial statements relating to this overseas business, into the disposal profits and losses of the current period by all or proportion of the disposed overseas business.

Foreign cash flow shall be translated at the spot exchange rate of the current period of the date of cash flow incurred. The influence of exchange rate on the cash flow shall be adjustment item and individually listed in the cash flow statement.

And the opening balance and the actual balance of the same period of last year shall be listed at the amounts after translation of foreign currency financial statement in the same period of last year.

Where the control of the Company over an overseas operation ceases due to disposal of all or some of the Company’s owner’s equity in the overseas operation or other reasons, the foreign-currency statement translation difference belonging to the parent company’s owner’s equity in relation to the overseas operation which is stated under the shareholders’ equity in the balance sheet shall be all restated as gains and losses of the disposal period.

Where the Company’s equity in an overseas operation decreases due to disposal of some

equity investment or other reasons but the Company still has control over the overseas operation, the foreign-currency statement translation difference in relation to the disposed part of the overseas operation shall be recorded into minority interests instead of current gains and losses. If what's disposed is some equity in an overseas associated enterprise or joint venture, the foreign-currency statement translation difference related to the overseas operation shall be recorded into the gains and losses of the current period of the disposal according to the disposal ratio.

9. Financial Instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

(1) Classification, recognition and measurement of financial assets

The Company classifies the financial assets into financial assets measured at amortized cost, financial assets measured by the fair value and the changes recorded in other comprehensive income and financial assets at fair value through profit or loss based on the business model for financial assets management and characteristics of contractual cash flow of financial assets

Financial assets initially recognized shall be measured at their fair values. For financial assets measured at their fair values and of which the variation is recorded into the profit or loss of the current period, the transaction expenses thereof shall be directly included into the current profit or loss; for other financial assets, the transaction expenses thereof shall be included into the initially recognized amount. For accounts receivable and notes receivable generated from sales of commodities or provision of labor services, excluding or without regard to major financing, the expected consideration amount the Company has the right to collect will be taken by the Company as the initially recognized amount.

① Financial assets measured by the amortized cost

The business mode of the Company to manage the financial assets targets at collecting the contractual cash flow. What's more, the contractual cash flow characteristics of the financial assets are consistent with the basic lending arrangement, that is, the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. This kind of financial assets of the Company shall be subsequently measured based on the amortized cost and effective interest method, and the gains or losses arising from the amortization, impairment shall be included into current profit and loss.

② Financial assets measured at the fair value with its changes included into other comprehensive income

Business mode for managing financial assets of the Company takes contract cash flow collected as target and selling as target and contract cash flow characteristics of such financial assets are consistent with basic lending arrangement. The Company calculates such financial assets as per fair value whose change is included into corresponding comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated as per actual interest rate method are included into the current profit and loss.

Furthermore, the Company designates partial non-tradable equity vehicle investment as the financial asset measured with fair value whose change is included into other comprehensive income. The Company includes the related dividend income of such financial assets into the current profit and loss with the change in fair value included into other comprehensive income. At the time of derecognition of such financial assets, accumulated gain or loss included into other comprehensive income before will be shifted to retained earnings from other comprehensive incomes but not included into the current profit and loss.

③ Financial assets at fair value through profit or loss

The Company classifies financial assets except for above-mentioned financial assets measured with amortized cost and financial assets measured with fair value whose change is included into other comprehensive income into financial assets at fair value through profit or loss. Furthermore, at the time of the initial recognition, to eliminate or significantly reduce the accounting mismatch, the Company specifies partial financial assets as the financial assets at fair value through profit or loss. For such financial assets, the Company adopts the fair value for the subsequent measurement, and the changes in fair value are included into current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

The Company's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

① Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including the derivative instruments belonging to financial liabilities) and financial liabilities designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

Trading financial liabilities (including the derivative instruments belonging to financial

liabilities) are subsequently measured at fair value, and the changes of fair value except those related to hedge accounting) shall be recorded in the current profit or loss.

For the financial liabilities at fair value through profit or loss, the change of such liability's fair value arising from changes in the Company's own credit risk is included into other comprehensive income. And when the liability is derecognized, the accumulative change amount of its fair value arising from the change of own credit risk included into other comprehensive income is transferred to the retained earnings. The changes of the remaining fair value are included in the current profit or loss. If the treatment of change effects in own credit risk of such financial liability in the above method may cause or expand the accounting mismatching in the profit or loss, the Company will include all gains or losses (including the amount influenced due to the changes in own credit risk of the enterprise) of such financial liability into the current profit or loss.

② Other financial liabilities

Other financial liabilities except for those formed due to transfer of financial assets failing to comply with derecognition condition or continuously getting involved in transferred financial assets and financial guarantee contract are classified into financial liabilities measured with amortized cost and subject to subsequent measurement based on amortized cost. Gains or losses generated from derecognition or amortization are included into the current profit or loss.

(3) Recognition and measurement of financial assets transfer

The Company derecognizes a financial asset when one of the following conditions is met:

- 1) the rights to receive cash flows from the asset have expired;
- 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or
- 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the enterprise has neither retained all the risks and rewards from the financial asset nor control over the asset, the asset is recognized according to the extent it exists as financial asset, and correspondent liability is recognized. The extent of existence refers the level of risk by the financial asset changes the enterprise is facing.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, (a). the

carrying amount of the financial asset transferred; and (b) the sum of the consideration received from the transfer and any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair value of those parts. The difference between (a) the carrying amount allocated to the part derecognized; and (b) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

If the Company endorses the financial assets sold by right of recourse and holding financial assets, it needs to confirm that whether almost all risks and remuneration in the ownership of financial assets have been transferred or not. Where an enterprise has transferred nearly all of the risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset; If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. If the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of the financial asset, then it continuously judges that whether the Company retain the control of the assets, and conducts accounting treatment according to the principles described in former paragraphs.

(4) Derecognition of financial liabilities

In case of current obligation of financial liabilities (or partial financial liabilities) being terminated, derecognition of such financial liabilities (or partial financial liabilities) is conducted by the Company. If the Company (borrower) concludes an agreement with the lender to replace original financial liabilities with new ones and contract terms of new financial liabilities are different from those of original financial liabilities, derecognition of original financial liabilities and recognition of new financial liabilities shall be conducted. In case of material alteration of contract terms of original financial liabilities (partial financial liabilities) by the Company, derecognition of original financial liabilities and recognition of new financial liabilities as per modified terms shall be conducted.

In case of derecognition of financial liabilities (partial financial liabilities), the Company includes the balance between its carrying value and payment consideration (including non-cash assets transferred out or borne liabilities) into the current profit or loss.

(5) Offsetting financial assets and financial liabilities

When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

(6) Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The Company measures initially and subsequently the fair value of an interest rate swap at the value of a competitor's interest rate swap quoted by a recognized financial institution as at the Company's balance sheet date in accordance with the principle of consistency. In valuation, the Company adopts applicable valuation techniques supported by sufficient utilizable data and other information in current circumstances, selects input values consistent with asset or liability characteristics considered in relevant asset or liability transactions of market participators and prioritizes the applying relevant observable input values. Unobservable input values shall not be applied unless relevant observable input values are not accessible or feasible.

(7) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders' equity. The Company does not recognize any changes in the fair value of equity instruments.

An equity instrument distributing dividends during the period of continued existence

(including the “interest” generated from those classified as equity instrument) shall be treated as profit distribution.

10. Impairment of Financial Assets

The Company needs to confirm that the financial assets subject to the impairment loss are the financial assets measured based on the amortized cost, the debt instrument investment measured based on the fair value with its variations included into other comprehensive incomes and the lease outlay receivable, mainly including notes receivable, account receivable, other receivables, investment on creditor’s rights, other investments on creditor’s rights and long-term receivables etc. Besides, in respect of the contract assets and partial financial guarantee contract, corresponding impairment provisions shall be calculated and withdrawn and corresponding credit impairment losses recognized according to various accounting policies mentioned in this part.

(1) Methods for the Recognition of Impairment Provisions

For all mentioned items above, the Company shall calculate and withdraw corresponding impairment provisions and recognize corresponding credit impairment losses according to applicable expected credit loss measurement methods (general methods or simplified methods) with the expected credit loss as the basis.

Credit loss refers to the difference between all receivable contract cash flows and all expected cash flows that are discounted to the present value based on the original actual interest rate -- the present value of all cash shortfall. However, for the purchased or original financial assets subject to the credit impairment, the Company shall realize the discounting based on the actual interest rate subject to the credit adjustment.

General methods applied to measure the expected credit loss can be described as: the Company shall evaluate whether the credit risk of the financial assets (including the contract assets and other applicable items; the same below) increases remarkably after the initial recognition on the balance sheet day; if the credit risk increases remarkably after the initial recognition, the Company shall measure the provision for loss based on the specific expected credit loss amount during the entire period of existence; if not, the Company shall measure the provision for loss based on the specific expected credit loss amount in the following 12 months. While evaluating the expected credit loss, the Company shall take all reasonable and well-founded information into consideration, including the forward-looking information.

For the financial instrument of lower credit risk on the balance sheet day, the Company shall assume that its credit risk does not increase remarkably after the initial recognition, and corresponding provision for loss shall be measured according to the expected credit loss in

the following 12 months.

(2) Standards for Judging Whether the Credit Risk Increases Remarkably after the Initial Recognition

If any financial assets' probability of default within the expected period of existence determined on the balance sheet day is obviously higher than that within the expected period of existence determined during the initial recognition, it shall indicate the remarkable increase of the financial assets' credit risk. Unless it is under special circumstances, the Company shall adopt various variations in the default risk in the following 12 months as the reasonable basis for estimating corresponding variations in the default risk within the entire period of existence and determining whether the credit risk increases remarkably after the initial recognition.

(3) Combined Method for Evaluating the Expected Credit Risk based on Corresponding Combination

For the financial assets with remarkably different credit risk, the Company shall separately evaluate its credit risk, including the receivables from related parties, receivables involved in any dispute with the other party or any lawsuit and arbitration, and receivables with obvious evidence showing that the debtor cannot fulfill the due payment obligation etc.

Except for the financial assets whose credit risk shall be separately evaluated, the Company shall divide these financial assets into different combinations based on the specific risk features, on which basis, corresponding credit risks can be evaluated.

(4) Accounting Treatment Methods Applied to the Impairment of Financial Assets

At the end of the period, the Company shall calculate the expected credit losses of various financial assets. If the expected credit loss is higher than the carrying amount of its current impairment provision, the difference shall be recognized as the impairment loss; if lower, the difference shall be recognized as the gain from the impairment.

(5) Methods for Determining the Credit Loss of Various Financial Assets

① Notes Receivables

For notes receivable, the Company shall measure the provision for loss based on the specific expected credit loss during the entire period of existence. According to the credit risk characteristics thereof, except those with separate evaluation of credit risk, notes receivable can be divided into different combinations:

Item	Basis
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Bank Acceptance	The Acceptor shall be the bank with smaller credit risk
Trade Acceptance	Classified by credit risk of acceptors

②Account Receivable and Contract Assets

For account receivable and contract assets excluding significant financing composition, the Company shall measure the provision for loss according to the specific expected credit loss amount within the entire period of existence.

For account receivable, contract assets and lease payment receivable including significant financing composition, the Company shall always measure the provision for loss according to the specific expected credit loss amount within the period of existence.

Except the account receivable and contract assets whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risks:

Item	Basis
Aging Combination	This combination involves the accounts receivable whose credit risk shall not be separately evaluated by regarding the aging as credit risk feature.
Project Funds Combination	This portfolio is the project-related receivables.
Company Combination within the Scope of Consolidation	The accounts receivable within the scope of consolidation

③Other Receivables

By determining whether the credit risk of other receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except other receivables whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risk features:

Item	Basis
Aging Combination	This combination involves other receivables whose credit risk shall not be separately evaluated by regarding the aging as credit

	risk feature.
Low Risk Combination	This combination shall regard other receivables of extremely low risk (including the revolving fund, the cash deposit and the guarantee deposit) as the credit risk feature.
Company Combination within the Scope of Consolidation	Other receivables within the scope of consolidation.

④ Long-term Receivables (except the account receivable and the lease payment receivable including the significant financing composition)

By determining whether the credit risk of long-term account receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except long-term account receivables whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risk features:

Item	Basis
Financing Lease Combination	Regarding the long-term receivables related to the financing lease as the credit risk characteristics
Franchise Combination	Regarding the long-term receivables related to the PPP Project as the credit risk characteristics

11. Inventory

(1) Classification

The Company's inventories mainly include raw materials, goods in process; merchandise on hand, goods delivered, circulating materials, and property inventories (development product, and development cost), and finished but unsettled assets of construction contract.

① Development product refers to the finished and held-for-sale property.

② Development costs refers to the unfinished property with the development purpose for sale.

③ The finished but unsettled assets of construction contract refers to the excess amount of the sum of accumulatively incurred costs and recognized gross margin (loss) of contract in process over the settled amount.

(2) Pricing method for outgoing inventories

① Pricing method of common inventories

The inventories shall be measured in light of their cost when obtained. The cost of inventory consists of purchase costs, processing costs and other costs. Inventory is accounted by weight average method upon receiving and giving. For merchandise on hand shall be accounted by planned cost, if the difference between planned cost of and actual cost of raw materials is accounted through the cost variance item, and the planned cost is adjusted to the actual cost according to the cost difference which the carryover and given-out inventory should shoulder in the period.

② Pricing method of property inventories

The property inventories are initially measured at the costs, and inventories mainly include materials in stock, development product in process (development costs), finished development product, and development product intended to sell but rent temporarily, and etc. The costs of the development product include the land premium, expenditures for supporting infrastructures, expenditures for construction and installation projects, the borrowing costs before the completion of the developed project and other expenses occurred during the development process. When the inventories are delivered, its actual costs shall be recognized by weighted average method.

③ Pricing method of construction contract

The construction contracts shall be measured at actual cost, including all direct and indirect costs related to the execution of the contract from the time signing the contract to completing the contract. The expenses such as travel expenses and bidding fees incurred for the purpose of signing the contract, which can be separately and reliably measured and the contract is likely to be concluded, are included in the contract cost when the contract is obtained; if the above conditions are not met, they are included in the current profit and loss.

The accumulated costs incurred in the contract in progress, the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as net offset. The part of the sum of the accumulated costs incurred in the contract in progress and the accumulated recognized gross profit (loss) that exceeds the settled price is stated as the inventory; the part of the settlement costs of the contract in progress that exceeds the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) are stated as account collected in advance.

(3) Recognition basis of net realizable value and withdrawal method of depreciation reserves for inventories

The net realizable value refers, in the ordinary course of business, to the account after deducting the estimated cost of completion, estimated sale expense and relevant taxes from

the estimated sale price of inventories. The net realizable value of inventories shall be fixed on the basis of valid evidence as well as under consideration of purpose of inventories and the effect of events after balance-sheet-date.

On the balance sheet date, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. If the net realizable value is lower than the cost, it shall withdraw the depreciation reserves for inventories, which was withdrawn in accordance with the balance that the cost of individual inventory item exceeding the net realizable value. The inventories with various numbers and low unit price shall be made provisions for depreciation reserves of inventories according to the category of inventories. For inventories that are produced and sold in the same region with same or similar end use or purposes, and hard to be measured separately from other items, it shall be made merger provisions for falling price of inventories.

After withdrawing the depreciation reserves for inventories, if the factors, which cause any write-down of the inventories, have disappeared, causing the net realizable value of inventories is higher than its carrying amount; the amount of write-down shall be reversed from the original amount of depreciation reserve for inventories. The reversed amount shall be included in the profits and losses of the current period.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of the low-value consumption goods and packing articles

The low-value consumption goods should be amortized by one time amortization when acquiring and the packing articles are amortized by one time amortization when acquiring.

12. Assets Held for Sale and Disposal Group

When a company relies mainly on selling (including the exchanges of non-monetary assets with commercial substance, similarly hereinafter) instead of continuing to use a non-current asset or disposal group to recover its carrying value, then the non-current asset or disposal group is classified as assets held for sale. The specific standards are simultaneously meeting the following conditions: assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions; the Company has already made a resolution on the sale plan and obtained a certain purchase commitment, and the sale is expected to be completed within one year. A disposal group refers to a group of assets that are disposed of together as a whole by sale or other means in a transaction and the liabilities directly related to these assets transferred in the transaction. Where the asset group or combination of asset groups to which a disposal group belongs apportions the goodwill acquired in the business combination in accordance

with the Accounting Standards for Enterprises No. 8 - Asset Impairment, the disposal group shall include the goodwill allocated to it.

If there are non-current assets or disposal groups held for sale during initial measurement or on the balance sheet day based on remeasurement of this Company, if the carrying value is higher than the net amount by deducting the selling expenses with the fair value, the carrying value shall be written down and be equal to the net amount by deducting the selling expenses with the fair value. The write-down amount shall be confirmed as the loss of depreciation of assets and shall be included into the profits and losses of the current period. At the same time, prepare to calculate and withdraw the assets purchased and under agreements to resell. For the disposal group, deduct the carrying value of the goodwill in the disposal group with the asset depreciation losses confirmed, then deduct the carrying value of each non-current asset in the disposal group conforming to the measurement regulations of Accounting Standards for Business Enterprises No. 42-non-current Assets Purchased and under Agreements to Resell, Disposal Group and Operation Termination (herein after referred to as "the Standard for Assets Purchased and under Agreements to Resell"). If the net amount by deducting the selling expenses with the fair value of the disposal group purchased and under agreements to resell on the subsequent balance sheet date, the previous write-down amount shall be recovered and shall be reversed within the asset depreciation losses amount of the non-current confirmed as per regulation of the Standard for Assets Purchased and under Agreements to Resell after being classified into the category purchased and under agreements to resell. The reverse amount shall be included into the current profits and losses, and the carrying value shall be added as per the proportion of the carrying value of each non-current asset in the disposal group applicable to the Standard for Assets Purchased and under Agreements to Resell except for the goodwill; The goodwill carrying value deducted and the asset depreciation losses of the non-current assets applicable to the measurement regulations of the Standard for Assets Purchased and under Agreements to Resell before its confirmation of being classified into the category purchased and under agreements to resell shall not be reversed.

Depreciation or amortization in the non-current assets held for sale or the non-current assets in the disposal group shall not be calculated or withdrawn. Interests of liabilities and other expenses in the disposal group purchased and under agreements to resell shall be confirmed continuously.

When a non-current asset or disposal group fail to meet the classification conditions for the category of held-for-sale, the Company will no longer classify a non-current asset or disposal

group as held-for-sale or remove out a non-current asset from the held-for-sale disposal group, and it will be measured by one of the followings whichever is lower: (1) The carrying value before being classified as held for sale will be adjusted according to the depreciation, amortization or impairment that would have been recognized under the assumption that it was not classified as held for sale; (2) The recoverable amount.

13. Long-term Equity Investments

The long-term equity investments of this part refer to the long-term equity investments that the Company has control, joint control or significant influence over the investees. The long-term equity investment that the Company does not have control, joint control or significant influence over the investees, should be recognized as available-for-sale financial assets or financial assets at fair value through profit or loss for accounting before 2019 and it will be measured as financial assets at fair value through profit or loss since January 2019, among which, for those not for trading, the Company can choose to designate them as financial assets measured at fair value and changes thereof are recorded into other comprehensive income at initial recognition for accounting, and for details of the accounting policies governing, please refer to Notes IV 9 “Financial Instrument”.

Joint control, refers to the control jointly owned according to the relevant agreement on an arrangement by the Company and the relevant activities of the arrangement should be decided only after the participants which share the control right make consensus. Significant influence refers to the power of the Company which could anticipate in the finance and the operation policies of the investees, but could not control or jointly control the formulation of the policies with the other parties.

(1) Recognition of investment costs

As for long-term equity investments acquired by enterprise merger, if the merger is under the same control, the share of the carrying value of the shareholders' equity of the merged enterprise, on the date of merger, is regarded as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the carrying value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the carrying value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the

capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equities of the combined party which respectively acquired through multiple transaction under the same control that ultimately form into the combination of the enterprises under the same control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, it shall, on the date of merger, regard the enjoyed share of the carrying value of the shareholder's equity of the merged enterprise on the consolidated financial statement of the ultimate control party as the initial cost of the long-term equity investment, and as for the difference between the initial investment cost of the long-term equity investment and sum of the carrying value of the long-term equity investment before the combination and the carrying value of the consideration of the new payment that further required on the combination date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. The equity investment held before the combination date which adopted the equity method for accounting, or the other comprehensive income confirmed for the available-for-sale financial assets (financial assets at fair value and changes thereof are recorded into comprehensive income), should not have any accounting treatment for the moment.

For the long-term investment required from the business combination under different control, the initial investment cost regarded as long-term equity investment on the purchasing date according to the combination cost, the combination costs shall be the sum of the fair values of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company. The equities of the acquirees which respectively acquired through multiple transaction that ultimately form into the combination of the enterprises under the different control, should be disposed according whether belongs to package deal; if belongs to package deal, each transaction would be executed accounting treatment by the Company as a transaction of acquiring the control right. If not belongs to package deal, the sum of the carrying value of the original held equity investment of the acquirees and the newly added investment cost should be regarded as the initial investment cost of the long-term equity investment that changed to be accounted by cost method. On or before 31 December 2018, if the original held equity is calculated by cost method, the other relevant comprehensive income would not have any accounting disposal for the moment. If the original held equity

investment is the financial assets available for sale, its difference between the fair value and the carrying value as well as the accumulative changes of the fair value that include in the other comprehensive income, should transfer into the current gains and losses.

The commission fees for audit, law services, assessment and consultancy services and other relevant expenses occurred in the business combination by the combining party or the purchase party, shall be recorded into current profits and losses upon their occurrence; the transaction expense from the issuance of equity securities or bonds securities which are as consideration for combination by the combining party, should be recorded as the initial amount of equity securities and bonds securities.

Besides the long-term equity investments formed by business combination, the other long-term equity investments shall be initially measured by cost, the cost is fixed in accordance with the ways of gaining, such as actual cash payment paid by the Company, the fair value of equity securities issued by the Company, the agreed value of the investment contract or agreement, the fair value or original carrying amount of exchanged assets from non-monetary assets exchange transaction, the fair value of the long-term equity investments, etc. The expenses, taxes and other necessary expenditures directly related with gaining the long-term equity investments shall also be recorded into investment cost. The long-term equity investment cost for those could execute significant influences on the investees because of appending the investment or could execute joint control but not form as control, should be as the sum of the fair value of the original held equity investment and the newly added investment cost recognized according to the No. 22 of Accounting Standards for Business Enterprises—Recognition and Measurement of Financial Instrument.

(2) Subsequent measurement and recognition of gains or losses

A long-term equity investment where the investing enterprise has joint control (except for which forms into common operators) or significant influence over the investors should be measured by equity method. Moreover, long-term equity investment adopting the cost method in the financial statements, and which the Company has control on invested entity.

① Long-term equity investment measured by adopting cost method

The price of a long-term equity investment measured by adopting the cost method shall be included at its initial investment cost and append as well as withdraw the cost of investing and adjusting the long-term equity investment. The return on investment at current period shall be recognized in accordance with the cash dividend or profit announced to distribute by the invested entity, except the announced but not distributed cash dividend or profit included in the actual payment or consideration upon gaining the investment.

② Long-term equity investment measured by adopting equity method

If the initial cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously.

When measured by adopting equity method, respectively recognize investment income and other comprehensive income according to the net gains and losses as well as the portion of other comprehensive income which should be enjoyed or be shared, and at the same time adjust the carrying value of the long-term equity investment; corresponding reduce the carrying value of the long-term equity investment according to profits which be declared to distribute by the investees or the portion of the calculation of cash dividends which should be enjoyed; for the other changes except for the net gains and losses, other comprehensive income and the owners' equity except for the profits distribution of the investees, should adjust the carrying value of the long-term equity investment as well as include in the capital reserve. The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity. If the accounting policies adopted by the investees are not accord with that of the Company, should be adjusted according to the accounting policies of the Company and the financial statement of the investees during the accounting period and according which to recognize the investment income as well as other comprehensive income. For the transaction happened between the Company and associated enterprises as well as joint ventures, if the assets launched or sold not form into business, the portion of the unrealized gains and losses of the internal transaction, which belongs to the Company according to the calculation of the enjoyed proportion, should recognize the investment gains and losses on the basis. But the losses of the unrealized internal transaction happened between the Company and the investees which belongs to the impairment losses of the transferred assets, should not be neutralized. If the assets launched by this Company to the associated enterprise or joint ventures constitute the business, and the investor obtains the long-term equity investment but fails to obtain the control right, the fair value of business launched is taken as the initial investment cost of newly-increased long-term equity investment, and the difference between

initial investment cost and carrying value of business launched will be included in current profit and loss. If the assets sold by this Company to the associated enterprises or joint ventures constitute the business, the difference between consideration and carrying value of business will be included in current profit and loss. If this Company's assets purchased from the associated enterprises or joint ventures constitute business, accounting treatment shall be conducted in accordance with the provisions of the Accounting Standards for Business Enterprises No. 20 -- Business Combination, fully recognize the gains or losses related to the transaction.

The Company shall recognize the net losses of the invested enterprise until the carrying value of the long-term equity investment and other long-term rights and interests which substantially from the net investment made to the invested entity are reduced to zero. However, if the Company has the obligation to undertake extra losses, it shall be recognized as the estimated liabilities in accordance with the estimated duties and then recorded into investment losses at current period. If the invested entity realizes any net profits later, the Company shall, after the amount of its attributable share of profits offsets against its attributable share of the un-recognized losses, resume recognizing its attributable share of profits.

For the long-term equity investment held by the Company before the first execution of the new accounting criterion of the associated enterprises and joint ventures, if there is debit difference of the equity investment related to the investment, should be included in the current gains and losses according to the amount of the straight-line amortization during the original remained period.

③ Acquiring shares of minority interest

In the preparation for the financial statements, the balance existed between the long-term equity investment increased by acquiring shares of minority interest and the attributable net assets on the subsidiary calculated by the increased shares held since the purchase date (or combination date), the capital reserves shall be adjusted, if the capital reserves are not sufficient to offset, the retained profits shall be adjusted.

④ Disposal of long-term equity investment

In the preparation of financial statements, the Company disposed part of the long-term equity investment on subsidiaries without losing its controlling right on them, the balance between the disposed price and attributable net assets of subsidiaries by disposing the long-term equity investment shall be recorded into owners' equity; where the Company losses the controlling right by disposing part of long-term equity investment on such subsidiaries, it

shall treated in accordance with the relevant accounting policies in Note IV. 5 (2) “Method on preparation of combined financial statements”.

For other ways on disposal of long-term equity investment, the balance between the carrying value of the disposed equity and its actual payment gained shall be recorded into current profits and losses.

For the long-term equity investment measured by adopting equity method, if the remained equity after disposal still adopts the equity method for measurement, the other comprehensive income originally recorded into shareholders' equity should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees according to the corresponding proportion. The owners' equity recognized owing to the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopt the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and carrying value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial

instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and carrying value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

The Company respectively disposes the equity investment of the subsidiaries through multiple transactions until lose the control right, if the above transactions belongs to the package deal, should execute the accounting disposal by regarding each transaction as a deal of disposing the equity investment of the subsidiaries until lose the control right, while the difference between each expenses of the disposal and the carrying value of the long-term equity investment in accord with the disposed equity before losing the control right, should firstly be recognized as other comprehensive income then be transferred into the current gains and losses of losing the control right along until the time when lose it.

14. Investment Property

The term "investment property" refers to the real estate held for generating rent and/or capital

appreciation. Investment property of the Company include the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented.

The initial measurement of the investment property shall be made at its cost. Subsequent expenditures incurred for an investment property is included in the cost of the investment property when it is probable that economic benefits associated with the investment property will flow to the Company and the cost can be reliably measured, otherwise the expenditure is recognized in profit or loss in the period in which they are incurred.

The Company shall make a follow-up measurement to the investment property by employing the cost pattern on the date of the balance sheet. An accrual depreciation or amortization shall be made for the investment property in the light of the accounting policies of the use right of buildings or lands.

For details of impairment test method and withdrawal method of impairment provision of investment property, please refer to Note IV. 20. "Long-term assets impairment".

When owner-occupied real estate or inventories are changed into investment property or investment property is changed into owner-occupied real estate, of which book value prior to the change shall be the entry value after the change.

When an investment property is changed to an owner-occupied real estate, it would be transferred to fixed assets or intangible assets at the date of such change. When an owner-occupied real estate is changed to be held to earn rental or for capital appreciation, the fixed asset or intangible asset is transferred to investment property at the date of such change. If the fixed asset or intangible asset is changed into investment property measured by adopting the cost pattern, whose book value prior to the change shall be the entry value after the change; if the fixed asset or intangible asset is changed into investment property measured by adopting the fair value pattern, whose fair value on the date of such change shall be the entry value after the change

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognized in profit or loss in the period in which it is incurred.

15. Fixed Assets

(1) Conditions for recognition of fixed assets

Fixed assets refer to tangible assets held for the production of commodities, the provision of services, leasing or operation and management, whose service life exceeds one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost, taking into account the impact of expected abandonment costs.

(2) Depreciation methods of each fixed asset

The fixed assets should be withdrawn and depreciation by straight-line depreciation within the useful life since the next month when the fixed assets reach the estimated available state. The useful life, estimated net salvage and the yearly discounted rate of each fixed asset are as follows:

Category of fixed assets	Method	Useful life (Year)	Expected net salvage value (%)	Annual depreciation (%)
Housing and building	Straight-line depreciation	20-40	5-10.00	2.25-4.75
Machinery equipment	Straight-line depreciation	5-10	5-10.00	9.00-19.00
Electronic equipment	Straight-line depreciation	3-5	5-10.00	18.00-31.67
Transportation vehicle	Straight-line depreciation	3-5	5-10.00	18.00-31.67
Other equipment	Straight-line depreciation	5	5-10.00	18.00-19.00

The “expected net salvage value” refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected useful life.

(3) Testing method of impairment and withdrawal method of provision for impairment on fixed assets

For details of the testing method of impairment and withdraw method of impairment provision for impairment on fixed assets, please refer to Note IV. 20 “Long-term assets impairment”.

(4) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The “finance lease” shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. Its ownership may or may not eventually be transferred. The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

(5) Other explanations

The follow-up expenses related to a fixed asset, if the economic benefits pertinent to this fixed asset are likely to flow into the enterprise and its cost can be reliably measured, shall be recorded into cost of fixed assets and ultimately recognized as the carrying value of the replaced part; otherwise, they shall be included in the current profits and losses.

Terminate to recognize the fixed assets when the fixed assets under the disposing state or be estimated that could not occur any economy benefits through using or disposing. When the Company sells, transfers or discards any fixed assets, or when any fixed assets of the Company is damaged or destroyed, the Company shall deduct the carrying value of the fixed assets as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

The Company shall check the useful life, expected net salvage value and depreciation method of the fixed assets at the end of the year at least, if there is any change, it shall be regarded as a change of the accounting estimates.

16. Construction in Progress

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs. Construction in process is transferred to fixed assets when the assets are ready for their intended use.

For details of the testing method of impairment and withdraw method of impairment provision on construction in progress, please refer to Note IV. 20 “Long-term assets impairment”.

17. Borrowing Costs

The borrowing costs shall include interest on borrowings, amortization of discounts or

premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. When the borrowing costs can be directly attributable to the construction or production of assets eligible for capitalization, and the asset disbursements or the borrowing costs have already incurred, and the construction or production activities which are necessary to prepare the asset for its intended use or sale have already started, the capitalization of borrowing costs begins. When the asset eligible for capitalization under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses when incurred.

The to-be-capitalized amount of interests shall be determined in light of the actual interests incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment; the enterprise shall calculate and determine the to-be-capitalized amount on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

During the period of capitalization, the exchange balance on foreign currency special borrowings shall be capitalized; the exchange balance on foreign currency general borrowings shall be recorded into current profits and losses.

The term “assets eligible for capitalization” refers to the fixed assets, investment real estate, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended.

18. Intangible Assets

(1) Intangible assets

The term “intangible asset” refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape.

The intangible assets shall be initially measured according to its cost. The costs related with the intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded into the costs of intangible assets; otherwise, it shall be recorded into current profits

and losses upon the occurrence.

The use right of land gained is usually measured as intangible assets. For the self-developed and constructed factories and other constructions, the related expenditures on use right of land and construction costs shall be respectively measured as intangible assets and fixed assets. For the purchased houses and buildings, the related payment shall be distributed into the payment for use right of land and the payment for buildings, if it is difficult to be distributed, the whole payment shall be treated as fixed assets.

For intangible assets with a finite service life, from the time when it is available for use, the cost after deducting the sum of the expected salvage value and the accumulated impairment provision shall be amortized by straight line method during the service life. While the intangible assets without certain service life shall not be amortized.

At the end of period, the Company shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Company shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

(2) R & D expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be confirmed as intangible assets when they satisfy the following conditions simultaneously, and shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other

resources;

⑤ The development expenditures of the intangible assets can be reliably measured.

As for expenses that can't be identified as research expenditures or development expenditures, the occurred R & D expenses shall be all included in current profits and losses.

(3) Testing method of impairment and withdraw method of impairment provision of intangible assets

For details of the testing method of impairment and withdraw method of impairment provision on intangible assets, see Notes IV. 20 "Long-term assets impairment".

19. Long-term Deferred Expenses

Long-term deferred expenses refer to general expenses with the apportioned period over one year (one year excluded) that have occurred but attributable to the current and future periods. Long-term deferred expense shall be amortized averagely within benefit period.

20. Impairment of Long-term Assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Company should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than carrying value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the

minimum asset combination producing cash flow independently.

In impairment test, carrying value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the carrying value of business reputation of asset group or asset group combination, then deduct carrying value of all assets according to proportions of other carrying value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

21. Employee Compensation

Employee compensation of the Company mainly includes short-term employee compensation, departure benefits, demission benefits and other long-term employee compensation. Of which:

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labour union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

Welfare after demission mainly includes setting drawing plan. Defined contribution plans include basic endowment insurance, unemployment insurance and annuity. Deposited amounts are charged to relevant asset costs or current profits and losses during the period in which they are incurred. Defined benefit plan of the Company is internal early retirement plan. According to anticipated accumulative welfare unit, the Company makes estimates by unbiased and consistent actuarial assumption for the demographic variables and financial variables, measures the obligations produced in defined benefit plans, and determines the vesting period. On balance sheet date, the Company will list all obligations in defined benefit plans as present value and include current service costs into current profits and losses.

When terminating labour relations before expiration of contract, or layoffs with

compensations, and the Company cannot terminate the labour relations unilaterally or reduce the demission welfare, remuneration and liabilities produced from the demission welfare should be determined and included in current profits and losses when determining the costs of demission welfare and recombination. However, demission welfare not fully paid within 12 months after annual Reporting Period should be handled the same as other long-term employees' payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above dismiss ion welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (dismiss ion welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Company offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

22. Provisions

The Company should recognize the related obligation as a provision for liability when the obligation meets the following conditions: (1) That obligation is a present obligation of the enterprise; (2) It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation; (3) A reliable estimate can be made of the amount of the obligation.

On the balance sheet date, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies to measure the provisions in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an provisions of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the carrying value of the estimated liabilities.

23. Revenue

(1) Revenue from selling goods

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: the significant risks and rewards of ownership of the goods have been

transferred to the buyer by the enterprise; the enterprise retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; the relevant amount of revenue can be measured in a reliable way; the relevant economic benefits may flow into the enterprise; and the relevant costs incurred or to be incurred can be measured in a reliable way.

The recognition of revenue from commodities for the home market when shipping the goods or transferring property in goods; for goods exported, the revenue shall be recognized once the goods are cleared through customs and delivered to the carrier designated by the purchaser; for goods directly traded in overseas, the revenue shall be recognized when customers pick up the goods or the goods are delivered to the assigned place by customers.

(2) Providing labour services

If the Company can reliably estimate the outcome of a transaction concerning the labour services it provides, it shall recognize the revenue from providing services employing the percentage-of-completion method on the date of the balance sheet. The completed proportion of a transaction concerning the providing of labour services shall be decided by the proportion of the labour service already provided to the total labour service to provide.

The outcome of a transaction concerning the providing of labour services can be measured in a reliable way, means that the following conditions shall be met simultaneously: ① The amount of revenue can be measured in a reliable way; ② The relevant economic benefits are likely to flow into the enterprise; ③ The schedule of completion under the transaction can be confirmed in a reliable way; and ④ The costs incurred or to be incurred in the transaction can be measured in a reliable way.

If the outcome of a transaction concerning the providing of labour services cannot be measured in a reliable way, the revenue from the providing of labour services shall be recognized in accordance with the amount of the cost of labour services incurred and expected to be compensated, and make the cost of labour services incurred as the current expenses. If it is predicted that the cost of labour services incurred couldn't be compensated, thus no revenue shall be recognized.

Where a contract or agreement signed between Company and other enterprises concerns selling goods and providing of labour services, if the part of sale of goods and the part of providing labour services can be distinguished from each other and can be measured respectively, the part of sale of goods and the part of providing labour services shall be treated respectively. If the part of selling goods and the part of providing labour services cannot be distinguished from each other, or if the part of sale of goods and the part of

providing labour services can be distinguished from each other but cannot be measured respectively, both parts shall be conducted as selling goods.

(3) Construction contract income

Under circumstance of that the outcome of the construction contract can be reliably estimated, the contract income and costs are confirmed on the balance sheet date in accordance with the percentage of completion method. The completion of the contract is determined by the proportion of the incurred labor costs to the estimated total costs.

That the result of the construction contract can be reliably estimated refers to that: ① the total income of the contract can be reliably measured; ②the economic benefits related to the contract are likely to flow into the enterprise;③The actual contract costs can be clearly differentiated and reliably measured; ④ the completion of the contract and the costs needed to complete the contract can be reliably determined.

If the result of the construction contract cannot be reliably estimated, but the contract cost can be recovered, the contract income can be confirmed according to the actual contract cost that can be recovered, and the contract cost is confirmed as the contract expense in the current occurring period; for the contract cost that cannot be recovered, it is immediately confirmed as the contract cost but not the contract income when it occurs. If the uncertainties that make the results of the construction contract cannot be reliably estimated are no longer in existence, the income and expenses related to the construction contract are determined according to the percentage of completion method.

If the estimated total cost of the contract exceeds the total contract income, the estimated loss is confirmed as the current expense.

The accumulated costs incurred in the contract in progress, the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as net offset. The part of the sum of the accumulated costs incurred in the contract in progress and the accumulated recognized gross profit (loss) that exceeds the settled price is stated as the inventory; the part of the settlement costs of the contract in progress that exceeds the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) are stated as account collected in advance.

(4) Business income of BOT and PPP

The Company participates in the construction of public infrastructure by means of BOT and PPP. During the construction period, the Company recognizes the relevant revenue and expenses from providing services in accordance with ASBE No. 15 - Construction Contracts.

After the completion of infrastructure, the Company recognizes the revenue from related to follow-up services in accordance with ASBE No. 14 - Revenue.

Revenue from construction contracts is measured at the fair value of collected consideration or consideration receivable (generally the amount of construction contracts), and financial assets or intangible assets are recognized, in the recognition of revenue, in the following circumstances:

① The contract stipulates that within a certain period after the completion of infrastructure, the company undertaken the project may unconditionally collect money or other financial assets of a fixed amount from the party awarding the contract; or, where the services fee charged by the company undertaken the project is lower than a specified amount, and the party awarding the contract is responsible for compensating the relevant price difference to the company undertaken the project in accordance with the contract, in the recognition of revenue, financial assets are recognized and treated in accordance with the provisions of ASBE No. 22 - Recognition and Measurement of Financial Instruments.

② The contract stipulates that the Company has the right to collect fees from the party receiving services within a certain period of time after the completion of relevant infrastructure. However, if the amount of fees is uncertain, this right does not constitute an unconditional right to collect cash. The Company undertaken the project shall recognize intangible assets in the recognition of revenue.

In case that interest on borrowing occurs in the construction process, it shall be treated in accordance with the provisions of ASBE No. 17 - Borrowing Costs.

In case that the project company fails to provide actual construction services and contracts the infrastructure construction to other parties, there will be no recognition of revenue from construction services, and the project price paid in the construction process is recognized as financial assets or intangible assets in accordance with the contract.

(5) Interest revenue

The amount of interest revenue should be measured and confirmed in accordance with the length of time for which the Company's monetary fund is used by others and the agreed interest rate.

(6) Property leasing revenue

For the recognition method of the property leasing revenue, please refer to Notes IV. 26.

(7) Factoring business revenue

Take the paid-in factoring payment as the fair value to carry out initial measurement. Subsequent measurement shall be carried out as per the effective interest method according to the amortized cost. Take the balance between the fair value initially confirmed and transferred amount of accounts receivable or face value of notes receivable as the interest income by effective interests method and amortized costs during the financing period or the rest credit period; interest income shall be recognized by straight-line method if it is due within 1 year. The profits and losses from termination of recognition, impairment, and amortization shall be included into the current profits and losses.

(8) Finance lease income

As a financial lessor, the Company recognizes, on the beginning date of the lease term, the sum of the minimum rental receivables on the lease start date and the initial direct costs as the entry value of financial lease receivable, and records the unguaranteed residential value. The difference between the sum of minimum rental receivables plus the unguaranteed residential value and the present value is recognized as unrealized financing revenue.

Unrealized financing revenue is measured using the real interest rate method during the lease term and recognized as current financing lease revenue. Contingent rents are included in current profits and losses when they actually occur.

24. Government Subsidies

A government subsidy means the monetary or non-monetary assets obtained free by the Company from the government, but excluding the capital invested by the government as the investor with corresponding owner's equity. Government subsidies consist of the government subsidies pertinent to assets and government subsidies pertinent to income. Government subsidy that is obtained by this Company used for purchasing or acquisition and construction, or forming the long-term assets by other ways, which is confirmed the government subsidy related to assets; Other government subsidies shall be defined as the government subsidy that related with interest. If it does not clear the subsidy object in the government document, the grants will be divided based on the following modes into government subsidy related to earnings and government subsidy related to assets: (1) If the particular project of the grants is clear in the government document, make a division according to the relative proportion of expense amount of the formed assets in the budget of the particular project and the expense amount included in the cost, shall review the division ratio required at each balance sheet date and make changes if necessary; (2) Only make general statements for the application in the government document, for not specifying the particular item, as the governmental subsidy related to earnings. If a government subsidy is a monetary asset, it shall be measured

in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount. The government subsidies measured at their nominal amounts shall be directly included in the current profits and losses.

When this Company actually received the government subsidy, recognize and measure as the actual measured amount.

If the government grants related to assets are recognized as deferred income and are included in the profits and losses by installments in a reasonable and systematic way within the service life of underlying assets. The government grants related to income, using to compensate the relevant expenses or losses in the later period shall be recognized as the deferred income and are included in the current profit or loss in the period of confirming the related expenses or losses; If the government grant is used for compensating the occurred costs or loss, include it in the current profit and loss directly.

At the same time, for the government subsidies related to assets and profits, carry out different accounting processing for different parts; for the governmental subsidy hard to differentiate, the overall governmental subsidies are taken as the governmental subsidy related to revenue.

The government grants related to daily activities of this Company shall be included in other revenues or offset related costs according to the economic business nature; Government subsidies unrelated to daily activities shall be included into the non-operating profits.

If the governmental subsidies confirmed needs to be returned and there is the deferred earnings balance concerned, the book balance of relevant deferred earnings shall be offset against, but the excessive part shall be included into current profits and losses; Government subsidies belonging to other situations shall be directly included into current losses and profits.

25. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Income tax of the current period

On the balance sheet date, for the current income tax liabilities (or assets) of the current period as well as the part formed during the previous period, should be measured by the income tax of the estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of the income tax payable which is based by the calculation of the current income tax expenses, are according to the result measured from the corresponding adjustment of the pre-tax accounting profit of 2014 which in accord to the relevant regulations of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the carrying value of certain assets and liabilities and their tax assessment basis, as well as the temporary difference occurs from the difference between the carrying value of the items which not be recognized as assets and liabilities but could confirm their tax assessment basis according to the regulations of the tax law, the deferred income tax assets and the deferred income tax liabilities should be recognized by adopting liabilities law of the balance sheet.

No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognized for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the excepted future. Otherwise, the Company should recognize the deferred income tax liabilities arising from other taxable temporary difference.

No deferred taxable assets should be recognized for the deductible temporary difference of initial recognition of assets and liabilities arising from the transaction which is not business combination, the accounting profits will not be affected, nor will the taxable amount or deductible loss be affected at the time of transaction. Besides, no deferred taxable assets should be recognized for the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises, which are not likely to be reversed in the expected future or is not likely to acquire any amount of taxable income tax that may be used for making up such deductible temporary differences. Otherwise, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference basing on the extent of the amount of the taxable income that is likely to be acquired to make up such deductible temporary differences

For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The carrying value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the carrying value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

The rest current income tax and the deferred income tax expenses or revenue should be included into current gains and losses except for the current income tax and the deferred income tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders' equity which should be included in other comprehensive income or shareholders' equity as well as the carrying value for adjusting the goodwill of the deferred income tax occurs from the business combination.

(4) Offset of income tax

The current income tax assets and liabilities of the Company should be listed by the written-off net amount which intend to executes the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred income tax assets and liabilities of the Company should be listed as written-off net amount when having the legal rights of settling the current income tax assets and liabilities by net amount and the deferred income tax and liabilities is relevant to the income tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

26. Financing Leasing

Financing leasing virtually transferred the whole risks and leasing of the compensation related to the assets ownership and their ownership may eventually be transferred or maybe not. Other leasing except for the financing leasing is operating leasing.

(1) Business of operating leases recorded by the Company as the lessee

The rent expenses from operating leases shall be recorded by the lessee in the relevant asset

costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) Business of operating leases recorded by the Company as the lessor

The rent incomes from operating leases shall be recognized as the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs of great amount shall be capitalized when incurred, and be recorded into current profits and losses in accordance with the same basis for recognition of rent incomes over the whole lease term. The initial direct costs of small amount shall be recorded into current profits and losses when incurred. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(3) Business of finance leases recorded by the Company as the lessee

On the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. Besides, the initial direct costs directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period. The balance through deducting unrecognized financing charges from the minimum lease payments shall be respectively stated in long-term liabilities and long-term liabilities due within 1 year.

Unrecognized financing charges shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing charges. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(4) Business of finance leases recorded by the Company as the lessor

On the beginning date of the lease term, the Company shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income. The balance through deducting unrealized financing incomes from the finance lease accounts receivable shall be respectively

stated in long-term claims and long-term claims due within 1 year.

Unrecognized financing incomes shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing revenues. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

27. Other Main Accounting Policies and Estimates

(1) Termination of operation

Termination of operation refers to a separately identifiable constituent part that satisfies one of the following conditions that has been disposed of by the Company or is classified as held-for-sale: ① This constituent part represents an independent main business or a separate main business area; ② This constituent part is part of an associated plan that is intended to be disposed of in an independent main business or a separate major business area; ③ This constituent part is a subsidiary that is specifically acquired for resale.

For accounting method of termination of operation, please refer to relevant description of Notes IV. 12 “Assets held for sale and disposal group”

(2) Hedging Accounting

To avoid certain risks, the Company carries out hedging of some financial instruments as hedging tools. The Company treats hedging that meets specified conditions using hedging accounting method. The Company's hedging is fair -value hedging, and treats the hedging of foreign exchange risk with definite undertaking at fair value. At the beginning of hedging, the Company records the relationship between hedging tools and hedged items, risk management objectives and strategies for different hedging transactions. In addition, at the beginning and after the hedging, the Company conducts continuous evaluation of the effectiveness of hedging to check whether the hedging is highly effective during the accounting period in which the hedging relationship is designated.

Fair value hedging is a qualified derivative instrument designated for fair value hedging, and the gains or losses resulting from its changes in fair value are included in the current profits and losses. The gains or losses of the hedged items due to hedged risks are also included in the current profits and losses, and the carrying value of the hedged items is also adjusted. When the Company cancels the designation of hedging relationship, the hedging instrument expires or is sold, the contract is terminated or exercised, or the conditions are no longer satisfied, the use of hedging accounting is terminated.

28. Changes in Main Accounting Policies and Estimates

(1) Changes of accounting policies

The Ministry of Finance issued the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments (revised in 2017) (CK[2017]No.7), Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets (revised in 2017) (CK[2017]No.8), and Accounting Standards for Business Enterprises No.24-Hedge Accounting (revised in 2017) (CK[2017]No.9) on 31 March 2017, and issued the Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (revised in 2017) (CK[2017]No.14) on 2 May 2017(collectively referred to as “New Financial Instruments Standards”). Enterprises domestically listed are required to implement the New Financial Instrument Standards since 1 January 2019.

Approved on the 7th Meeting of the 9th Board of Directors of the Company and the Company starts to implement aforesaid New Financial Instrument Standards since 1 January 2019.

All financial assets confirmed pursuant to New Financial Instrument Standards shall be measured as per the amortized cost or fair value subsequently. On the execution date of New Financial Instrument Standards, the business model of financial assets is evaluated and managed on the basis of existing fact and condition of the Company on that day and the contractual cash flow characteristics of the financial assets are evaluated on the basis of the fact and condition upon the initial recognition of financial assets. The financial assets are divided into three categories: The financial assets measured as per the amortized costs, measured as per the fair value with the change included in other comprehensive incomes, measured as per the fair value with the change included in the current profit and loss. Wherein, for the equity instrument investment measured as per the fair value with change included in other comprehensive incomes, when such financial assets carry out the derecognition, the accumulative gains or loss included in other comprehensive incomes previously will be transferred to the retained earnings from other comprehensive incomes and aren't included in the current profit and loss.

Pursuant to New Financial Instrument Standards, the Company, on the basis of expected credit loss, calculates and withdraws the impairment reserve of the financial assets measured at the amortized cost, the debt instrument investment measured at fair value with change included in other comprehensive incomes, the lease receivables, contract assets and financial guarantee contract, and confirms the credit impairment loss.

The Company traces and applies the New Financial Instrument Standards, and may not conduct the restatement to the inconsistency between the previous comparative financial statement data involved in the classification and measurement (including the impairment) and New Financial Instrument Standards. Therefore, for the cumulative impact of the

standard implementation for the first time, the Company adjusts the retained earnings or other comprehensive income at the beginning of 2019 and the amount of other related items in the financial statements, and the financial statements prior years were not restated.

The impacts on the Company due to the implementation of the New Financial Instrument Standards are as follows:

① Comparative Statements of Classification and Measurement of Financial Instruments before and after the First Execution Date

A. Influence on Consolidated Financial Statements

31 December 2018 (before adjustment)			1 January 2019 (after adjustment)		
Item	Measurement category	Carrying value	Item	Measurement category	Carrying value
Monetary capital	Amortized cost	4,348,144,129.53	Monetary capital	Amortized cost	4,348,144,129.53
Financial assets at fair value through profit or loss	Measured at fair value and changes thereof recorded into the current profit or loss	5,464,984.92	Trading financial assets	Measured at fair value and changes thereof recorded into the current profit or loss	5,464,984.92
Notes receivable	Amortized cost	3,329,711,954.15	Notes receivable	Amortized cost	3,136,050,327.88
			Financing backed by accounts receivable	Measured at fair value and changes thereof recorded into other comprehensive income	193,661,626.27
Accounts receivable	Amortized cost	4,458,053,586.42	Accounts receivable	Amortized cost	4,457,458,904.32
			Financing backed by accounts receivable	Measured at fair value and changes thereof recorded into other comprehensive income	-
Other receivables	Amortized cost	406,196,649.48	Other receivables	Amortized cost	403,907,076.96
Available-for-sale financial	Amortized cost	633,664,881.33	Trading financial assets	Measured at fair value and changes	61,494,666.97

assets				thereof recorded into the current profit of loss	
			Other equity instruments investment	Measured at fair value and changes thereof recorded into other comprehensive income	23,940,214.36
			Other non-current financial assets	Measured at fair value and changes thereof recorded into the current profit of loss	548,230,000.00
Long-term receivables	Amortized cost	390,793,038.05	Long-term receivables	Amortized cost	390,793,038.05
Financial liabilities at fair value through profit or loss	Measured at fair value and changes thereof recorded into the current profit or loss	2,459,603.25	Trading financial liabilities	Measured at fair value and changes thereof recorded into the current profit or loss	2,459,603.25

B. Influence on the Company's Financial Statements

31 December 2018 (before adjustment)			1 January 2019 (after adjustment)		
Item	Measurement category	Carrying value	Item	Measurement category	Carrying value
Monetary capital	Amortized cost	2,124,335,536.69	Monetary capital	Amortized cost	2,124,335,536.69
Financial assets at fair value through profit or loss	Measured at fair value through profit or loss	5,464,984.92	Trading financial assets	Measured at fair value and changes thereof recorded into the current profit or loss	5,464,984.92
Notes receivable	Amortized cost	2,181,466,683.90	Notes receivable	Amortized cost	2,181,166,683.90
		7,427,246,429.42	Financing backed by accounts	Measured at fair value and changes	300,000.00

			receivable	thereof recorded into other comprehensive income	
Accounts receivable	Amortized cost	6,661,693,463.33	Accounts receivable	Amortized cost	7,426,742,836.53
			Financing backed by accounts receivable	Measured at fair value and changes thereof recorded into other comprehensive income	-
Other receivables	Amortized cost	326,164,881.33	Other receivables	Amortized cost	6,660,069,551.06
Available-for-sale financial assets	Amortized cost	2,459,603.25	Trading financial assets	Measured at fair value and changes thereof recorded into the current profit of loss	61,494,666.97
			Other equity instruments investment	Measured at fair value and changes thereof recorded into other comprehensive income	14,440,214.36
			Other non-current financial assets	Measured at fair value and changes thereof recorded into the current profit of loss	250,230,000.00
Financial liabilities at fair value through profit or loss	Measured at fair value and changes thereof recorded into the current profit or loss	2,459,603.25	Trading financial liabilities	Measured at fair value and changes thereof recorded into the current profit or loss	2,459,603.25

② Reconciliation Statements on Adjustment of Carrying Value of Original Financial Instruments to that of New Financial Instruments Classified and Measured in Accordance with New Financial Instruments Standards on the First Execution Date

A. Influence on Consolidated Financial Statements

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
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Amortized cost:				
Notes receivable	3,329,711,954.15			
Less: transferred to the item that measured at fair value and changes thereof recorded into other comprehensive income (financing backed by accounts receivable)		193,661,626.27		
Balance presented according to new financial instruments standards				3,136,050,327.88
Accounts receivable	4,458,053,586.42			
Remeasurement: provision for expected credit losses			594,682.10	
Balance presented according to new financial instruments standards				4,457,458,904.32
Other receivables	406,196,649.48			
Remeasurement: provision for expected credit losses			2,289,572.52	
Balance presented according to new financial instruments standards				403,907,076.96
Trading financial assets				
Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)		5,464,984.92		
Balance presented according to new financial instruments standards				5,464,984.92
Available-for-sale financial assets	633,664,881.33			

Less: transferred to the item measured at fair value and changes thereof recorded into the current profit or loss		609,724,666.97		
Less: transferred to the item measured at fair value and changes thereof recorded into other comprehensive income		23,940,214.36		
Balance presented according to new financial instruments standards				-
Measured at fair value and changes thereof recorded into other comprehensive income:	-			
Financing backed by accounts receivable	—			
Transferred from notes receivable		193,661,626.27		
Balance presented according to new financial instruments standards			-	193,661,626.27
Trading financial liabilities	-			
Add: transferred from financial liabilities at fair value through profit or loss (classified according to original standards)		2,459,603.25		
Balance presented according to new financial instruments standards				2,459,603.25

B. Influence on the Company's Financial Statements

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
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Amortized cost:				
Notes receivable	2,181,466,683.90			
Less: transferred to the item that measured at fair value and changes thereof recorded into other comprehensive income (financing backed by accounts receivable)		300,000.00		
Balance presented according to new financial instruments standards				2,181,166,683.90
Accounts receivable	7,427,246,429.42			
Remeasurement: provision for expected credit losses			503,592.89	
Balance presented according to new financial instruments standards				7,426,742,836.53
Other receivables	6,661,693,463.33			
Remeasurement: provision for expected credit losses			1,623,912.27	
Balance presented according to new financial instruments standards				6,660,069,551.06
Trading financial assets				
Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)		5,464,984.92		
Balance presented according to new financial instruments standards				5,464,984.92

Available-for-sale financial assets	326,164,881.33			
Less: transferred to the item measured at fair value and changes thereof recorded into the current profit or loss		311,724,666.97		
Less: transferred to the item measured at fair value and changes thereof recorded into other comprehensive income		14,440,214.36		
Balance presented according to new financial instruments standards				-
Measured at fair value and changes thereof recorded into other comprehensive income:				
Financing backed by accounts receivable	—			
Transferred from notes receivable		300,000.00		
Balance presented according to new financial instruments standards			-	300,000.00
Trading financial liabilities	—			
Add: transferred from financial liabilities at fair value through profit or loss (classified according to original standards)		2,459,603.25		
Balance presented according to new financial instruments standards				2,459,603.25

③ Reconciliation Statements on Provision for Financial Assets Impairment on the First

Execution Date

A. Influence on Consolidated Financial Statements

Measurement category	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
Amortized cost:				
Provision for impairment of notes receivable				
Provision for impairment of accounts receivable	414,925,927.88	-	594,682.10	415,520,609.98
Provision for impairment of other receivables	213,129,067.76	-	2,289,572.52	215,418,640.28
Provision for impairment of available-for-sale financial assets	10,747,785.64	-10,747,785.64	-	-

B. Influence on the Company's Financial Statements

Measurement category	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
Amortized cost:				
Provision for impairment of accounts receivable	246,549,012.31	-	503,592.89	247,052,605.20
Provision for impairment of other receivables	187,825,380.06	-	1,623,912.27	189,449,292.33
Provision for impairment of available-for-sale financial assets	4,997,785.64	-4,997,785.64	-	-

(2) Change of accounting estimates

There was no any change of accounting estimate of the Company in the Reporting Period.

29. Critical Accounting Judgments and Estimates

Due to the inside uncertainty of operating activity, the Company needed to make judgments, estimates and assumption on the carrying value of the accounts without accurate measurement during the employment of accounting policies. And these judgments, estimates and assumption were made basing on the prior experience of the senior executives of the Company, as well as in consideration of other factors. These judgments, estimates and assumption would also affect the report amount of income, costs, assets and liabilities, as

well as the disclosure of contingent liabilities on balance sheet date. However, the uncertainty of these estimates was likely to cause significant adjustment on the carrying value of the affected assets and liabilities.

The Company would check periodically the above judgments, estimates and assumption on the basis of continuing operation. For the changes in accounting estimates only affected on the current period, the influence should be recognized at the period of change occurred; for the changes in accounting estimates affected the current period and also the future period, the influence should be recognized at the period of change occurred and future period.

On the balance sheet date, the Company needed to make judgments, estimates and assumption on the accounts in the following important items:

(1) Revenue Recognition - Construction Contract

If the construction contract results can be reliably estimated, the Company adopts the method of completion percentage to confirm the contract income on the balance sheet date. The percentage of contract completion is confirmed in accordance with the method described in Note IV, 233, Revenue, and is cumulatively calculated in each fiscal year in which each construction contract is executed.

Significant judgment is required in determining the percentage of completion, contract costs incurred, estimated total contract income and total cost, and contract recyclability, and the project management personnel usually make judgments mainly based on past experience and work. The estimated total contract income and total cost, as well as estimated changes in contract execution results, may have an impact on operating income, operating costs, and profit or loss for the current or subsequent period of the change, and may have a significant impact.

(2) Categorization of leasing

In accordance with Accounting Standards for Enterprises No. 21 – Leasing, the Company categorized the leasing into operating lease and finance lease. During the categorization, the management level needed to make analysis and judgment on whether all the risk and compensation related with the leased assets had been transferred to the leasee, or whether the Company had already undertaken all the risk and compensation related with the leased assets.

(3) Financial assets impairment

If the Company adopts the expected credit loss model to evaluate financial instrument impairment, it's necessary to make significant judgments and estimates on the expected credit

loss model, and all reasonable and well-founded information needs to be taken into account, including forward-looking information. When such judgments and estimates are made, the expected changes in the debtor's credit risk are inferred based on historical data in combination with economic policies, macroeconomic indicators, industry risks, external market conditions, technological environment, and changes in customer circumstances.

(4) Provision for falling price of inventories

In accordance with the accounting policies of inventories, for the inventories that the costs were more than the net realizable value as well as out-of-date and dull-sale inventories, the Company withdrawn the provision for falling price of inventories on the lower one between costs and net realizable value. Evaluating the falling price of inventories needed the management level gain the valid evidence and take full consideration of the purpose of inventories, influence of events after balance sheet date and other factors, and then made relevant judgments and estimates. The actual amount and the difference of previous estimates would affect the carrying value of inventories and the withdrawal and reversal on provision for bad debts of inventories during the period of estimates being changed.

(5) The fair value of financial instrument

For the financial instruments without active market, the Company recognized the fair value by various methods. These evaluation methods included discounted cash flow mode analysis, etc. The Company needed to estimate the future cash flow, credit risk, fluctuation rate of market and relativity and other factors, as well as choose the property discount rate. Due to the uncertainty of relevant assumptions, so their changes would affect the fair value of financial instrument.

For equity instrument investment or contracts with public offers, the cost will not be taken as the optimal estimation of the fair value by the Company since 1 January 2019.

(6) Provision for impairment of long-term assets

The Company made a judgment on the non-current assets other than financial assets whether they had any indication of impairment on the balance sheet date. For the intangible assets without finite service life, other than the annual impairment test, they should be subject to the impairment test when there was any indication of impairment. For other non-current non-financial assets, which should be subjected to impairment test when there was indication of impairment indicated that the carrying value can't be recoverable.

When the carrying value of the assets or assets portfolio was more than the recoverable amount, which was the higher one between the net amount of fair value after deducting the disposal expenses and the discounted amount of the estimated future cash flow, it means

impairment incurred.

The net amount of fair value after deducting the disposal expenses should be fixed the price in the sale agreement for similar assets in the fair transaction minus the increased costs directly attributable to the assets disposal.

When estimated the discounted value of future cash flow, the Company needed to make important judgment on the output, selling price, relevant costs and the discount rate for calculating the discounted amount, etc. When estimated the recoverable amount, the Company would adopt all the available documents, including the prediction for relevant output, selling price and relevant operating costs arising from reasonable and supportive assumptions.

The Company made the impairment test on goodwill at least one time per year, which required to predict the discounted amount of the future cash flow of the assets or assets portfolio with the distributed good will, for which, the Company needed to predict the future cash flow of the assets or assets portfolio, and adopt the property discounted rate to decide the discounted amount of future cash flow.

(7) Depreciation and amortization

For the investment real estate, fixed assets and intangible assets, the Company withdrew the depreciation and amortization by adopting the straight-line method during the service life after full consideration of the salvage value. The Company checked the service life periodically so as to decide the amount of depreciation and amortization at each Reporting Period. The service life was fixed by the Company in accordance with the previous experience of the similar assets and the expected technical update. If there was any significant change on the previous estimates, the depreciation and amortization expenses should be adjusted.

(8) Deferred income tax assets

Within the limit that it was likely to have sufficient taxable profits to offset the losses, the Company recognized the deferred income tax assets by all the unused tax losses, which needed the management level of the Company to estimate time and amount of the future taxable profits incurred with many judgments, as well as integrate strategy of tax payment, to decide the amount of deferred income tax assets which should be recognized.

(9) Income tax

During the routine operating activities, there were some uncertainty in the ultimate tax treatment and calculation for parts of transactions. Some accounts of such transaction could

be listed as pre-tax expenditures only after the approval of taxation authorities. If there were any differences between the ultimate result of recognition for these taxation matters and their initial estimates, the differences would affect the current income tax and deferred income tax at the period of ultimate recognition.

(10) Internal early retirement welfare and supplementary retirement welfare

Amounts of expenditures and liabilities of internal early retirement welfare and supplementary retirement welfare should be determined according to assumption terms. Assumption terms include discount rate, average growth rate of medical costs, growth rate of subsidies for early retirement employees and retirees and other factors. The differences of actual results and assumption should be confirmed immediately and included into costs of current year. Although the management have adopted reasonable assumption terms, changes of actual experience value and assumption terms may affect the internal early retirement welfare, supplementary retirement benefits and balance of liabilities.

(11) Provisions

The Company made the estimation on product quality guarantee, predicted loss of contract and the fine for delayed delivery etc. and withdrew the relevant provision for provisions in accordance the provisions of contract, current knowledge and experience. Under the condition that the contingent event has formed a current duty and fulfilling the duty is likely to cause the economical interest outflow the Company, the Company measures the provisions in accordance with the best estimate of the necessary expenses for the performance of the current duty. The recognition and measurement of provisions were heavily relied on the judgment of the management team. During the process of making judgment, the Company needed to appraise the relevant risks, uncertainty and the time value of money and etc.

Of which, the Company estimated the liabilities basing on the after-sale services commitments to the customers upon the sale, repair and reform of goods. When estimating the liabilities, the Company has fully taken the consideration of the latest repair experience, but which may not reflect the repair situation in the future. Any increase / decrease of the provision for estimated liabilities may affect the profits and losses in the future periods.

(12) Measurement for fair value

Some assets and liabilities of this Company will be measured at fair value in the financial statements. The board of directors of this Company has established the appraisal committee (led by the CFO of this Company) to confirm appropriate appraisal technology and input value for measurement of fair value. This Company will apply available and observable market data during estimating the fair value of some assets and

liabilities. If the input value in Level 1 is not available, this Company will entrust a third qualified appraiser for the estimation. The appraisal committee will closely cooperate with the outside appraiser to determine proper estimation technology and input values of the related models. CFO submits a report to the discoveries of the appraisal committee to the board of directors of this Company to explain the reasons of fluctuation of fair value of related assets and liabilities. Related information of the appraisal technology and input value during the process of confirming the fair value of various assets and liabilities shall be disclosed in Note X.

V. Taxation

1. Main Taxes and Tax Rate

Category of taxes	Specific situation of the taxes rate
VAT	Calculated the output tax at 3%, 5%, 6%, 9%, 10%, 13%, 16% and paid the VAT by the amount after deducting the deductible withholding VAT at current period, of which the VAT applicable to easy collection won't belong to the deductible withholding VAT.
Urban maintenance and construction tax	Paid at 7% of the circulating tax actually paid, of which Dongguan Packing, Dongguan Konka, Boluo Konka, Boluo Konka Precision, Chengdu Anren, XingDa HongYe, Shanghai Xinfeng, Xinfeng Microcrystalline, Binzhou Weiyijie, Beihai Jingmai, Binzhou Econ, Suining Pengxi Kangrun Environment Management Co., Ltd., Dayi Kangrun Water Co., Ltd. of 5%. Subei Mongol Autonomous County Kangrun Water Co., Ltd. paid by half after paid of 5%, and Jiangxi Konka and Nano Crystallized Glass of 1%.
Enterprise income tax	For Hong Kong Konka, Konka Household Appliances Investment, Konka Household Appliances International Trading, Konka Zhisheng, Jiali International, Jiaxin Technology, Kangjietong, Chain Kingdom Memory Technologies and Konka Mobility whose assessable profit did not exceed HKD2,000,000.00, they paid at 8.25%, and if their assessable profit exceeded HKD2,000,000.00, they paid at 16.5%; Telecommunication Technology, Wankaida, Jiangxi Konka, Nano Crystallized Glass, Dongguan Konka, Econ Technology, E2info and XingDa HongYe of 15%; and Europe Konka of 31.8% including income tax of 15% and business tax of 16.8%. The Company as the parent and other subsidiaries paid at 25% of the taxable income.
Education surtax	Paid at 3% of the circulating tax actually paid.
Local education surtax	Paid at 2% of the circulating tax actually paid. Shanghai Konka paid at 1%.

Note: (1) The original tax rate applied by the Company on VAT taxable sales or imported goods was 17%/11%. According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Adjustment of VAT Tax Rate (CS [2018] No. 32), the applicable tax rate is adjusted to 16%/10%, being effective from 1 May 2018.

(2) In accordance with the Notice on Printing the Administration Method on Charging and Use of the Treatment Funds of Discarded Electronic Appliance and Electric Products issued by the Ministry of Finance, Ministry of Environmental Protection, National Development and Reform Commission, Ministry of Industry and Information, General Administration of Customs and National Taxation Bureau (CZ [2012] No. 34), and the Administration Method on Charging and Use of the Treatment Funds of Discarded Electronic Appliance and Electric Products issued by National Taxation Bureau (GJSWZJGG [2012] No. 41), the domestic manufacturer of the electrical appliances and electronic products of PRC started to pay the treatment funds for discarded electrical appliance and electronic products according the sales volume (trusted processing amount) and relevant charging standards from 1 July 2012. According to the regulations, the Group's charging standards were RMB13 per set of TV, RMB12 per set of refrigerator and RMB7 per set of washing machine.

(3) According to regulations of Temporary Provisions of Income Tax of Trans-boundary Tax Payment Enterprises by State Administration of Taxation, resident enterprises without business establishment or places of legal persons should be tax payment enterprises with the administrative measures of income tax of "unified computing, level-to-level administration, local prepayment, liquidation summary, and finance transfer". It came into force from 1 January 2008. According to the above methods, the Company's sales branch companies in each area will hand in the corporate income taxes in advance from 1 January 2008 and will be final settled uniformly by the Company at the year-end.

(4) According to Notice on Implementing the Inclusive Taxation Reducing Policy among the Small and Micro Businesses issued by the MOF and the State Administration of Taxation (CS[2019] No.13), from 1 January 2019 to 31 December 2021, for the annual taxable income not exceeding RMB 1 Million Yuan from the small businesses with little profit, only 25% shall be included as the taxable income and the corporate income tax shall be paid based on the 20% tax rate; if the annual taxable income exceeds RMB1 Million but is less than RMB3 Million, only 50% shall be included as the taxable income and the corporate income tax shall be paid based on the 20% tax rate.

2. Tax Preference and Approved Documents

(1) On 15 August 2017, Shenzhen Konka Telecommunications Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: SZ20170142) jointly issued by Shenzhen Technology Innovation Committee, Finance Commission of Shenzhen Municipality, Shenzhen Municipal Office, SAT, Shenzhen Local Taxation Bureau, with a valid period of three years. According to related taxation regulations,

Shenzhen Konka Telecommunications Technology Co., Ltd. enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(2) On 31 October 2017, Wankaida, the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201744204716) joint issued by Shenzhen Technology Innovation Committee, Finance Committee of Shenzhen Municipality, Shenzhen Municipal Office, SAT and Shenzhen Local Taxation Bureau with a valid period of three years. According to related taxation regulations, Wankaida enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the referential tax rate of 15%.

(3) On 23 August 2017, Jiangxi Konka New Material Technology Co., Ltd., the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201736000497) jointly issued by Department of Science and Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Office, SAT, Jiangxi Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(4) On 23 August 2017, Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd., the subsidiary of Jiangxi Konka obtained the High-tech Enterprise Certificate (certificate No.: GR201736000110) jointly issued by Department of Science and Technology of Jiangxi Province, Department of Finance of Jiangxi Province, Jiangxi Provincial Office, SAT, Jiangxi Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(5) On 1 November 2017, Dongguan Konka Electronic Co., Ltd., the subsidiary of this Company obtained the High-tech Enterprise Certificate (certificate No.: GR201744003812) jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Office, SAT, Guangdong Local Taxation Bureau with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2017 to 2019 and pays the enterprise income tax as per the preferential tax rate of 15%.

(6) On 28 December 2017, Econ Technology, a subsidiary of the Company, obtained the High-tech Enterprise Certificate (certificate No.: GR201737001495) jointly issued by Department of Science and Technology of Shangdong Province, Department of Finance of Shangdong Province, Shangdong Provincial Office, SAT, Shangdong Local Taxation Bureau with a valid period of three years. According to the relevant tax regulations, the company enjoys related tax incentives for high-tech companies for three consecutive years from 2017 to 2019, and is subject to corporate income tax at a preferential rate of 15%.

(7) On 16 October 2018, Shenzhen E2info Network Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: GR201844201969) jointly issued by Shenzhen Technology Innovation Committee, Finance Committee of Shenzhen Municipality, Shenzhen Taxation Bureau of SAT with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2018 to 2020 and pays the enterprise income tax as per the preferential tax rate of 15%.

(8) On 28 November 2018, the Company's subsidiary XingDa HongYe received the High-tech Enterprise Certificate (No. GR201844008446 with the 3-year period of validity) jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and State Administration of Taxation (Guangdong Provincial Tax Service). According to relevant tax regulations, from 2018 to 2020, the enterprise shall be eligible for enjoying relevant preferential tax policies as a new high-tech enterprise and corresponding corporate income tax shall be paid based on the preferential tax rate of 15%.

(9) According to the Notice on Promoting the Development of VAT, Business Tax and Enterprise Income Tax Policy for Energy-Saving Service Industry issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2010] No. 110), Lairun Holdings, Binhai Sewage Treatment and Donggang Kangrun Environment Management Co., Ltd. enjoys the preferential policy of tax exemptions for three years and halved in next three years.

(10) According to the fiscal and taxation document [2011] No. 100 published by the Ministry of Finance and the State Administration of Taxation, for the VAT general taxpayers who sell their self-developed and produced software products, the VAT shall be levied at the rate of 13%, and then the part that the actual tax burden on their VAT exceeds 3 will be implemented with the policy of immediate withdrawal. The Company's subsidiaries, Wankaida Technology and Electronics Technology all enjoy this preferential policy.

(11) According to the regulations of the Special Catalogue of VAT Concessions for Products and Labors with Comprehensive Utilization of Resources issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2015] No. 78), the wastewater treatment business operated by Lairun Holdings, a subsidiary of Econ Technology, belongs to the this catalogue. Then after it has been levied the VAT at a rate of 13 %, the actual tax burden on the wastewater treatment income tax will be refunded in accordance with the 70% of the actual tax burden, and the actual tax burden on the renewable water income VAT will be refunded immediately at 50%. That Lairun Holdings enjoyed the tax concession was registered and recorded in 25 August 2017 in Laizhou Taxation Bureau of Shandong Province.

VI. Notes on Major Items in Consolidated Financial Statements of the Company

Unless otherwise noted, the following annotation item (including the main items, annotation of the financial statement of the Company), the period-begin refers to 1 January 2019, the period-end refers to 30 June 2019; the Current Period/Reporting Period refers to H1 of 2019 and the same period of last year refers to H1 of 2018.

1. Monetary Capital

Item	Ending balance	Beginning balance
Cash on hand	343,490.38	130,105.31
Bank deposits	4,700,902,044.15	3,434,019,376.41
Other monetary capital	969,021,586.02	913,994,647.81
Total	5,670,267,120.55	4,348,144,129.53
Of which: total amount deposited overseas	166,232,584.79	518,005,414.06

Note: ① The ending balance of other monetary capital was fixed time deposit, various cash deposits which cannot be withdrawn at any time and other deposits with limitation on use. For details, refer to Note VI. 64. Assets with Restricted Ownership or Right of Use.

② As of 30 June 2019, the monetary capital deposited overseas by the Company was RMB166,232,584.79 (31 December 2018: RMB518,005,414.06).

2. Trading Financial Assets

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss		
Including: Equity instrument investment	61,494,666.97	61,494,666.97
Other		5,464,984.92

Total	61,494,666.97	66,959,651.89
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3. Notes Receivable

(1) Notes Receivable Listed by Category

Item	Ending balance	Beginning balance
Bank acceptance bill	1,681,552,756.81	2,313,409,006.75
Commercial acceptance bill	320,882,295.70	822,641,321.13
Total	2,002,435,052.51	3,136,050,327.88

(2) Notes Receivable Pledged by the Company at the Period-end

Item	Amount pledged at the end of the term
Bank acceptance bill	1,186,883,020.53
Total	1,186,883,020.53

(3) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Item	Amount of recognition termination at the period-end	Amount not terminated recognition at the period-end
Bank acceptance bill	139,251,145.62	-
Total	139,251,145.62	-

(4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

Item	Amount of the notes transferred to accounts receivable at the period-end
Commercial acceptance bill	864,749,189.84
Total	864,749,189.84

4. Accounts Receivable

(1) Disclosed by Aging

Aging	Ending balance
Within 1 year	4,143,821,438.63
1 to 2 years	1,216,489,500.95
2 to 3 years	38,764,411.87
3 to 4 years	9,051,831.92
Over 4 years	515,179,630.58
Subtotal	5,923,306,813.95
Less: bad debt provision	454,808,634.74
Total	5,468,498,179.21

(2) Listed by Withdrawal Methods for Bad Debt Provision

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable, for which the independent provision for expected credit losses	962,812,125.96	16.25	146,605,971.30	15.23	816,206,154.66
Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups					
Including: aging group	4,310,261,291.73	72.77	256,888,183.88	5.96	4,053,373,107.85
Project payment group	650,233,396.26	10.98	51,314,479.56	7.89	598,918,916.70
Total	5,923,306,813.95	100.00	454,808,634.74	7.68	5,468,498,179.21

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable, for which the independent provision for expected credit losses	1,028,107,560.50	21.10	138,652,163.88	13.49	889,455,396.62
Accounts receivable, for which the provision for					

expected credit losses was withdrawn according to groups					
Including: aging group	3,209,444,955.09	65.86	228,358,351.11	7.12	2,981,086,603.98
Project payment group	635,426,998.71	13.04	48,510,094.99	7.63	586,916,903.72
Total	4,872,979,514.30	100.00	415,520,609.98	8.53	4,457,458,904.32

① Accounts receivable, for which, the independent provision for bad debt is made at the period-end

Accounts receivable (by unit)	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal percentage (%)	Withdrawal reason
Shanghai Huaxin International Group Co., Ltd	300,027,889.84	30,002,788.98	10.00	Debt default
Hongtu Santu High-tech Technology Co., Ltd.	200,000,000.00	10,000,000.00	5.00	Difficulty in working capital turnover and debt default
Elion Resources Group Co., Ltd	115,000,000.00	5,750,000.00	5.00	Difficulty in working capital turnover for the counterpart
China Nuclear Engineering Construction Group Co., Ltd	84,500,000.00	4,225,000.00	5.00	Difficulty in working capital turnover for the counterpart
No.1 Engineering Company Limited of CCCC First Harbor Engineering Company Limited	65,221,300.00	6,522,130.00	10.00	Difficulty in working capital turnover for the counterpart
China Energy Electric Fuel Co., Ltd	50,000,000.00	5,000,000.00	10.00	Difficulty in working capital turnover for the counterpart
Tahoe Group Co. Ltd	50,000,000.00	2,500,000.00	5.00	Difficulty in working capital turnover for the counterpart
DSCHOLDINGSLIMITED	24,462,454.04	24,462,454.04	100.00	Difficult to recover for bankruptcy
H-BUSTERDOBRASILINDUSTRIA	18,907,586.44	18,907,586.44	100.00	Difficult to recover for bankruptcy
TreeviewBusinessRegistration	11,262,555.50	1,341,891.83	11.91	Difficult to recover all
HENAN BROADCAST & TELEVISION	4,580,000.00	1,374,000.00	30.00	Difficult to recover all

NETWORK CO., LTD.				
HILEVELCONSUMERI TALIAS.P.A	3,548,995.63	3,548,995.63	100.00	Difficult to recover for bankruptcy
Other	35,301,344.51	32,971,124.38	93.40	—
Total	962,812,125.96	146,605,971.30	15.23	—

② In the group, accounts receivable, for which, the provision for bad debt was made according to aging groups

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	3,992,095,976.11	81,039,548.32	2.03
1 to 2 years	151,935,952.49	11,197,679.70	7.37
2 to 3 years	1,833,787.58	406,183.95	22.15
3 to 4 years	415,093.97	264,290.33	63.67
Over 4 years	163,980,481.58	163,980,481.58	100.00
Total	4,310,261,291.73	256,888,183.88	5.96

③ In the group, accounts receivable, for which, the provision for bad debt was made according to project payment groups

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	436,255,337.94	21,812,766.90	5
1 to 2 years	176,431,094.87	17,643,109.49	10
2 to 3 years	34,818,909.77	10,445,672.93	30
3 to 4 years	2,565,042.33	1,282,521.17	50
Over 4 years	163,011.35	130,409.07	80
Total	650,233,396.26	51,314,479.56	7.89

(3) Bad Debt Provision

Category	Beginning balance	Increase/decrease			Ending balance
		Withdrawal	Recovered or reversed	Other decrease	
Accounts receivable, for	138,652,163.88	15,972,908.35	7,297,925.88	721,175.05	146,605,971.30

which the independent provision for expected credit losses					
Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups					
Including: aging group	228,358,351.11	29,952,918.14		1,423,085.37	256,888,183.88
Project payment group	48,510,094.99	4,498,210.07	1,693,825.50	-	51,314,479.56
Total	415,520,609.98	50,424,036.56	8,991,751.38	2,144,260.42	454,808,634.74

Of which, bad debt provision recovered or reversed during the Reporting Period with significant amount

Entity	Amount recovered or reversed	Recovery method
Jizhong Energy International Logistics Group Co., Ltd	3,000,000.00	Collection
Total	3,000,000.00	——

(4) Accounts Receivable without Actual Verification for the Reporting Period

(5) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party

The total amount of top five of account receivable of ending balance collected by arrears party was RMB1,682,366,170.42, accounting for 28.40% of total closing balance of account receivable, the relevant ending balance of bad debt provision withdrawn was RMB68,289,781.16.

5. Financing Backed by Accounts Receivable

Item	Ending amount		
	Cost	Change in fair value	Fair value at period-end

Item	Ending amount		
	Cost	Change in fair value	Fair value at period-end
Notes receivable	107,299,247.91		107,299,247.91
Total	107,299,247.91		107,299,247.91

6. Prepayments

(1) List by Aging Analysis

Aging	Ending amount			Beginning amount		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	2,939,552,528.44	99.58	240,694.09	1,029,600,745.72	98.97	57,459.57
1 to 2 years	8,528,194.82	0.29	113,522.85	7,171,926.78	0.69	435,914.85
2 to 3 years	829,001.69	0.03	-	543,662.41	0.05	-
Over 3 years	3,011,719.40	0.10	2,879,285.83	3,034,224.15	0.29	2,878,017.08
Total	2,951,921,444.35	100.00	3,233,502.77	1,040,350,559.06	100.00	3,371,391.50

Notes: (1) Significant prepayment with aging more than 1 year was mainly the prepayment of companies with no cooperation.

(2) The total amount of top five of prepayment of ending balance collected by arrears party was RMB 818,482,404.96, accounting for 27.73% of total ending balance of prepayment.

(3) The withdrawal amount of bad debt provision this year was of RMB 217,172.46; the collected or reversed bad debt provision was RMB 357,050.05 for the Reporting Period; and there was no write-off bad debt provision; the increased amount was of RMB 1,988.86 due to changes in exchange rate.

7. Interest Receivable

Item	Ending balance	Beginning balance
Fixed time deposits	2,123,030.91	3,440,237.63
Entrusted loans	61,111.11	48,888.89
Factoring interest	570,555.88	570,555.88
Total	2,754,697.90	4,059,682.40

8. Dividends receivable

Item (or investees)	Ending balance	Beginning balance
Chongqing Qingjia	547,848.62	547,848.62
Total	547,848.62	547,848.62

9. Other Receivables**① Listed by aging**

Aging	Ending balance	Beginning balance
Within 1 year	866,539,175.80	256,528,018.58
1 to 2 years	119,169,126.08	135,441,669.13
2 to 3 years	13,962,189.10	14,670,505.12
3 to 4 years	85,954,676.09	86,704,294.17
4 to 5 years	20,288,652.89	22,177,189.05
Over 5 years	105,258,349.82	103,804,041.19
Subtotal	1,211,172,169.78	619,325,717.24
Less: bad debt provision	223,508,385.89	215,418,640.28
Total	987,663,783.89	403,907,076.96

② Classified by Account Nature

Nature	Ending balance	Beginning balance
Energy-saving subsidies	183,063,658.63	165,912,605.30
Intercourse funds	152,402,680.00	152,402,680.00
Borrowings of related-parties	549,297,719.43	130,429,176.41
Buyout financial service income receivable	161,326,980.03	59,252,474.98
Other external borrowings	73,269,178.08	29,403,385.01
Deposit and margin	18,228,687.41	18,228,687.41
Equity transferred money	3,207,318.07	3,500,807.51
Pretty cash	70,375,948.13	60,195,900.62
Subtotal	1,211,172,169.78	619,325,717.24
Less: bad debt provision	223,508,385.89	215,418,640.28
Total	987,663,783.89	403,907,076.96

③ Withdrawal of Bad Debt Provision

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (with credit impairment)	
Balance on 1 January 2019	41,911,687.09		173,506,953.19	215,418,640.28
In the Reporting Period, Carrying amount of other receivables on 1 January 2019:				
——Transferred to the Phase II				
——Transferred to the Phase III				
——Transferred back to the Phase II				
——Transferred back to the Phase I				
Withdrawal	8,409,900.19		237,782.80	8,647,682.99
Recovery	463,866.81			463,866.81
Write-off				-
Verification				-
Other changes	94,070.57			94,070.57
Balance on 30 June 2019	49,763,649.90	-	173,744,735.99	223,508,385.89

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables, for which the independent provision for expected credit losses	184,507,567.33	15.23	173,744,735.99	94.17	10,762,831.34
Other receivables withdrawn bad debt provision according to credit risks characteristics:					
Group 1: aging group	600,472,545.09	49.58	45,501,729.33	7.58	554,970,815.76
Group 2: low-risk group	426,192,057.36	35.19	4,261,920.57	1.00	421,930,136.79
Total	1,211,172,169.78	100	223,508,385.89	18.45	987,663,783.89

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables, for which the independent provision for expected credit losses	184,619,007.33	29.80	173,506,953.19	93.98	11,112,054.14
Other receivables withdrawn bad debt provision according to credit risks characteristics:					
Group 1: aging group	388,967,784.28	62.81	41,436,970.43	10.65	347,530,813.85
Group 2: low-risk group	45,738,925.63	7.39	474,716.66	1.04	45,264,208.97
Total	619,325,717.24	100	215,418,640.28	34.78	403,907,076.96

④ Bad Debt Provision

Category	Beginning balance	Increases/decrease			Ending balance
		Withdrawal	Recovered or reversed	Other decrease	

Other receivables, for which the independent provision for expected credit losses	173,506,953.19	237,782.80	-	-	173,744,735.99
Aging group	41,436,970.43	4,622,696.27	463,866.81	94,070.57	45,501,729.33
Low-risk group	474,716.65	3,787,203.92		-	4,261,920.57
Total	215,418,640.28	8,647,682.99	463,866.81	94,070.57	223,508,385.89

⑤ There was no other receivables with actual verification for the Reporting Period.

⑥ Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

Name of units	Nature	Ending balance	Aging	Proportion of ending balance of the total other accounts receivable	Ending balance of bad debt provision
Administrative Committee of Chuzhou Development Zone	Intercourse funds	297,256,700.00	With 1 year	24.54	2,972,567.00
National energy-saving and benefiting people (Energy-saving subsidies)	Subsidies	152,402,680.00	4 to 5 years and over 5 years	12.58	152,402,680.00
Jiangxi Meiji Industry Co., Ltd	Intercourse funds of original shareholders of subsidiaries acquired	99,798,640.31	1 to 2 years and within 1 year	8.24	2,205,549.95
Equity transfer of Dai Rongxing and other intercourse funds	Share transfer accounts Intercourse funds of original funds of subsidiaries acquired	83,265,018.32	1 to 2 years and within 1 year	6.87	2,489,085.90
Yantai Hengxiang Robots Technology Co., Ltd.	Cash deposit	48,000,000.00	1 to 2 years	3.96	4,800,000.00
Total		680,723,038.63		56.19	164,869,882.85

⑦ There was no accounts receivable involved in government subsidies for the Reporting Period

⑧ There was no other receivables derecognized for transfer of financial assets for the

Reporting Period.

⑨ There was no financial assets and liabilities generated from transfer of other receivables and continuous involvement for the Reporting Period

10. Inventory

(1) Category of Inventory

Item	Ending balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Development projects of the property:				
Development cost	-		-	
Land intended to develop			-	
Subtotal	-		-	
Non-development projects of the property:				
Raw materials	1,608,135,086.58		76,153,832.27	1,531,981,254.31
Semi-finished product	122,456,507.95		9,309,280.42	113,147,227.53
Inventory goods	4,420,172,314.59		299,560,364.57	4,120,611,950.02
Finished but unsettled assets from construction contract	44,495,341.20		-	44,495,341.20
Subtotal	6,195,259,250.32		385,023,477.26	5,810,235,773.06
Total	6,195,259,250.32		385,023,477.26	5,810,235,773.06

(Continued)

Item	Beginning balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Development projects of the property:				

Item	Beginning balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Development cost	85,167,073.18	2,470,133.87	-	85,167,073.18
Land intended to develop	70,855,200.00	-	-	70,855,200.00
Subtotal	156,022,273.18	2,470,133.87	-	156,022,273.18
Non-development projects of the property:				
Raw materials	1,122,370,078.37	-	73,754,748.97	1,048,615,329.40
Semi-finished product	89,334,764.13	-	10,260,152.74	79,074,611.39
Inventory goods	4,518,051,460.16	-	330,081,328.25	4,187,970,131.91
Finished but unsettled assets from construction contract	15,922,881.17	-	-	15,922,881.17
Subtotal	5,745,679,183.83	-	414,096,229.96	5,331,582,953.87
Total	5,901,701,457.01	2,470,133.87	414,096,229.96	5,487,605,227.05

(2) List of the Development Cost

Name of item	Starting time	Expected completion time of the next batch	Beginning amount	Ending amount
Innovation Center	April 2018	December 2022	85,167,073.18	-
Total			85,167,073.18	-

(3) Falling Price Reserves of Inventory

Item	Beginning balance	Increased amount		Decreased amount		Ending balance
		Withdrawal	Increase of merger	Reverse or write-off	Decrease of losing controlling right	
Raw materials	73,754,748.97	3,721,593.79		801,912.81	520,597.68	76,153,832.27
Goods in	10,260,152.74	663,571.13		861,745.33	752,698.12	9,309,280.42

Item	Beginning balance	Increased amount		Decreased amount		Ending balance
		Withdrawal	Increase of merger	Reverse or write-off	Decrease of losing controlling right	
process						
Inventory goods	330,081,328.25	8,437,560.87		36,898,999.61	2,059,524.94	299,560,364.57
Total	414,096,229.96	12,822,725.79	-	38,562,657.75	3,332,820.74	385,023,477.26

(4) Withdrawal Provision Basis of the Falling Price of the Inventory and the Reasons of the Reversed or Write-off

Item	Specific basis of withdrawal of falling price reserves of inventory	Reasons for reverse	Reasons for write-off
Raw materials	The realizable net value was lower than the carrying value	—	Sold or disposed in the current period
Goods in process	The realizable net value was lower than the carrying value	—	Sold or disposed in the current period
Inventory goods	The realizable net value was lower than the carrying value	—	Sold in the current period

(5) Ending balance of the inventory which includes capitalized borrowing expenses was RMB0.

(6) Finished but Unsettled Assets from Construction Contract

Item	Amount
Accumulatively incurred costs	714,468,271.18
Accumulatively recognized gross margin	129,583,491.29
Less: estimated loss	-
Settled amounts	799,556,421.27
Finished but Unsettled Assets from Construction Contract	44,495,341.20

11. Current Portion of Non-current Assets

Item	Ending balance	Beginning balance	Remark
Current portion of long-term receivable	53,237,851.30	22,318,208.13	For details, see Note VI. 13

Item	Ending balance	Beginning balance	Remark
Total	53,237,851.30	22,318,208.13	

12. Other Current Assets

Item	Ending balance	Beginning balance
Financial products		
Principal and interest of entrusted loans to joint ventures	1,148,697,055.18	1,824,523,111.11
Entrusted financing	-	30,000,000.00
Unreached bank deposits		
Prepayments and deductible taxes, and refund of tax for report receivable	591,353,068.73	794,991,256.00
Prepayment of land purchase	-	75,450,000.00
Others	26,485,236.11	19,251,774.87
Total	1,766,535,360.02	2,744,216,141.98

13. Long-term Receivables

(1) List of Long-term Receivables

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value	
Finance leasing amount	115,943,583.65	-	115,943,583.65	55,893,266.81	-	55,893,266.81	4.35%-8.78%
Of which: unrealized financing income	11,363,170.60	-	11,363,170.60	4,975,887.40	-	4,975,887.40	4.35%-8.78%
Cash deposits of long-term receivables	7,801,495.81	-	7,801,495.81	7,801,495.81	-	7,801,495.81	-
Long-term receivables of projects with franchise rights	349,416,483.56	-	349,416,483.56	349,416,483.56	-	349,416,483.56	-
Less: Current portion of long-term receivables (for details, see Note VI. 11)	53,237,851.30	-	53,237,851.30	22,318,208.13	-	22,318,208.13	-

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Imp airm ent prov ision	Carrying value	Carrying amount	Imp airm ent prov ision	Carrying value	
Total							
	419,923,711.72	-	419,923,711.72	390,793,038.05	-	390,793,038.05	-

(2) List of Projects with Franchise Rights

Item	Type	Project scale	Franchise right	Date of contract	Operatio n
PPP Project of water supply and sewage Rushan Silver Beach	PPP	163,558,100.00	Right of charge for sewage disposal	July 2016	Good

(3) Changes in Long-term Receivables of Projects with Franchise Rights

Item	Initial invested amount	Beginning balance	Increase			Decrease			Ending balance	Of which: reclassified into current portion of long-term receivables
			Merg er increa se in the Repor ting Perio d	Newly increa sed invest ment amoun t	Interest income	Princi pal recove r	Interes t recove r	Other decrea se		
PPP Project of water supply and sewage of Rushan Silver Beach	349,416,483.56	349,416,483.56	-	-	-	-	-	-	349,416,483.56	-
Total	349,416,483.56	349,416,483.56	-	-	-	-	-	-	349,416,483.56	-

14. Long-term Equity Investment

Investee	Beginning balance	Increase/decrease in the Reporting Period						Adjustment of other comprehensive income	Other equity changes
		Additional investment	Increase for combinations	Decreased investment	Investment profit and loss recognized under the equity method				
Konka Ventures Development (Shenzhen) Co., Ltd.	2,359,048.04	-	-	-	-490,743.29			-	-
Nanjing Intelligence Optical Information Technology Research Institute Co., Ltd	1,605,469.87	-	-	-	-144,833.79			-	-

Investee	Beginning balance	Increase/decrease in the Reporting Period					
		Additional investment	Increase for combinations	Decreased investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	777,956.58	-	-	-	-514,281.92	-	-
Chongqing Qingjia Electronics Co., Ltd.	19,750,739.24	-	-	-	-	-	-
Shenzhen Jielunte Technology Co., Ltd.	83,329,443.68	-	-	-	-2,592,517.96	-	-
Panxu Intelligence Co., Ltd.	49,170,159.29	-	-	-	902,086.78	-	-
Beijing Konka Jingyuan Technology Co., Ltd.	759,258.94	-	-	-	-	-	-
Oriexcellent (Zhuhai) Assets Management Co., Ltd.	2,757,557.31	-	-	-	-836,000.00	-	-
Feidi Technology (Shenzhen) Co., Ltd.	4,868,798.36	12,000,000.00	-	-	-647,925.56	-	-
Nanjing K-Star Technology Industrial Park Operation Management Co., Ltd.	50,929,429.45	-	-	17,000,000.00	-	-	-
Weihai City Water Environmental Protection Technology Co., Ltd.	2,440,433.26	-	-	-	-	-	-
Weihai Yiheng Environment Technology Co., Ltd.	4,571,472.70	-	-	-	-	-	-
Laizhou Lairun Financial Leasing Co., Ltd.	-	-	-	-	-	-	-

Investee	Beginning balance	Increase/decrease in the Reporting Period					
		Additional investment	Increase for combinations	Decreased investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	59,671,933.63	-	-	-	9,761,794.24	-	-
Shandong Bishuiyuan Environmental Protection Technology Co., Ltd.	24,745,069.48	-	-	-	-	-	-
Shenzhen RF-LINK Technology Co., Ltd.	100,277,552.55	-	-	-	70,860.88	-	--
Shenzhen Konka Information Network Co., Ltd.	26,656,667.58	-	-	-	-10,458,637.68	-	-
Shenzhen Yaode Technology Co., Ltd.	222,210,835.18	-	-	-	1,615,602.55	-	-
Chutian Dragon Co., Ltd.	624,845,604.93	-	-	-	13,279,493.50	-	--
Konka Green, and Konka Technology (③)	78,409,903.14	-	-	-	-180,177.55	-	-
Zhuhai Jinsu Plastic Co., Ltd.	11,040,246.82	-	-	-	428,175.28	-	-
Shenzhen Konka Intelligent Electrical Appliance Technology Co., Ltd.	2,287,478.52	-	-	-	-152,488.28	-	-
Shenzhen Zhongbing Konka technology Co., Ltd.	10,617,873.79	-	-	-	-2,230,059.14	-	-
Guangdong Hotcomm Information Technology Co., Ltd.	-	-	-	-	-	-	-
Shenzhen OCT Life Network Technology	3,592,514.06	-	-	3,592,514.06	-	-	-

Investee	Beginning balance	Increase/decrease in the Reporting Period					
		Additional investment	Increase for combinations	Decreased investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes
Co., Ltd.							
Kunshan Konka Electronics Co., Ltd.	200,694,466.80	-	-	-	-4,811,843.11	-	-
Kunshan Kangsheng Investment Development Co., Ltd.	269,673,264.00	-	-	-	-	-	-
Anhui Kaikai Shijie E-commerce Co., Ltd.	436,685,064.57	-	-	-	-	-	-
Shenzhen Bosser New Materials Co., Ltd.	79,859,338.44	-	-	-	1,056,895.31	-	-
Heilongjiang Longkang Zhijia Technology Co., Ltd	6,400,480.52	-	-	-	-239,050.00	-	-
Shanxi Silk Road Yunqi Intelligent Technology Co., Ltd.	4,522,509.33	-	-	-	-	-	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	252,270,255.47	-	-	-	5,620,617.83	-	-
Shandong Konka Smart Electrical Appliance Co., Ltd.	-	4,000,000.00	-	-	-287,791.69	-	-
Beijing Aowei Huyu Technology Co., Ltd.	-	6,000,000.00	-	-	10,492.58	-	-
Yilingfang	-	-	-	-	-935.98	-	-
Huarun Environment Water Co., Ltd.	-	15,819,210.00	-	-	-	-	-
Henan Konka Smart Electrical Appliance	-	1,600,000.00	-	-	-617,458.44	-	-

Investee	Beginning balance	Increase/decrease in the Reporting Period					
		Additional investment	Increase for combinations	Decreased investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes
Co., Ltd.							
Shenzhen E-display Co., Ltd.	-	-	-	-	-	-	-
Chuzhou Konka TID	-	-	-	-	-	-	-
Huoqiu Kangrun Kaitian Environment Water Co., Ltd.	-	10,000,000.00	-	-	-	-	-
Total	2,637,780,825.53	49,419,210.00	-	20,592,514.06	8,541,274.56	-	-

(Continued)

Investee	Increase/decrease in the Reporting Period					Ending balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Withdrawn impairment provision	Cost method converted into equity method	Financial assets converted into equity method	Other		
Konka Ventures Development (Shenzhen) Co., Ltd.	-	-	-	-	-	1,868,304.75	-
Nanjing Intelligence Optical Information Technology Research Institute Co., Ltd	-	-	-	-	-	1,460,636.08	-
Guoguang Ruilian (Shenzhen) Internet	-	-	-	-	-	263,674.66	-

Investee	Increase/decrease in the Reporting Period					Ending balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Withdrawn impairment provision	Cost method converted into equity method	Financial assets converted into equity method	Other		
Technology Co., Ltd.							
Chongqing Qingjia Electronics Co., Ltd. (①)	-	-	-	-	-	19,750,739.24	-
Shenzhen Jielunte Technology Co., Ltd.	-	-	-	-	-	80,736,925.72	-
Panxu Intelligence Co., Ltd.	-	-	-	-	-	50,072,246.07	-
Beijing Konka Jingyuan Technology Co., Ltd.	-	-	-	-	-	759,258.94	-
Oriexcellent (Zhuhai) Assets Management Co., Ltd.	-	-	-	-	-	1,921,557.31	-
Feidi Technology (Shenzhen) Co., Ltd.	-	-	-	-	-	16,220,872.80	-
Nanjing K-Star Technology Industrial Park Operation Management Co., Ltd.	-	-	-	-	-	33,929,429.45	-
Weihai City Water Environmental Protection Technology Co., Ltd. (②)	-	-	-	-	-	2,440,433.26	-
Weihai Yiheng Environment Technology Co.,Ltd. (②)	-	-	-	-	-	4,571,472.70	-
Laizhou Lairun Financial Leasing Co., Ltd. (②)	-	-	-	-	-	-	-
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd. (②)	-	-	-	-	-	69,433,727.87	-

Investee	Increase/decrease in the Reporting Period					Ending balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Withdrawn impairment provision	Cost method converted into equity method	Financial assets converted into equity method	Other		
Shandong Bishuiyuan Environmental Protection Technology Co., Ltd. (②)	-	-	-	-	-	24,745,069.48	-
Shenzhen RF-LINK Technology Co., Ltd.	-	-	-	-	-	100,348,413.43	-
Shenzhen Konka Information Network Co., Ltd.	-	-	-	-	-	16,198,029.90	-
Shenzhen Yaode Technology Co., Ltd.	-	-	-	-	-	223,826,437.73	-
Chutian Dragon Co., Ltd	-	-	-	-	-	638,125,098.43	-
Konka Green, and Konka Technology (③)	-	-	-	-	-	78,229,725.59	-
Zhuhai Jinsu Plastic Co., Ltd.	2,070,000.00	-	-	-	-	9,398,422.10	-
Shenzhen Konka Intelligent Electrical Appliance Technology Co., Ltd	-	-	-	-	-	2,134,990.24	-
Shenzhen Zhongbing Konka technology Co., Ltd.	-	-	-	-	-	8,387,814.65	-
Guangdong Hotcomm Information Technology Co., Ltd.	-	-	-	-	-	-	-
Shenzhen OCT Life Network Technology Co., Ltd.	-	-	-	-	-	-	-
Kunshan Konka Electronics Co., Ltd.	-	-	-	-	-	195,882,623.69	-
Kunshan Kangsheng Investment Development Co., Ltd.	-	-	-	-	-	269,673,264.00	-

Investee	Increase/decrease in the Reporting Period					Ending balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Withdrawn impairment provision	Cost method converted into equity method	Financial assets converted into equity method	Other		
Anhui Kaikai Shijie E-commerce Co., Ltd.	-	-	-	-	-	436,685,064.57	-
Shenzhen Bosser New Materials Co., Ltd.	-	-	-	-	-	80,916,233.75	-
Heilongjiang Longkang Zhijia Technology Co., Ltd.	-	-	-	-	-	6,161,430.52	-
Shanxi Silk Road Yunqi Intelligent Technology Co., Ltd.	-	-	-	-	-	4,522,509.33	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	-	-	-	-	-	257,890,873.30	-
Shandong Konka Smart Electrical Appliance Co., Ltd.	-	-	-	-	-	3,712,208.31	-
Beijing Aowei Huyu Technology Co., Ltd.	-	-	-	-	-	6,010,492.58	-
Yilingfang	-	-	-	-	-	-935.98	-
Huarun Environment Water Co., Ltd.	-	-	-	-	-	15,819,210.00	-
Henan Konka Smart Electrical Appliance Co., Ltd.	-	-	-	-	-	982,541.56	-
Shenzhen E-display Co., Ltd.	-	-	112,500,000.00	-	-	112,500,000.00	-
Chuzhou Konka TID	-	-	61,029,500.00	-	-	61,029,500.00	-
Huoqiu Kangrun Kaitian Environment Water Co., Ltd.	-	-	-	-	-	10,000,000.00	-

Investee	Increase/decrease in the Reporting Period					Ending balance	Ending balance of impairment provision
	Declaration of cash dividends or profits	Withdrawn impairment provision	Cost method converted into equity method	Financial assets converted into equity method	Other		
Total	2,070,000.00	-	173,529,500.00	-	-	2,846,608,296.03	-

15. Other Equity Instrument Investment

(1) Other Equity Instrument Investment

Item	Ending balance	Beginning balance
Shenzhen Tianyilian Science & Technology Co., Ltd.	-	4,800,000.00
Feihong Electronics Co., Ltd.	-	-
ZAEFI	-	-
Shenzhen Chuangce Investment Development Co., Ltd.	-	-
Shanlian Information Technology Engineering Center	3,360,809.20	3,360,809.20
Shenzhen CIU Science & Technology Co., Ltd.	953,000.00	953,000.00
Shenzhen Digital TV National Engineering Laboratory Co., Ltd.	7,726,405.16	7,726,405.16
Shanghai National Engineering Research Center of Digital TV Co., Ltd.	2,400,000.00	2,400,000.00
Beijing Konka Technology Co., Ltd.	4,700,000.00	4,700,000.00
Total	19,140,214.36	23,940,214.36

(2) Non-transactional Equity Instrument Investment

Item	Dividend income recognized in the current period	Accumulative gain	Accumulative loss	Amount of retained earnings transferred from other comprehensive income	Reason for measure at fair value of which recorded in other comprehensive income	Reason for retained earnings transferred from other comprehensive income
Shenzhen Tianyilian Science & Technology Co., Ltd.	-	-	4,800,000.00	-	Long-term holding based on strategic purpose	
Feihong Electronics Co., Ltd.	-	-	1,300,000.00	-	Long-term holding based on strategic purpose	
ZAEFI	-	-	100,000.00	-	Long-term holding based on strategic purpose	
Shenzhen Chuangce	-	-	485,000.00	-	Long-term holding based on	

Investment Development Co., Ltd.					strategic purpose	
Shanlian Information Technology Engineering Center	-	-	1,639,190.80	-	Long-term holding based on strategic purpose	
Shenzhen CIU Science & Technology Co., Ltd.	-	-	200,000.00	-	Long-term holding based on strategic purpose	
Shenzhen Digital TV National Engineering Laboratory Co., Ltd.	-	-	1,273,594.84	-	Long-term holding based on strategic purpose	
Shanghai National Engineering Research Center of Digital TV Co., Ltd.	-	-	-	-	Long-term holding based on strategic purpose	
Beijing Konka Technology Co., Ltd.	-	-	-	-	Long-term holding based on strategic purpose	
Total	-	-	9,797,785.64	-	-	

16. Other Non-current Financial Assets

Item	Ending balance	Beginning balance
Classified as financial assets at fair value through profit or loss	1,548,364,400.00	548,230,000.00
Including: debt instrument investment	-	-
Equity instrument investment	1,548,364,400.00	548,230,000.00
Derivative financial assets	-	-
Hybrid instrument investment	-	-
Other	-	-
designated as financial assets at fair value through profit or loss	-	-
Including: debt instrument investment	-	-

Hybrid instrument investment	-	-
Other	-	-
Total	1,548,364,400.00	548,230,000.00

17. Investment Property

Item	Houses and buildings
I. Original carrying value	
1. Beginning balance	249,923,047.75
2. Increased amount of the period	-
3. Decreased amount of the period	-
4. Ending balance	249,923,047.75
II. The accumulative depreciation and accumulative amortization	
1. Beginning balance	39,098,692.03
2. Increased amount of the period	2,815,637.15
3. Decreased amount of the period	-
4. Ending balance	41,914,329.18
III. Impairment provision	
1. Beginning balance	-
2. Increased amount of the period	-
3. Decreased amount of the period	-
4. Ending balance	-
IV. Carrying value	
1. Ending carrying value	208,008,718.57
2. Beginning carrying value	210,824,355.72

18. Fixed Assets

Item	Ending balance	Beginning balance
Fixed assets	2,228,083,633.72	2,410,226,495.81
Disposal of fixed assets	-	-
Total	2,228,083,633.72	2,410,226,495.81

(1) List of Fixed Assets

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
I. Original carrying value						
1. Beginning balance	2,160,081,403.23	1,847,565,534.04	172,793,417.25	58,660,252.15	198,441,334.30	4,437,541,940.97
2. Increased amount of the period	5,643,529.56	115,070,706.88	4,688,868.33	2,958,435.02	23,965,789.47	152,327,329.26
(1) Purchase	4,784,564.00	61,595,856.44	4,688,868.33	2,778,482.63	22,761,636.88	96,609,408.28
(2) Transfer of construction in progress	858,965.56	53,474,850.44	-	179,952.39	1,204,152.59	55,717,920.98
(3) increase of business combination	-	-	-	-	-	-
3. Decreased amount of the period	188,396,950.55	135,617,037.24	3,337,442.38	2,715,136.85	9,755,719.38	339,822,286.40

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
(1) Disposal or Scrap	188,396,950.55	130,413,329.34	3,218,185.73	2,715,136.85	8,201,461.59	332,945,064.06
(2) decrease of loss of controlling right	-	5,203,707.90	119,256.65	-	1,554,257.79	6,877,222.34
4. Ending balance	1,977,327,982.24	1,827,019,203.68	174,144,843.20	58,903,550.32	212,651,404.39	4,250,046,983.83
II. Accumulative depreciation						
1. Beginning balance	634,795,930.27	1,001,329,043.28	135,908,033.93	40,186,544.94	141,731,721.09	1,953,951,273.51
2. Increased amount of the period	34,444,579.79	124,022,789.19	5,605,567.26	2,577,771.53	7,517,236.49	174,167,944.26
(1) Withdrawal	34,444,579.79	124,022,789.19	5,605,567.26	2,577,771.53	7,517,236.49	174,167,944.26
(2) Increase of business merger	-	-	-	-	-	-
3. Decreased amount of the period	68,377,572.01	93,346,740.86	2,921,077.76	2,282,488.32	8,165,511.68	175,093,390.63
(1) Disposal or Scrap	68,377,572.01	91,138,587.26	2,840,604.68	2,282,488.32	7,104,537.04	171,743,789.31
(2) decrease of loss of controlling right	-	2,208,153.60	80,473.08	-	1,060,974.64	3,349,601.32
4. Ending balance	600,862,938.05	1,032,005,091.61	138,592,523.43	40,481,828.15	141,083,445.90	1,953,025,827.14

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
III. Depreciation reserves						
1. Beginning balance	1,247,805.91	68,610,152.04	1,215,451.65	820,215.24	1,470,546.81	73,364,171.65
2. Increased amount of the period	-	-	-	-	-	-
(1) Withdrawal	-	-	-	-	-	-
(2) Increase of business merger	-	-	-	-	-	-
3. Decreased amount of the period	-	4,318,285.23	4,350.83	-	104,012.62	4,426,648.68
(1) Disposal or Scrap	-	4,318,285.23	4,350.83	-	104,012.62	4,426,648.68
(2) decrease of loss of controlling right	-	-	-	-	-	-
4. Ending balance	1,247,805.91	64,291,866.81	1,211,100.82	820,215.24	1,366,534.19	68,937,522.97
IV. Carrying value						
1. Ending carrying value	1,375,217,238.28	730,722,245.26	34,341,218.95	17,601,506.93	70,201,424.30	2,228,083,633.72
2. Beginning carrying value	1,524,037,667.05	777,626,338.72	35,669,931.67	17,653,491.97	55,239,066.40	2,410,226,495.81

(2) List of Temporarily Idle Fixed Assets

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Mechanical equipment	16,406,610.84	6,178,421.06	7,349,335.30	2,878,854.48
Electronic equipment	1,942,358.43	1,433,032.24	—	509,326.19
Transportation equipment	125,981.91	113,383.72	—	12,598.19
Other equipment	547,252.26	456,847.47	43,847.23	46,557.56
Total	19,022,203.44	8,181,684.49	7,393,182.53	3,447,336.42

(3) Fixed Assets Leased in from Financing Lease

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Mechanical equipment	77,615,759.89	15,019,413.62	—	62,596,346.27
Electronic equipment	205,128.20	177,777.77	—	27,350.43
Total	77,820,888.09	15,197,191.39	—	62,623,696.70

(4) Fixed Assets Leased out from Operation Lease

Item	Ending carrying value
Houses and buildings	59,181,043.13
Mechanical equipment	10,345,367.42
Total	69,526,410.55

(5) Details of Fixed Assets Failed to Accomplish Certification of Property

Item	Original carrying value	Accumulative depreciation	Impairment provision	Net carrying value	Reason
Huaguoyuan Project in Huaguoyuan Road, Guiyang	3,628,629.00	251,736.18	—	3,376,892.82	Under processing
26-1 Longzhimeng, Pangjiang Street Property in Dadong District, Shenyang	10,189,892.23	1,204,561.09	—	8,985,331.14	The problems of developers

Jingyuan Building property	20,018,497.00	8,869,726.65	—	11,148,770.35	Historical reasons
Yikang Building property	76,610,752.33	34,319,203.86	—	42,291,548.47	Historical reasons
Frestec Electrical Appliances property	31,336,020.00	352,530.26	—	30,983,489.74	Under processing
Workshops and buildings of Jiangxi konka	112,397,538.12	32,923,207.13	—	79,474,330.99	Under processing
Purification tank for liquid waste of XingDa HongYe	2,653,000.00	1,303,286.25	—	1,349,713.75	Under processing

19. Construction in Progress

Item	Ending balance	Beginning balance
Construction in Progress	2, 776, 018, 241. 52	2, 176, 871, 530. 80
Engineering material	—	—
Total	2, 776, 018, 241. 52	2, 176, 871, 530. 80

(1) List of Construction in Progress

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Comprehensive improvement engineering project of drainage basins in the city of Donggang	570, 766, 842. 65	—	570, 766, 842. 65	451, 789, 427. 70	—	451, 789, 427. 70
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	552, 623, 974. 82	—	552, 623, 974. 82	552, 055, 516. 50	—	552, 055, 516. 50
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	261, 680, 935. 60	—	261, 680, 935. 60	261, 826, 586. 30	—	261, 826, 586. 30
The second line of Xinfeng Microcrystalline Jade	371, 215, 114. 23	—	371, 215, 114. 23	365, 069, 872. 84	—	365, 069, 872. 84
The second line of Jiangxi Nano Crystallized Glass	304, 826, 822. 19	—	304, 826, 822. 19	303, 533, 244. 21	—	303, 533, 244. 21
Phase I of Guangming Project	156, 084, 314. 80	—	156, 084, 314. 80	153, 577, 240. 57	—	153, 577, 240. 57
PPP Project of water treatment in Hunan County	414, 945, 586. 48	—	414, 945, 586. 48	—	—	—
Other small projects	143, 874, 650. 75	—	143, 874, 650. 75	89, 019, 642. 68	—	89, 019, 642. 68

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Total						

(2) Changes of Significant Construction in Progress

Name of item	Estimated number	Beginning balance	Increase Amount	Merger increase amount	Amount that transferred to long-term fixed assets of the period	Other decreased amount of the period	Ending balance
Comprehensive improvement engineering project of drainage basins in the city of Donggang	RMB1299 million	451,789,427.70	118,977,414.95	—	—	—	570,766,842.65
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	RMB970 million	552,055,516.50	568,458.32	—	—	—	552,623,974.82
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	RMB2,850 million	261,826,586.30	—	—	—	145,650.70	261,680,935.60
The second line of Xinfeng Microcrystalline Jade	RMB381 million	365,069,872.84	10,666,706.57	—	4,521,465.18	—	371,215,114.23
The second line of Jiangxi Nano Crystallized Glass	RMB434 million	303,533,244.21	6,075,209.13	—	4,781,631.15	—	304,826,822.19
Phase I of Guangming Project	RMB241 million	153,577,240.57	2,507,074.23	—	—	—	156,084,314.80
PPP Project of water treatment in Hunan County	RMB972 million	—	414,949,989.00	—	4,402.52	—	414,945,586.48

Name of item	Estimated number	Beginning balance	Increase Amount	Merger increase amount	Amount that transferred to long-term fixed assets of the period	Other decreased amount of the period	Ending balance
Other small projects		89,019,642.68	102,960,858.62		47,569,820.30	536,030.25	143,874,650.75
Total		2,176,871,530.80	656,705,710.82	-	56,877,319.15	681,680.95	2,776,018,241.52

(Continued)

Project name	Proportion estimated of the project accumulative input (%)	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
Comprehensive improvement engineering project of drainage basins in the city of Donggang	43.95	43.95	4,414,083.33	4,414,083.33	2.71	Self-owned fund and bank financing
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	56.97	56.97	-	-	-	Self-owned fund and bank financing
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	9.18	9.18	-	-	-	Self-owned fund and bank financing
The second line of Xinfeng Microcrystalline Jade	98.56	98.56	26,987,072.16	4,218,634.18	7.00	Self-owned fund and finance leasing
The second line of Jiangxi Nano Crystallized Glass	71.40	71.40	31,299,947.21	4,453,246.18	7.00	Self-owned fund and finance leasing
Phase I of Guangming Project	64.76	64.76	-	-	-	Self-owned fund
PPP Project of water treatment in Hunan County	42.68	42.68	-	-	-	Self-owned fund and bank

Project name	Proportion estimated of the project accumulative input (%)	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
						financing
Other small projects	-	-	-	-	-	-
Total	-	-	62,701,102.70	13,085,963.69	-	-

20. Intangible Assets

(1) List of intangible assets

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Subtotal	
I. Original carrying value							
1. Beginning balance	440,540,757.52	47,490,161.70	195,491,851.74	111,050,625.01	80,373,189.03	434,405,827.48	874,946,585.00
2. Increased amount of the period	78,468,000.00	-	-	-	3,328,272.05	3,328,272.05	81,796,272.05
(1) Purchase	78,468,000.00	-	-	-	1,647,939.92	1,647,939.92	80,115,939.92
(2) Transfer of construction in progress	-	-	-	-	1,680,332.12	1,680,332.12	1,680,332.12
(3) increase of business	-	-	-	-	-	-	-

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Subtotal	
combination							
3. Decreased amount of the period	7,289,880.61	—	—	—	4,487,025.17	4,487,025.17	11,776,905.78
(1) Disposal	7,147,153.06	—	—	—	—	—	7,147,153.06
(2) decrease of losing controlling right	142,727.55	—	—	—	4,487,025.17	4,487,025.17	4,629,752.72
4. Ending balance	511,718,876.91	47,490,161.70	195,491,851.74	111,050,625.01	79,214,435.90	433,247,074.35	944,965,951.26
II. Accumulated amortization							
1. Beginning balance	40,662,235.55	5,364,671.49	46,294,309.44	6,663,037.50	35,284,562.07	93,606,580.50	134,268,816.05
2. Increased amount of the period	6,285,855.53	—	260,325.44	2,221,012.50	3,751,363.02	6,232,700.96	12,518,556.49
(1) Withdrawal	6,285,855.53	—	260,325.44	2,221,012.50	3,751,363.02	6,232,700.96	12,518,556.49
(2) increase of business combination	—	—	—	—	—	—	—
3. Decreased amount of the period	3,035,596.91	—	—	—	7,744.26	7,744.26	3,043,341.17

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Subtotal	
(1) Disposal	3, 035, 596. 91	—	—	—	—	—	3, 035, 596. 91
(2) decrease of losing controlling right	—	—	—	—	7744. 26	7, 744. 26	7, 744. 26
4. Ending balance	43, 912, 494. 17	5, 364, 671. 49	46, 554, 634. 88	8, 884, 050. 00	39, 028, 180. 83	99, 831, 537. 20	143, 744, 031. 37
III. Depreciation reserves							
1. Beginning balance	—	—	2, 901, 082. 61	—	—	2, 901, 082. 61	2, 901, 082. 61
2. Increased amount of the period	—	—	—	—	—	—	—
(1) Withdrawal	—	—	—	—	—	—	—
(2) increase of business combination	—	—	—	—	—	—	—
3. Decreased amount of the period	—	—	—	—	—	—	—
(1) Disposal	—	—	—	—	—	—	—
(2) decrease of losing controlling right	—	—	—	—	—	—	—

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others	Subtotal	
4. Ending balance	—	—	2,901,082.61	—	—	2,901,082.61	2,901,082.61
IV. Carrying value							
1. Ending carrying value	467,806,382.74	42,125,490.21	146,036,134.25	102,166,575.01	40,186,255.07	330,514,454.54	798,320,837.28
2. Beginning carrying value	399,878,521.97	42,125,490.21	146,296,459.69	104,387,587.51	45,088,626.96	337,898,164.37	737,776,686.34

(2) Land Use Right with Certificate of Title Uncompleted

Item	Carrying value	Reason
Land usage right of the subsidiary Nanocrystalline	5,401,491.41	Under processing

(3) Significant Intangible Assets

Item	Ending carrying value	Remaining amortization period
Franchise rights of sewage treatment in Laizhou	102,166,575.01	23.00
Various patent right of Jiangxi Konka	92,117,647.06	5.17
Land usage right of XGY (2006) No. 04049	72,612,368.45	37.25
Land usage right of Guangming land parcel No. A518-0103	38,694,416.25	24.83
Right to use the trademark of Frestec	37,786,666.67	9.08

(4) Intangible Assets with restricted ownership or using right

Item	Ending carrying value	Reasons
Land usage right of XingDa HongYe	37,464,602.72	Mortgage loan of land
Land usage right of Jiangxi Konka	2,285,918.26	Mortgage loan of land
Land usage right of Yinbin Konka	13,959,352.66	Land mortgage guarantee
Land usage right of Konka Guangming Technology Center	38,694,416.25	Mortgage loan of land
Land usage right of Frestec	45,651,427.59	Mortgage loan of land

21. Goodwill

(1) Original Carrying Value of Goodwill

Name of the investees or the events formed goodwill	Beginning balance	Increased		Decreased		Ending balance
		Formed from the business combination	Other	Dispose	Other	
Anhui Konka	3,597,657.15	-	-	-	-	3,597,657.15
Econ Technology	467,825,151.34	-	-	-	-	467,825,151.34
Jiangxi konka	340,111,933.01	-	-	-	-	340,111,933.01
XingDa HongYe	44,156,682.25	-	-	-	-	44,156,682.25
Total	855,691,423.75	-	-	-	-	855,691,423.75

(2) Provisions for Goodwill Impairment

Name of the investees or the events formed goodwill	Beginning balance	Increased		Decreased		Ending balance
		Withdrawal	Other	Dispose	Other	
Anhui Konka	-	-	-	-	-	-
Econ Technology	-	-	-	-	-	-
Jiangxi konka	-	-	-	-	-	-
XingDa HongYe	-	-	-	-	-	-
Total	-	-	-	-	-	-

22. Long-term Deferred Expenses

Item	Beginning balance	Increased amount	Amortization amount	Decrease due to lose of control power	Ending amount
Renovation costs	34,904,540.12	4,129,481.90	5,558,634.30	-	33,475,387.72
Shoppe expense	61,368,072.24	19,824,349.40	27,227,161.65	-	53,965,259.99
Other	14,950,814.41	9,230,556.30	10,517,404.08	-	13,663,966.63
Total	111,223,426.77	33,184,387.60	43,303,200.03	-	101,104,614.34

23. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets without Offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	2,014,479,689.25	510,499,204.16	1,358,336,470.51	336,401,597.67
Assets impairment provision	931,622,631.11	224,775,481.79	936,009,764.81	226,316,093.63
Deferred income	68,481,479.04	18,565,204.82	85,456,786.55	20,389,065.68
Accrued expenses	53,582,508.96	18,823,248.72	72,865,789.50	17,320,299.04
Unrealized internal sales profits	71,832,827.52	8,979,103.44	35,916,413.76	8,979,103.44
others	111,345,976.27	28,692,504.50	123,082,867.34	30,027,794.84
Total	3,251,345,112.17	810,334,747.43	2,611,668,092.47	639,433,954.30

(2) Lists of Deferred Income Tax Liabilities without Offset

Item	Ending balance	Beginning balance
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	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Estimated added value not under the same control	594,933,512.81	118,871,107.71	597,961,840.34	119,325,356.84
Prepaid interest	90,371,653.88	22,592,913.47	71,719,199.88	17,929,799.97
Accelerated depreciation of fixed assets	5,826,060.67	873,909.10	5,929,959.47	889,493.92
Change in fair value of trading financial assets	—	—	3,005,381.67	751,345.42
Other	8,496,388.76	2,124,097.19	8,496,388.76	2,124,097.19
Total	699,627,616.12	144,462,027.47	687,112,770.12	141,020,093.34

(3) List of Unrecognized Deferred Income Tax Assets

Item	Ending balance	Beginning balance
Deductible losses	2,652,826,212.81	2,688,310,555.91
Deductible temporary difference	568,390,308.42	294,734,548.10
Total	3,221,216,521.23	2,983,045,104.01

24. Other Non-current Assets

Item	Ending balance	Beginning balance
Orient Konka no.1 (zhuhai) private equity investment fund (limited partnership)	265,516,500.31	158,810,750.31
Entrusted loans	120,000,000.00	120,000,000.00
Construction of government projects	37,975,365.16	41,410,334.97
Prepayment for house-purchase	24,003,225.05	10,099,279.84
Prepayment for equipment	—	6,497,317.32
Yantai Econ Business Management Center (LLP)	647,814.39	647,814.39
Other	12,193.56	12,193.56
Total	448,155,098.47	337,477,690.39

25. Short-term Borrowings

Item	Ending balance	Beginning balance
Credit loan	12,251,505,460.85	12,471,968,199.93
Guaranteed loan	12,251,505,460.85	12,471,968,199.93
Mortgage loan (note ① and ②)	699,162,352.25	1,113,964,731.70

Item	Ending balance	Beginning balance
Pledged loan	93,000,000.00	30,000,000.00
A loan secured, pledged, or pledged (note ③)		
Total	120,000,000.00	268,200,000.00

Note: ① With the carrying value of RMB82,959,836.52 as the collateral of the second phase plant, Dongguan Konka obtained the loan of RMB70,000,000.00 from the Dongguan Branch of Industrial Bank Co., Ltd.

② With the carrying value of RMB77,406,897.99 for plant and equipment, the land use right of RMB2,285,918.26, Jiangxi Konka obtained the loan of RMB23,000,000.00 from the sales department of Jiangxi Yongxiu Rural Commercial Bank Co., Ltd.

③ With carrying value of RMB56,193,626.65 for plant and buildings, land use right of RMB37,464,602.72, and RMB19,800,000.00 unit certificates of deposit as collateral, and Shanghai Xinfeng Zhuoqun PCB Co., Ltd. Hu Zehong and Konka Group provide maximum amount guarantee, Xingda Hongye obtained mortgage loan RMB120,000,000.00 respectively from the Husha Branch of the agricultural bank of Zhongshan and Zhongshan Branch of Industrial Bank Co., Ltd.

26. Financial Liabilities at Fair Value through Profit or Loss

Item	Ending balance	Beginning balance
Loss of forward exchange contract	-	2,459,603.25
Total	-	2,459,603.25

27. Notes Payable

Category	Ending balance	Beginning balance
Trade acceptance	1,007,887,109.01	131,907,909.16
Bank's acceptance bill	101,594,731.83	730,422,780.31
Total	1,109,481,840.84	862,330,689.47

28. Accounts Payable

Item	Ending balance	Beginning balance
Within 1 year	4,272,706,388.36	4,041,645,573.26
1 to 2 years	385,880,356.75	262,217,987.99
2 to 3 years	12,703,076.60	12,677,653.94

Item	Ending balance	Beginning balance
Over 3 years	30, 574, 622. 38	46, 181, 835. 14
Total	4, 701, 864, 444. 09	4, 362, 723, 050. 33

(1) Significant Accounts Payable Aging over One Year

Item	Ending balance	Unpaid/ Un-carry-over reason
Estimated project funds	193, 700, 604. 12	Settlement conditions not met
Total	193, 700, 604. 12	

29. Advances from Customers**(1) List of Advances from Customers**

Item	Ending balance	Beginning balance
Within 1 year	806, 357, 448. 30	654, 982, 234. 51
1 to 2 years	38, 492, 927. 46	32, 910, 085. 56
2 to 3 years	23, 174, 286. 19	13, 172, 633. 37
Over 3 years	26, 764, 583. 93	22, 162, 575. 76
Total	894, 789, 245. 88	723, 227, 529. 20

(2) Significant Advances from Customers Aging over One Year

Item	Ending balance	Unpaid/ Un-carry-over reason
Dongguan Konka Mould Plastic Co., Ltd.	24, 974, 635. 75	Settlement conditions not met
Shenzhen Konka Video & Communication Systems Engineering Co., Ltd.	15, 357, 854. 41	Settlement conditions not met
Total	40, 332, 490. 16	—

30. Payroll Payable

(1) List of Payroll Payable

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
I. Short-term salary	375,284,193.12	609,982,040.88	—	772,315,202.61	—	212,951,031.39
II. Post-employment benefit-defined contribution plans	1,222,374.59	58,521,529.93	—	53,960,054.44	—	5,783,850.08
III. Termination benefits	—	6,739,415.57	—	6,499,670.26	—	239,745.31
IV. Current portion of other benefits	—	—	—	—	—	—
Total	376,506,567.71	675,242,986.38	—	832,774,927.31	—	218,974,626.78

(2) List of Short-term Salary

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
1. Salary, bonus, allowance, subsidy	359,657,745.92	524,509,522.16	—	695,110,153.57	—	189,057,114.51
2. Employee welfare	5,620,738.67	31,239,364.35	—	26,554,552.11	—	10,305,550.91
3. Social insurance	3,138,171.50	26,874,149.31	—	25,012,490.96	—	4,999,829.85
Of which: Medical insurance premiums	768,410.84	22,423,240.02	—	21,306,477.10	—	1,885,173.76

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
Work-related injury insurance	160,343.82	2,321,254.48	—	1,955,714.10	—	525,884.20
Maternity insurance	2,209,416.84	2,129,654.81	—	1,750,299.76	—	2,588,771.89
4. Housing fund	545,498.50	13,372,934.62	—	12,709,474.05	—	1,208,959.07
5. Labor union budget and employee education budget	5,581,101.82	6,014,093.75	—	5,180,035.61	—	6,415,159.96
6. Short-term absence with payment	—	—	—	—	—	—
7. Short-term profit sharing plan	—	—	—	—	—	—
8. Other	740,936.71	7,971,976.69	—	7,748,496.31	—	964,417.09
Total	375,284,193.12	609,982,040.88	—	772,315,202.61	—	212,951,031.39

(3) List of Defined Contribution Plan

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
1. Basic pension benefits	1,147,799.70	56,897,467.97	—	52,418,177.12	—	5,627,090.55

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
2.Unemployment insurance	74,574.89	1,624,061.96	—	1,541,877.32	—	156,759.53
3. Annuity	—	—	—	—	—	—
Total	1,222,374.59	58,521,529.93	—	53,960,054.44	—	5,783,850.08

The Company, in line with the requirement, participate the endowment insurance, unemployment insurance scheme and so on, according to the scheme, the Company monthly pay to the scheme in line with requirements of local government, except the monthly payment, the Company no longer shoulder the further payment obligation, the relevant expense occurred was recorded into current profits and losses or related assets costs.

31. Taxes Payable

Item	Ending balance	Beginning balance
VAT	77,338,847.17	127,267,736.84
Corporate income tax	166,768,782.17	111,659,382.84
Urban maintenance and construction tax	2,495,329.00	9,508,557.03
Education fees and local education Surcharge	1,889,136.85	6,842,959.97
Land use tax	3,551,531.59	3,390,503.70
Stamp duty	1,729,951.92	3,162,037.00
Tariff	2,773,064.22	2,867,887.18
Real estate tax	4,055,897.45	2,444,284.96
Personal income tax	4,206,104.39	1,757,048.49
Fund for disposing abandoned appliances and electronic products	12,507,440.50	16,496,706.00
Flood control fund, fund for embankment, fund for water conservancy and fund for river management	534,177.01	1,057,937.59
Business tax	401,823.10	401,823.10
Other	372,575.80	1,147,327.74
Total	278,624,661.17	288,004,192.44

32. Other Payables

Item	Ending balance	Beginning balance
Interest payable	99,998,242.67	27,230,631.41
Dividend payable	240,794,540.80	—
Other payables	2,026,237,321.94	1,997,426,646.33
Total	2,367,030,105.41	2,024,657,277.74

(1) Interest Payable

Item	Ending balance	Beginning balance
Interest on borrowings	99,998,242.67	27,230,631.41
Total	99,998,242.67	27,230,631.41

(2) Dividend payable

Item	Ending balance	Beginning balance
Common stock dividends	240,794,540.80	—
Total	240,794,540.80	—

(3) Other Payables**① Listed by Nature of Account**

Item	Ending balance	Beginning balance
Expenses payable	977,559,070.21	971,679,417.48
Come-and-go money	316,444,017.28	280,592,078.50
Equity transfer payment	380,180,000.00	380,180,000.00
deposit	225,052,021.81	196,746,104.46
Related party borrowing	78,849,048.66	108,233,202.82
Generation of advances	34,596,993.19	49,796,310.13
Other	13,556,170.79	10,199,532.94
Total	2,026,237,321.94	1,997,426,646.33

② Other Significant Payables Aging over One Year

Item	Ending balance	Unpaid/Un-carry-over reason
National energy-saving and benefiting people	89,960,000.00	Not paid
Total	89,960,000.00	—

33. Current Portion of Non-current Liabilities

Item	Ending balance	Beginning balance
Current portion of long-term borrowings (Note VI-34)	—	40,000,000.00
Current portion of long-term payables (Note VI-36)	14,095,773.04	111,792,404.13
Total	14,095,773.04	151,792,404.13

34. Long-term Borrowings

Item	Ending balance	Beginning balance
Credit loan	457,300,000.00	285,000,000.00
Pledge loan	400,000,000.00	—
Mortgage guarantee loan (Note ①,③)	150,000,000.00	50,000,000.00
Pledge guarantee loan (Note ②)	147,400,000.00	150,000,000.00
Grarantee moergage pledge loan (Note ④)	130,000,000.00	—
Less: Current portion (Note VI-33)	—	40,000,000.00

Item	Ending balance	Beginning balance
Total	1,284,700,000.00	445,000,000.00

Note:①Sichuan Konka took the land use right with carrying value of RMB13,959,352.66 as the mortgage, and Communication Technology provided joint and several liability guarantee for the loan, and obtained the entrusted loan of RMB50 million from Sichuan Gangrong Investment and Development Group Co., Ltd.

② The Subsidiary of Econ Technology, Rushan Yike Environmental Management Co., Ltd. obtained the borrowing of RMB290 million from Yantai Economic Development Zone Sub-branch of China Everbright Bank with the length of maturity from 29 December 2016 to 28 December 2026. The accounts receivable of government procurement of Rushan Finance Bureau was taken as the pledge during the 29 December 2016 to 28 December 2026. Econ Technology provided the joint liability guaranty at the same time. As of June 30, 2019, the actual borrowings was RMB14,740.00.

③ Konka Group took the land use right of Guangming Science and Technology Center with the carrying value of RMB38,694,416.25 as the pledge, and obtained the long-term borrowing of RMB10 million form Shenzhen Branch of Guangdong Huaxing Bank Co., Ltd.

④ Anhui Konka took the plants with carrying value of RMB145,466,005.9 and land use right with carrying value of RMB45,651,427.59 as mortgage, and Konka Group provided the joint liability guaranty, and obtained the borrowing of RMB13 million from Ma'an Shan Branch of China Minsheng Bank Co., Ltd.

35.Bonds Payable

(1) List of Bonds Payable

Item	Ending balance	Same period of last year
Non-public offering corporate bonds	3,489,910,901.50	-
Total	3,489,910,901.50	-

(2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance
19Konka01	1,000,000,000.00	14 January 2019	2+1 years	996,500,000.00	-
19Konka02	1,500,000,000.00	14 January 2019	3 years	1,494,750,000.00	-
19Konka03	500,000,000.00	3 June 2019	2+1 years	498,250,000.00	-
19Konka04	500,000,000.00	3 June 2019	3 years	498,250,000.00	-
Total	3,500,000,000.00	— —	— —	3,487,750,000.00	-

(Continued)

Bonds name	The current issue	Withdrawal of interest by par value	Amortization of premium and depreciation	Repayment in the Reporting Period	Ending balance
19Konka01	996,500,000.00	23,194,444.46	748,427.69	—	997,248,427.69
19Konka02	1,494,750,000.00	34,791,666.66	1,122,641.53	—	1,495,872,641.53
19Konka03	498,250,000.00	1,750,000.00	144,916.14	—	498,394,916.14
19Konka04	498,250,000.00	1,827,777.78	144,916.14	—	498,394,916.14
Total	3,487,750,000.00	61,563,888.90	2,160,901.50	—	3,489,910,901.50

36. Long-term Payables

Item	Ending balance	Beginning balance
Accrued financing lease outlay	237,618,009.57	240,167,001.54
Less: Current portion (Note VI-33)	14,095,773.04	111,792,404.13
Total	223,522,236.53	128,374,597.41

37. Long-term Payroll Payable

(1) List of Long-term Payroll Payable

Item	Ending balance	Beginning balance
I. Termination benefits-net liabilities of defined contribution plans	5,670,450.62	8,792,614.98
II. Termination benefits	—	—
III. Other long-term welfare	—	—
Total	5,670,450.62	8,792,614.98

(2) Changes in Defined Benefit Plans

① Obligation present value of defined benefit plans:

Item	Reporting period	Same period of last year
I. Beginning balance	8,792,614.98	13,361,821.86
II. Defined benefit cost recorded into current profits and losses	—	—
1. Current service cost	—	—
2. Previous service cost	—	—
3. Settlement gains (“—” for loss)	—	—

Item	Reporting period	Same period of last year
4. Net interest	—	—
III. The cost of defined benefit recorded into other comprehensive income	—	—
1. Actuarial gains (“—” for loss)	—	—
IV. Other changes	3, 122, 164. 36	1, 921, 578. 32
1. Consideration paid when settled	—	—
2. Welfare paid	3, 122, 164. 36	1, 921, 578. 32
V. Ending balance	5, 670, 450. 62	11, 440, 243. 54

② Notes to the influence of the content and related risk of defined benefit pension schemes to the future cash flows, time and uncertainty of the Company:

Due to upgrading and reconstruction of current work sites of the subsidiary, Telecommunication Technology, it is to adjust the labor relations according to Implementation Measures for Accompanying Employees in manufacturing system of Shenzhen Konka Telecommunication Technology Co., Ltd. On the premise to balance the Company’ and employees’ benefits and voluntary selection, Telecommunication Technology provides early retirement plans for senior employees (employed before 31 December 1990 and signed non-fixed term labor contract with the Company or Communication Technology).

The accumulative compensation paid to the internal early retirement pensions in future year is RMB34,931,714.55, the Company in line with Agreement of Internal Early Retirement Pension, in line with the standard of salary remaining the same, turnover rate of 0, the mortality rate of, fix standard of social security base payment remaining the same to test the present worth of defined benefit plans. The actual payment for the employee is influence by the actual turnover rate, death rate and the changes of minimum cardinality of social security.

③ Notes to Actuarial Assumptions and Sensibility Analysis Result of Defined Benefit Pension Schemes

Significant assumptions estimated	Period-end of Reporting Period	Period-end of last year
Discount rate	Treasury bond rate in Same period	—
Death rate	0%	—
Expected average life expectancy	Over legal emeritus age	—
Expected compensation growth rate	0%	—

38. Provisions

Item	Beginning balance	Ending balance	Reason for formation
Pending litigations	21,566,306.86	-	Litigation (Note)
Other	206,591.51	1,597,591.51	Contract consideration
Total	21,772,898.37	1,597,591.51	—

39. Deferred Income

Item	Beginning balance	Increase	Decrease	Decrease by losing controlling right	Ending balance	Reason for formation
Government subsidies	112,899,128.24	111,514,600.00	16,980,258.41	124,999.94	207,308,469.89	Related to assets/related to income
Total	112,899,128.24	111,514,600.00	16,980,258.41	124,999.94	207,308,469.89	—

Of which, items related to government subsidies:

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Special fund of Finance Bureau for digital television production line upgrading	399,999.84	—	—	100,000.02	—	299,999.82	Related to assets
Special fund for development of equipment manufacturing industry	320,940.00	—	—	80,235.00	—	240,705.00	Related to assets
Special fund for strategic emerging industry of Finance Bureau of Dongguan	1,800,000.00	—	—	300,000.00	—	1,500,000.00	Related to assets
A special subsidy granted by the Dongguan government for the transformation and upgrading of 16 groups of enterprises of processing trade	23,220.00	—	—	5,805.00	—	17,415.00	Related to assets
Special fund for industrial structural adjustment	999,999.84	—	—	100,000.02	—	899,999.82	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Special fund of 2010-2012 industrial technology	1,260,000.00	—	—	210,000.00	—	1,050,000.00	Related to assets
Special fund of transformation of information and automation for traditional television production line	4,797,149.98	—	—	479,715.00	—	4,317,434.98	Related to assets
Subsidy for R&D instrument of Chuzhou Economic Development Zone	149,316.57	—	—	28,900.02	—	120,416.55	Related to assets
Whole machine integration of module	1,575,000.00	—	—	150,000.00	—	1,425,000.00	Related to assets
Enterprise development project of provincial Economy and Information Technology Committee	676,666.56	—	—	145,000.02	—	531,666.54	Related to assets
Provincial subsidy for R&D instrument from Department of Science and Technology	139,683.23	—	—	28,900.02	—	110,783.21	Related to assets
Provincial major special projects in 2017	1,880,000.00	—	—	240,000.00	—	1,640,000.00	Related to assets
Color smart TV manufacturing demonstration of digital workshop	166,666.80	—	—	49,999.98	—	116,666.82	Related to assets
R & D and industrialization of LED energy-saving IPTV	492,638.20	—	—	123,159.48	—	369,478.72	Related to assets
Subsidy for R&D instrument of Chuzhou Finance and Technology Bureau	208,083.17	—	—	113,500.02	—	94,583.15	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Subsidy for R&D instrument of Anhui Provincial Department of Finance	177,650.00	—	—	96,900.00	—	80,750.00	Related to assets
Subsidy for R&D instrument of Chuzhou Economic-Technological Development Area	435,083.21	—	—	113,500.02	—	321,583.19	Related to assets
R & D and industrialization of LCD modules (NDRC)	149,999.80	—	—	25,000.02	—	124,999.78	Related to assets
R & D and industrialization of LCD modules (Technology Bureau)	300,000.20	—	—	49,999.98	—	250,000.22	Related to assets
Project of display terminal smart plant with new pattern based on NB-IOT	3,003,000.00	—	—	409,500.00	—	2,593,500.00	Related to assets
Cluster development zone of intelligent appliances	304,930.89	—	—	79,547.22	—	225,383.67	Related to assets
Subsidy for R&D instrument of Department of Science and Technology of Anhui	221,250.00	—	—	22,500.00	—	198,750.00	Related to assets
Subsidy for R&D instrument of Department of Science and Technology of Anhui (2018)	47,200.00	—	—	4,800.00	—	42,400.00	Related to assets
Subsidy for transformation of environmental protection project	59,000.00	—	—	6,000.00	—	53,000.00	Related to assets
Provincial special fund for robot project	—	900,000.00	—	30,000.00	—	870,000.00	Related to assets
New application service system of mobile smart terminal	2,013,583.52	—	—	373,899.96	—	1,639,683.56	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
R & D of key technologies of information safety system for mobile smart terminal	1, 315, 187. 04	—	—	240, 000. 00	—	1, 075, 187. 04	Related to assets
Industrialization of mobile internet and 4 th generation mobile communication industry	2, 219, 077. 41	—	—	267, 895. 02	—	1, 951, 182. 39	Related to assets
Deferred income—Mirror complex aluminum with high power and high heat-dissipation LED	26, 959. 57	—	—	4, 000. 08	—	22, 959. 49	Related to assets
Deferred income—Processing technology of thermal conductive metal plate	53, 249. 88	—	—	4, 500. 00	—	48, 749. 88	Related to assets
Deferred income—Mirror complex aluminum with high power and high heat-dissipation COB-LED	59, 133. 78	—	—	2, 119. 98	—	57, 013. 80	Related to assets
Deferred income—PCB printing ink and anti-overflow knife coater	150, 000. 00	—	—	—	—	150, 000. 00	Related to assets
Deferred income—Innovation of technology	168, 981. 80	200, 000. 00	—	14, 080. 46	—	354, 901. 34	Related to assets
Deferred income—Technology upgrade of high heat-dissipation and high accuracy PCB	—	394, 700. 00	—	47, 196. 08	—	347, 503. 92	Related to assets
R&D for DID LCD video wall applicable for strange weather like rain, snow and haze, etc.	149, 999. 96	—	—	25, 000. 02	124, 999. 94	—	Related to assets
Subsidy of China Merchants of Zhifu	8, 500, 000. 06	—	—	999, 999. 96	—	7, 500, 000. 10	Related to assets
Subsidy for Phase II of Konka Zhifu Life Science Innovation Center	—	10, 000, 000. 00	—	4, 999, 999. 99	—	5, 000, 000. 01	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Award of cars (Kaiyi) for Sichuan Konka as excellent enterprise--Harbor Administration Commission of Yibin	-	79,900.00	-	1,119.54	-	78,780.46	Related to assets
Audit adjustment--Special fund accounting for Rushan Yike	1,000,000.00	-	-	-	-	1,000,000.00	Related to assets
Special fund of R&D center	1,750,000.00	-	-	-	-	1,750,000.00	Related to income
Yuecaijiao (2018) No.47 notice of special fund for strengthening intellectual property protection /70% of Patent award (30% attributable to Huajin)	200,000.00	-60,000.00	-	-	-	140,000.00	Related to assets
Research, development and industrialization of digital products of synergetic interconnection	2,600,000.00	-	-	-	-	2,600,000.00	Related to assets
EFI system of automobile engine	320,000.00	-	-	-	-	320,000.00	Related to assets
R & D and industrialization of Information Terminal based on the IGRS	1,400,000.00	-	-	-	-	1,400,000.00	Related to income
Research, development and industrialization of Major technology of LED backlight FPTV	750,000.17	-	-	499,999.98	-	250,000.19	Related to assets
Provincial project of innovation platform in science and technology in Cooperation of Production,Teaching and Research	448,000.00	-	-	96,000.00	-	352,000.00	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Digital smart TV with independent audio-visual standard of three networks combination	16,666.47			16,666.47		-	Related to assets
Multi-screen terminal products of three networks combination	560,000.09			139,999.98		420,000.11	Related to assets
AVS/DRA terminal and matched core chip R & D	2,435,333.22			645,333.57		1,789,999.65	Related to assets
Research, development and industrialization of new smart TV of man-machine interaction	1,577,067.83			525,689.34		1,051,378.49	Related to assets
R & D and engineering of 3D TV Terminal	1,300,000.00					1,300,000.00	Related to assets
User-centered videos with three networks combination	80,000.00					80,000.00	Related to assets
Embedded OS development and terminal system development for TV application	1,492,270.06			229,579.98		1,262,690.08	Related to assets
Smart TV and system supporting platform of three networks combination	666,666.80			199,999.98		466,666.82	Related to assets
Research, production and industrialization smart terminal system of next-generation internet	5,780,097.10			990,873.78		4,789,223.32	Related to assets
Satellite Receiving Facility based on safe and reliable chips	1,000,000.00					1,000,000.00	Related to assets
Smart TV industrial chain of Konka Group Co., Ltd.	15,354,500.00			2,247,000.00		13,107,500.00	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Glasses-free 3D Smart LCD TV with Multi-view and High Definition	1,500,000.00					1,500,000.00	Related to assets
Research, development and industrialization project of new two-channel 3D smart TV	1,184,166.75			202,999.98		981,166.77	Related to assets
Laboratory project of next-generation Konka multimedia terminal technology	3,500,000.06			499,999.98		3,000,000.08	Related to assets
Project of circular economy and energy conservation and emission reduction for Konka R&D Building Intelligent Engineering	390,000.00			156,000.00		234,000.00	Related to assets
Comprehensive integration and innovation project of lean manufacturing implementation system	2,100,000.00					2,100,000.00	Related to assets
Real-time Synthesis of True 3D Video with Continuous Viewpoint	1,420,000.00					1,420,000.00	Related to assets
R & D of UST Laser Projection Smart TV	1,375,000.00			150,000.00		1,225,000.00	Related to assets
Funds of Shenzhen Industrial Design Center from Shenzhen Economic, Trade and Information in 2015	3,000,000.00					3,000,000.00	Related to assets
Konka Smart Home Project of Constructing Cloud Smart Control Platform	3,620,000.00			361,999.98		3,258,000.02	Related to assets
Investment items located in the weak sector of Shenzhen industrial link in 2017	4,500,000.00					4,500,000.00	Related to assets

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Decrease by losing controlling right	Ending balance	Related to assets/related income
Design and achievement transformation of surface OLED V9X series TV		100,000,000.00				100,000,000.00	Related to assets
Subsidy for renewal of old elevators in Nanshan District	1,960,000.00					1,960,000.00	Related to assets
R & D of double HDR OLED smart television and industrialization	755,708.38			45,342.48		710,365.90	Related to assets
R & D and industrialization of operation system for exploiting users based on big data	13,300,000.00					13,300,000.00	Related to assets
Total	1,320,000.00					1,320,000.00	
	112,899,128.24	111,514,600.00	-	16,980,258.41	124,999.94	207,308,469.89	

40. Share Capital

Item	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	2,407,945,408.00	-	-	-	-	-	2,407,945,408.00

41. Capital Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium	7,393,378.55	-	-	7,393,378.55
Other capital reserves	200,963,245.66	29,405,337.77	-	230,368,583.43

Item	Beginning balance	Increase	Decrease	Ending balance
Total	208,356,624.21	29,405,337.77	-	237,761,961.98

Note: Other capital reserves increase in the Reporting Period was mainly caused by the increase of RMB29,405,337.77 of non-controlling interests.

42. Other Comprehensive Income

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Items that will not be reclassified to profit or loss					-4,800,000.00	-	-4,800,000.00
Of which: Changes caused by remeasurements on defined benefit pension schemes							-
Other comprehensive income that will not be reclassified to profit or loss under the equity method							-
Changes in fair value of other equity instrument investment					-4,800,000.00		-4,800,000.00

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
Changes in fair value of enterprise credit risk							-
II. Items that will be reclassified to profit or loss	-10,538,219.08	1,691,887.67			1,140,113.31	551,774.36	-9,398,105.77
Of which: Other comprehensive income that will be reclassified to profit or loss under the equity method	-2,397,350.96						-2,397,350.96
Changes in fair value of other equity instrument investment							
Amount of financial assets reclassified to other comprehensive income							
Impairment provision of other equity investment credit							
Reserve for cash flow hedges							

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
Differences arising from the translation of foreign currency denominated financial statements	-8,140,868.12	1,691,887.67			1,140,113.31	551,774.36	-7,000,754.81
Total	-10,538,219.08	1,691,887.67	-	-	-3,659,886.69	551,774.36	-14,198,105.77

43.Special reserve

Item	Beginning balance	Increase	Decrease	Ending balance
Safety production costs	-	97,613.57	25,876.49	71,737.08
Total	-	97,613.57	25,876.49	71,737.08

44. Surplus Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	973,502,519.62			973,502,519.62
Discretionary surplus reserves	254,062,265.57			254,062,265.57
Total	1,227,564,785.19			1,227,564,785.19

Note: Based on the regulations of the Corporation Law and Constitution, the Company should withdraw 10% of the statutory surplus reserves

according to the net profits. If the accumulated amount of the statutory surplus reserves exceeded the 50% of the registered capital, the Company could no more withdraw. The Company can withdraw the discretionary surplus reserves after withdrawing the statutory surplus reserves. The discretionary surplus reserves can be used to make up for the previous losses or to increase share capital once approved.

45. Retained Earnings

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	4, 271, 408, 192. 21	4, 260, 125, 492. 57
Total beginning balance of retained earnings before adjustments (increase+, decrease -)	-2, 884, 254. 62	-
Beginning balance of retained earnings after adjustments	4, 268, 523, 937. 59	4, 260, 125, 492. 57
Add: Net profit attributable to owners of the Company as the parent	352, 767, 020. 73	411, 289, 744. 68
Less: Withdrawal of statutory surplus reserves	-	9, 919, 910. 40
Withdrawal of discretionary surplus reserves	-	-
Dividend of ordinary shares payable	240, 794, 540. 80	390, 087, 134. 64
Ending retained earnings	4, 380, 496, 417. 52	4, 271, 408, 192. 21

46. Operating Revenue and Cost of Sales**(1) Operating Revenue and Cost of Sales**

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	25, 704, 875, 805. 21	24, 429, 634, 915. 92	16, 803, 504, 680. 73	15, 789, 523, 498. 53
Other operations	331, 567, 008. 63	244, 407, 455. 21	821, 910, 089. 09	652, 732, 946. 73
Total	26, 036, 442, 813. 84	24, 674, 042, 371. 13	17, 625, 414, 769. 82	16, 442, 256, 445. 26

(2) Main Operations (Classified by product)

Product name	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Color TV business	3, 844, 847, 424. 42	3, 596, 446, 860. 11	4, 963, 088, 596. 70	4, 352, 820, 070. 48
Mobile phone	205, 434, 258. 43	201, 988, 459. 74	203, 769, 975. 49	204, 395, 134. 71

Product name	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
business				
Consumer appliances business	1,637,709,425.79	1,345,643,531.66	1,084,381,984.51	892,338,557.03
Environmental protection business	4,863,145,443.76	4,524,853,380.07	77,951,411.92	52,515,288.25
Industry, trade and technology business	14,549,000,969.03	14,359,602,494.69	10,008,880,630.62	9,925,786,697.58
Other	604,738,283.78	401,100,189.64	465,432,081.49	361,667,750.48
Total	25,704,875,805.21	24,429,634,915.92	16,803,504,680.73	15,789,523,498.53

(3) Main Operations (Classified by area)

Area	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Domestic sales	9,430,243,937.78	8,596,129,999.73	4,672,082,285.24	3,847,140,507.59
Overseas sales	16,274,631,867.43	15,833,504,916.19	12,131,422,395.49	11,942,382,990.94
Total	25,704,875,805.21	24,429,634,915.92	16,803,504,680.73	15,789,523,498.53

(4) Other Operations (Classified by product)

Product name	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Sale of materials	155,282,907.18	160,515,894.69	461,460,767.54	463,125,455.40
Maintenance cost	12,533,794.41	8,001,769.58	23,647,020.02	12,451,873.87
Sale of waste	7,864,837.52	1,201,540.79	5,528,818.17	885,134.95
Housing lease	50,641,453.21	3,277,652.49	55,541,441.82	7,877,581.44
Other	105,244,016.31	71,410,597.66	275,732,041.54	168,392,901.07

Product name	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Total	331,567,008.63	244,407,455.21	821,910,089.09	652,732,946.73

(5) Operating Revenue from Top 5 Customers

Period	Total operating revenue from top 5 customers	Proportion to operating revenue of Reporting Period (%)
Jan.-June of 2019	8,057,091,490.94	30.95
Jan.-June of 2018	6,013,731,094.97	35.79

47. Taxes and Surtaxes

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	7,641,459.23	7,615,970.19
Stamp duty	7,399,945.90	5,471,304.55
Property tax	4,863,382.63	2,268,252.08
Land use tax	9,986,924.23	4,628,137.36
Education surcharge	3,628,856.00	3,403,425.83
Local education surcharge	2,800,185.32	2,284,037.36
Water resources fund	105,188.20	162,579.33
Vehicle and vessels usage tax	19,798.20	3,180.00
Others	943,352.56	1,809,687.92
Total	37,389,092.27	27,646,574.62

Note: Refer to Note V Taxation for details of the measurement standards of various taxes and surtaxes.

48. Selling Expense

Item	Reporting Period	Same period of last year
Salary	153,382,205.33	175,774,224.21
Advertising expense	193,996,682.54	161,559,044.17
Promotional activities	276,681,334.75	339,904,932.61
Logistic Fee	179,648,240.35	163,966,076.58
Warranty fee	122,339,314.15	121,621,614.96
Taxes and fund	333.90	179,335.16
Business travel charges	18,079,398.08	16,371,700.85

Item	Reporting Period	Same period of last year
Exhibition expenses	13,239,462.76	11,801,713.36
Rental charges	15,818,675.70	15,783,834.11
Business entertainment expenses	8,951,109.32	16,785,389.71
Other	85,809,157.48	79,433,208.79
Total	1,067,945,914.36	1,103,181,074.51

49. Administrative Expense

Item	Reporting Period	Same period of last year
Salary	162,542,644.17	102,238,841.81
Depreciation charge	43,538,977.71	30,392,140.28
Consulting fees	24,651,061.96	17,149,760.33
Business entertainment expense	10,417,451.26	9,155,485.63
Patent fee	15,993,217.00	883,906.94
Business travel charges	6,025,162.39	7,528,524.84
Loss on scraping of inventories	9,030,690.19	6,262.35
Water & electricity fees	6,809,831.29	4,538,405.21
Other	68,915,606.46	55,925,445.18
Total	347,924,642.43	227,818,772.57

50. R&D Expense

Item	Reporting Period	Same period of last year
Salary	78,671,163.98	77,769,494.02
Expenses on trial production of new products	22,136,520.66	20,620,497.46
Material drawing out	29,590,093.60	12,709,189.86
Depreciation and amortization	5,405,384.18	4,370,473.11
Testing fees	2,119,728.64	4,849,393.59
Information charges	5,176,565.13	4,553,785.16
Water & electricity fees	2,117,684.38	2,907,580.11
Business travel charges	1,015,830.83	1,325,330.17
Other	10,977,367.54	7,903,153.28
Total	157,210,338.94	137,008,896.76

51. Finance Costs

Item	Reporting Period	Same period of last year
Interest expense	529,683,836.52	138,646,255.45
Less: Interest income	118,673,531.77	49,719,529.94
Foreign exchange profit or loss	-26,237,313.27	-72,148,811.10
Other	29,487,471.55	19,514,995.00
Total	414,260,463.03	36,292,909.41

52. Credit Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt loss on accounts receivable	-41,432,285.18	—
Bad debt loss on other receivables	-8,183,816.17	—
Bad debt loss on prepayments	139,877.59	—
Total	-49,476,223.76	—

53. Asset Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt loss	—	-13,395,642.00
Inventory falling price loss	-11,717,767.29	-46,156,458.41
Total	-11,717,767.29	-59,552,100.41

54. Other Income

Item	Reporting Period	Same period of last year	Amount recorded into the current non-recurring profit or loss
Rewards and subsidies	53,667,833.01	18,563,333.33	53,667,833.01
Software tax rebates	23,063,806.91	34,848,961.96	—
Transfer of deferred income	16,980,258.41	12,105,088.11	16,980,258.41
Support fund	246,506,970.00	48,012,477.79	246,506,970.00
L/C export subsidy	66,369.00	132,738.00	66,369.00
Land tax rebates	3,186,200.00	—	3,186,200.00
Post subsidies	326,832.56	3,229,884.31	326,832.56
Other	86,701.47	6,133,800.00	86,701.47
Rewards and subsidies	343,884,971.36	123,026,283.50	320,821,164.45

55. Investment Income

Item	Reporting Period	Same period of last year
Long-term equity investment income measured by equity method	8,541,274.56	6,075,182.59
Investment income from disposal of long-term equity investment	274,322,718.19	47,126,189.12
Investment income from holding of financial assets at fair value through profit or loss	—	-82,412,478.05
Investment income from disposal of financial assets at fair value through profit or loss	—	13,740,000.00
Investment income from holding of available-for-sale financial assets	—	17,360,398.59
Investment income from disposal of available-for-sale financial assets	140,558,288.28	445,568,627.45
Income from remeasurement of residual stock rights at fair value after losing control power	-10,285,883.02	—
Income from purchase of financial products and entrust loans	34,766,808.03	—
Transfer of equity investment by equity method into financial assets	111,257,821.88	84,300,652.01
Total	559,161,027.92	531,758,571.71

56. Gain on Changes in Fair Value

Sources	Reporting Period	Same period of last year
Financial assets at fair value through profit or loss	—	59,855,412.48
Of which: Gain on changes in fair value of derivative financial instruments	—	59,855,412.48
Trading financial assets	-3,005,381.67	—
Total	-3,005,381.67	59,855,412.48

57. Asset Disposal Income

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Fixed assets disposal income	199,561,596.99	89,814.27	199,561,596.99
Intangible assets disposal income	94,144,243.65	63,632,291.11	94,144,243.65

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Total	293,705,840.64	63,722,105.38	293,705,840.64

58. Non-operating Income

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Gains on the damage and scrapping of non-current assets	193,548.46	94,061.30	193,548.46
Government subsidies unrelated to the normal operation of the Company	—	11,461,703.35	—
Compensation and penalty income	10,431,951.61	870,715.65	10,431,951.61
Other	11,643,942.02	14,791,012.67	11,643,942.02
Total	22,269,442.09	27,217,492.97	22,269,442.09

Government Subsidies Recorded into Current Profit or Loss:

Item	Reporting Period			Same period of last year			Related to the assets/related to income
	Recorded into non-operating income	Recorded into other income	Offset costs	Recorded into non-operating income	Recorded into other income	Offset costs	
Rewards and subsidies	—	—	—	10,185,622.66	—	—	与收益相关
Other	—	—	—	1,276,080.69	—	—	与收益相关
Total	—	—	—	11,461,703.35	—	—	

59. Non-operating Expense

Item	Reporting Period	Same period of last year	Amount recorded into the current non-recurring profit or loss
Losses on damage and scrapping of non-current assets	660,874.41	1,671,547.63	660,874.41
Compensation expense	4,603.40	3,500.00	4,603.40
Donations	675,833.69	20,000.00	675,833.69
Other	2,128,430.01	4,256,701.94	2,128,430.01

Item	Reporting Period	Same period of last year	Amount recorded into the current non-recurring profit or loss
Total	3,469,741.51	5,951,749.57	3,469,741.51

60. Income Tax Expense

(1) Lists of Income Tax Expense

Item	Reporting Period	Same period of last year
Current income tax expense	216,231,934.45	59,240,226.94
Deferred income tax expense	-173,118,956.35	-76,686,276.07
Total	43,112,978.10	-17,446,049.13

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Item	Reporting Period
Profit before taxation	489,022,159.46
Current income tax expense accounted at statutory/applicable tax rate	122,255,539.87
Influence of applying different tax rates by subsidiaries	-51,887,118.22
Influence of income tax before adjustment	-3,847,489.30
Influence of non-taxable income	9,582,807.30
Influence of not deductible costs, expenses and losses	7,747,424.23
Influence of deductible loss of unrecognized deferred income tax assets in prior period	-17,256,404.67
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	8,385,318.90
Changes in the balance of deferred income tax assets/ liabilities in previous period due to adjustment of tax rate	—
Other	-64,668,684.92
Income tax expense	10,311,393.19

61. Other Comprehensive Income

Refer to Note VI-42 for details.

62. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Item	Reporting Period	Same period of last year
Commercial factoring accounts received	663,814,079.96	1,177,791,975.34

Item	Reporting Period	Same period of last year
Intercourse funds	47,127,011.48	87,455,725.93
Income from government subsidy	411,764,189.92	97,520,522.22
Front money and guarantee deposit	240,170,401.69	19,955,669.93
Interest income from bank deposits	11,849,162.63	6,703,808.76
Income from waste	7,604,938.22	3,377,283.28
Repayment of individual borrowings	6,769,448.83	2,206,730.89
Compensation from suppliers	13,655,189.62	30,537,543.95
Temporary received repair fund	—	17,717.50
Income from penalty and default money	2,010,832.06	245,081.28
Other income	744,030,565.64	51,447,417.30
Total	2,148,795,820.05	1,477,259,476.38

(2) Cash Used in Other Operating Activities

Item	Reporting Period	Same period of last year
The commercial factoring payment	380,423,237.70	1,607,828,551.79
Expense for cash payment	731,676,310.00	643,840,207.45
Payment made on behalf	8,037,121.64	18,580,685.28
Payment for guarantee deposit, cash deposit and repair	283,418,660.42	24,577,163.43
Pretty cash for employees	15,670,997.69	8,894,518.49
Expense for bank handling charges	16,648,496.25	19,513,440.38
Donation expense	558,404.69	10,000.00
Default money	41,154.49	29,600.00
Other expense	555,462,001.38	24,179,903.70

Item	Reporting Period	Same period of last year
Total	1, 991, 936, 384. 26	2, 347, 454, 070. 52

(3) Cash Generated from Other Investing Activities

Item	Reporting Period	Same period of last year
Recovery of financial products	653, 954, 166. 67	942, 900, 000. 00
The principal and interest of the entrusted loan were received.	742, 912, 711. 75	—
Total	1, 396, 866, 878. 42	942, 900, 000. 00

(4) Cash Used in Other Investing Activities

Item	Reporting Period	Same period of last year
Purchase of financial products	700, 000, 000. 00	774, 730, 000. 00
Other	33, 420. 00	100, 000, 000. 00
Total	700, 033, 420. 00	874, 730, 000. 00

(5) Cash Generated from Other Financing Activities

Item	Reporting Period	Same period of last year
Receiving entrusted loans	200, 000, 000. 00	—
Other	150, 346, 627. 50	1, 023, 076. 93
Total	350, 346, 627. 50	1, 023, 076. 93

(6) Cash Used in Other Financing Activities

Item	Reporting Period	Same period of last year
Repayment of entrusted loans	67, 293, 304. 13	
Finance lease	167, 576, 689. 17	
Financing expense	30, 011, 935. 42	22, 612, 122. 48
Total	264, 881, 928. 72	22, 612, 122. 48

63. Supplemental Information for Cash Flow Statement**(1) Supplemental Information for Cash Flow Statement**

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities:		
Net profit	478, 710, 766. 27	408, 732, 161. 88

Supplemental information	Reporting Period	Same period of last year
Add: Provision for impairment of assets	61, 193, 991. 05	59, 552, 100. 41
Depreciation of fixed assets, oil-gas assets, and productive living assets	174, 167, 944. 26	99, 977, 217. 61
Amortization of intangible assets	12, 518, 556. 49	6, 800, 013. 68
Amortization of long-term prepaid expenses	43, 303, 200. 03	39, 491, 886. 63
Losses on disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-293, 705, 840. 64	-63, 722, 105. 38
Losses on scrap of fixed assets (gains: negative)	467, 325. 95	1, 577, 486. 33
Losses on changes in fair value (gains: negative)	3, 005, 381. 67	-59, 855, 412. 48
Finance costs (gains: negative)	442, 704, 098. 64	138, 646, 255. 45
Investment loss (gains: negative)	-559, 161, 027. 92	-531, 929, 987. 83
Decrease in deferred income tax assets (gains: negative)	-176, 759, 673. 67	-139, 323, 718. 64
Increase in deferred income tax liabilities ("—" means decrease)	3, 492, 398. 43	51, 576, 456. 37
Decrease in inventories (gains: negative)	-525, 393, 810. 42	-200, 692, 963. 10
Decrease in accounts receivable generated from operating activities (gains: negative)	-2, 059, 798, 271. 86	-1, 290, 880, 669. 75
Increase in accounts payable used in operating activities (decrease: negative)	369, 279, 048. 36	-358, 107, 427. 04
Other	-16, 980, 258. 41	-
Net cash generated from/used in operating activities	-2, 042, 956, 171. 77	-1, 838, 158, 705. 86
2. Significant investing and financing activities without involvement of cash receipts and payments:		
Transfer of debt to capital		-
Current portion of convertible corporate bonds		-
Fixed assets leased in by financing		-
3. Net increase/decrease of cash and cash equivalent:		
Ending balance of cash	4, 701, 245, 534. 53	3, 761, 988, 635. 66

Supplemental information	Reporting Period	Same period of last year
Less: Beginning balance of cash	3,434,149,481.72	3,097,899,703.76
Add: Ending balance of cash equivalents		—
Less: Beginning balance of cash equivalents		—
Net increase in cash and cash equivalents	1,267,096,052.81	664,088,931.90

(2) Net Cash Receive from Disposal of Subsidiaries

Item	Amount
Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the Current Period	101,020,500.00
Of which: Chuzhou Konka TID	63,520,500.00
Konka E-display	37,500,000.00
Less: cash and cash equivalents held by subsidiaries on the date of losing control power	68,345,326.75
Of which: Chuzhou Konka TID	35,782,809.20
Konka E-display	32,562,517.55
Net cash received from disposal of subsidiaries	32,675,173.25

(3) Cash and Cash Equivalents

Item	Ending balance	Beginning balance
I. Cash	4,701,245,534.53	3,761,988,635.66
Including: Cash on hand	343,490.38	122,746.45
Bank deposit on demand	4,700,902,044.15	3,761,865,889.21
II. Ending balance of cash and cash equivalents	4,701,245,534.53	3,761,988,635.66

64.Assets with Restricted Ownership or Right to Use

Item	Ending carrying value (RMB'0,000)	Reason for restriction
Monetary capital	96,902.16	Of which RMB579.7213 million is various non-callable margin deposit; RMB315 million is time deposit; RMB49.0818 million is the fund of supervisor repaid; RMB19.8 million is the deposit pledged for loans; RMB3.22 million is blocked funds for litigation; RMB2.1985 million is restricted for other reasons.

Item	Ending carrying value (RMB'0,000)	Reason for restriction
Notes receivable	118,688.30	As of 30 June 2019, the Company pledged notes receivable with carrying value of RMB1186.883 million for conducting comprehensive financing businesses such as opening of banker's acceptance bill, L/C, L/G and trade financing.
Fixed assets	36,202.64	For mortgage borrowings. Refer to 25. Short-term Borrowings in Note VI For mortgage borrowings. Refer to 34. Short-term Borrowings in Note VI
Intangible assets	13,805.57	For mortgage borrowings. Refer to 25. Short-term Borrowings in Note VI For mortgage borrowings. Refer to 34 Short-term Borrowings in Note VI
Long-term receivables	34,941.65	For pledge borrowings. Refer to 34 Short-term Borrowings in Note VI
Total	300,540.32	

65. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary capital			
Of which: USD	78,554,119.28	6.87470	540,036,003.81
EUR	99,161.51	7.81700	775,145.52
HKD	12,165,085.98	0.87966	10,701,139.53
Accounts receivable			
Of which: USD	184,788,743.39	6.87470	1,270,367,174.18
HKD	3,082,190.84	0.87966	2,711,279.99
AUD	49,764.00	4.81560	239,643.52
Other receivables			
Of which: USD	26,115,881.89	6.87470	179,538,853.23
Of which: USD	7,487,218.79	0.87966	6,586,206.88
Accounts payable			

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Of which: USD	118,160,661.74	6.87470	812,319,101.26
HKD	1,531,358.04	0.87966	1,347,074.41
Other payables			
Of which: HKD	30,933,727.30	0.87966	27,211,162.56
Short-term borrowings			
Of which: USD	139,691,704.64	6.87470	960,338,561.89
Interest payable			
Of which: USD	803,078.36	6.87470	5,520,922.80

(2) Notes to Overseas Entities

The significant overseas entities include Hong Kong Konka, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies Co., Ltd., Kangjietong and Jiali International. The main overseas operating place is Hong Kong. The Company's recording currency is HKD since the main currency in circulation in Hong Kong is HKD.

66. Arbitrage

Refer to relevant contents in items notes of in 2. Financial Assets at Fair Value through Profit or Loss in Note VI.

67. Government Subsidy

(1) Basic Information on Government Subsidy

Category	Amount	Listed items	Amount recorded in the current profit or loss
Subsidy for Konka Zhifu Life Science Innovation Center Phase II	10,000,000.00	Deferred income/Other income	4,999,999.99
Rewards and subsidies	53,667,833.01	Other income	53,667,833.01
Tax rebates of software	23,063,806.91	Other income	23,063,806.91
Support fund	66,369.00	Other income	66,369.00
Subsidy for L/C export	326,832.56	Other income	326,832.56
Land tax rebates	3,186,200.00	Other income	3,186,200.00
Post subsidies	86,701.47	Other income	86,701.47

Category	Amount	Listed items	Amount recorded in the current profit or loss
Other	346,506,970.00	Other income	246,506,970.00
Provincial special fund for robot project	900,000.00	Deferred income	30,000.00
Subsidy for innovation in science and technology	200,000.00	Deferred income/Other income	14,080.46
Technology upgrade of high heat-dissipation and high accuracy PCB	394,700.00	Deferred income/Other income	47196.08
Award of cars (Kaiyi) for Sichuan Konka as excellent enterprise –Harbor Administration Commission of Yibin	79,900.00	Deferred income/Other income	1,119.54
Total	438,479,312.95		331,997,109.02

(2) Return of Government Subsidy

No such cases in the Reporting Period.

VII. Changes of Consolidation Scope

1. Disposal of subsidiary

Single Disposal of Investment to Subsidiary that Losing Control Power

Name of the subsidiary	The equity disposal price (RMB'0,000)	Equity disposal proportion (%)	Method of equity disposal	Time of losing control	Recognition basis for the time of losing control power	The differences of enjoyed net assets share of the subsidiary in corresponding consolidated statements of the disposal price and the disposal investment (RMB'0,000)
Konka E-display	3,750.00	15	Transfer	2019-6-21	Transfer of equity, operation and financial controlling power	3,185.78
Chuzhou Technological Innovation Centre	6,352.05	51	Transfer	2019-6-28	Transfer of equity, operation and financial controlling power	4,554.52

(Continued)

Name of the subsidiary	Residual equity proportion on the date of losing control power (%)	Carrying value of residual equity on the date of losing control power (RMB'0,000)	Fair value of residual equity on the date of losing control power (RMB'0,000)	Gains or losses from re-measurement of residual equity at fair value (RMB'0,000)	Recognition method and main assumption of fair value of residual equity on the date of losing control power	Amount of other comprehensive income related to former subsidiaries transferred into investment profit or loss
Konka E-display	45.00	1,692.67	11,250.00	9,557.33	Market trading price	—
Chuzhou Technological Innovation Centre	49.00	1,727.04	6,102.95	4,375.91	Market trading price	—

2. Changes in Combination Scope for Other Reasons

Newly-established Subsidiaries of the Company from Jan.-June 2019

Name of the subsidiary	Capital of registration	Holding percentage (%)	Time and place of gaining control power	Way of gaining
Shengxing Enterprise	10,000,000.00	51.00	2019-1-3	Newly established
Youzhihui	10,000,000.00	100.00	2019-1-24	Newly established
Suining Electronic Technological Innovation	200,000,000.00	100.00	2019-2-22	Newly established
Xiaojia Technology	10,000,000.00	100.00	2019-3-5	Newly established
Smart Technology	20,000,000.00	51.00	2019-3-12	Newly established
Konka Huanjia (Henan)	50,000,000.00	51.00	2019-4-1	Newly established
Laizhou Sewage Treatment Co., Ltd.	56,361,600.00	24.14	2019-4-11	Newly established
Funan Kangrun Watre Co., Ltd.	122,500,000.00	40.55	2019-5-10	Newly established
Weifang Investment Operation Co., Ltd.	150,000,000.00	32.97	2019-5-10	Newly established
Yihe Electronic		51.00	2019-5-14	Newly

Name of the subsidiary	Capital of registration	Holding percentage (%)	Time and place of gaining control power	Way of gaining
	10,000,000.00			established
Lushan Kangrun Water Treatment Co., Ltd.	100,000,000.00	45.44	2019-6-3	Newly established
Shenzhen Huanan	90,000,000.00	80.00	2019-6-4	Newly established
Chongqing Konka	120,000,000.00	100.00	2019-6-6	Newly established
Dongguan Konka Investment	100,000,000.00	100.00	2019-6-28	Newly established

VIII. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Konka Ventures	Shenzhen, Guangdong	Shenzhen, Guangdong	Other organization and management service	51.00	—	Establishment or investment
Yantai Konka	Yantai, Shandong	Yantai, Shandong	Other professional consultancy and investigation	—	51.00	Establishment or investment
Chengdu Konka	Chengdu, Sichuan	Chengdu, Sichuan	Commercial service	—	51.00	Establishment or investment
Chengdu Anren	Chengdu, Sichuan	Chengdu, Sichuan	Commercial service	—	51.00	Establishment or investment
Konka Enterprise Service	Guiyang, Guizhou	Guiyang, Guizhou	Headquarters management	—	51.00	Establishment or investment
Chuanghui Intelligent	Nanjing, Jiangsu	Nanjing, Jiangsu	Entrepreneurial space service	—	40.80	Establishment or investment
Konka Enterprise management	Guiyang, Guizhou	Guiyang, Guizhou	Other Commercial service not listed clearly	—	51.00	Establishment or investment
Yibin Konka Incubator	Yibin, Sichuan	Yibin, Sichuan	Commercial service	—	51.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Cross-Border Kechuang	Shenzhen, Guangdong	Shenzhen, Guangdong	Other IT service industry not listed clearly	—	26.01	Establishment or investment
Anhui Konka	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry	78.00	—	Establishment or investment
Kangzhi Trade	Chuzhou, Anhui	Chuzhou, Anhui	Wholesale industry	—	78.00	Establishment or investment
Konka Factoring	Shenzhen, Guangdong	Shenzhen, Guangdong	Insurance agents (non-bank finance)	100.00	—	Establishment or investment
Youshi Kangrong	Tianjin	Tianjin	Advertisement	—	70.00	Establishment or investment
Konka Unifortune	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry	51.00	—	Establishment or investment
Jiali International	Hong Kong, China	Hong Kong, China	Retail industry	—	51.00	Establishment or investment
Wankaida	Shenzhen, Guangdong	Shenzhen, Guangdong	Software development	100.00	—	Establishment or investment
Dongguan Konka	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Telecommunication Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Electrical Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Mudanjiang Appliances	Mudanjiang, Heilongjiang	Mudanjiang, Heilongjiang	Manufacturing industry	60.00	—	Establishment or investment
Konka Europe	Frankfurt, Germany	Frankfurt, Germany	International Trading	100.00	—	Establishment or investment
Commercial System Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	81.00	—	Establishment or investment
Konka Electrical Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry, commerce	100.00	—	Establishment or investment
Konka Materials	Haikou, Hainan	Haikou, Hainan	Commercial service	—	51.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Mobile Interconnection	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	51.00	—	Establishment or investment
Sichuan Konka	Yibin, Sichuan	Yibin, Sichuan	Manufacturing industry	—	51.00	Establishment or investment
Anhui Tongchuang	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry	100.00	—	Establishment or investment
Electrical Appliance Technology	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry	—	51.00	Establishment or investment
Frestec Refrigeration	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry	—	51.00	Establishment or investment
Frestec Electrical Appliances	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry	—	51.00	Establishment or investment
Frestec Household Appliances	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry	—	51.00	Establishment or investment
Pengrun Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry	51.00	—	Establishment or investment
Jiaxin Technology	Hong Kong, China	Hong Kong, China	Retail industry	—	51.00	Establishment or investment
E3info	Haikou, Hainan	Haikou, Hainan	Network platform development	60.00	—	Establishment or investment
Yifang Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Network platform development	—	60.00	Establishment or investment
Dongguan Packing	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
E2info	Shenzhen, Guangdong	Shenzhen, Guangdong	Information service	95.78	—	Establishment or investment
Beijing Konka Electronic	Beijing	Beijing	Sale of home appliance	100.00	—	Establishment or investment
Konka Leasing	Tianjin Pilot Free Trade Zone	Tianjin Pilot Free Trade Zone	Leasing industry	—	100.00	Establishment or investment
Fittings Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment holding	75.00	25.00	Establishment or investment
Boluo Konka Precision	Boluo, Guangdong	Boluo, Guangdong	Manufacturing industry	—	100.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Xiamen Dalong	Xiamen, Fujian	Xiamen, Fujian	Commerce	—	69.23	Establishment or investment
Boluo Konka	Boluo, Guangdong	Boluo, Guangdong	Manufacturing industry	—	100.00	Establishment or investment
Hong Kong Konka	Hong Kong, China	Hong Kong, China	International Trading	100.00	—	Establishment or investment
Konka Household Appliances Investment	Hong Kong, China	Hong Kong, China	Investment holding	—	100.00	Establishment or investment
Chain Kingdom Memory Technologies	Hong Kong, China	Hong Kong, China	International Trading	—	51.00	Establishment or investment
Chain Kingdom Memory Technologies (Shenzhen)	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry	—	51.00	Establishment or investment
Konka SmartTech	Hong Kong, China	Hong Kong, China	International Trading	—	61.00	Establishment or investment
Kangjietong	Hong Kong, China	Hong Kong, China	Service industry	—	51.00	Establishment or investment
Konka Household Appliances International Trading	Hong Kong, China	Hong Kong, China	International Trading	—	100.00	Establishment or investment
Konka Investment	Shenzhen, Guangdong	Shenzhen, Guangdong	Capital markets service	100.00	—	Establishment or investment
Yibin Konka	Yibin, Sichuan	Yibin, Sichuan	Development and management of industrial park	—	100.00	Establishment or investment
Industry New Town	Chengdu, Sichuan	Chengdu, Sichuan	Real estate industry	—	51.00	Establishment or investment
Konka Capital	Shenzhen, Guangdong	Shenzhen, Guangdong	Capital markets service	—	100.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Konka Suiyong	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment in industry, commercial information consultancy and investment advisor	—	51.00	Establishment or investment
Hainan Technology	Haikou, Hainan	Haikou, Hainan	Municipal road, engineering and buildings	—	51.00	Establishment or investment
Kangquan Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	—	51.00	Establishment or investment
Sichuan Kangjiatong	Yibin, Sichuan	Yibin, Sichuan	Service industry	51.00	—	Establishment or investment
Electronics Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	100.00	—	Establishment or investment
XingDa HongYe	Zhongshan, Guangdong	Zhongshan, Guangdong	Manufacturing industry	—	51.00	Establishment or investment
Shanghai Xinfeng	Shanghai	Shanghai	Commerce	—	51.00	Establishment or investment
Nanjing Konka	Nanjing, Jiangsu	Nanjing, Jiangsu	Wholesale industry	—	100.00	Establishment or investment
Anhui Zhilian	Chuzhou, Anhui	Chuzhou, Anhui	e-commerce	—	100.00	Establishment or investment
Econ Technology	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	51.00	—	Establishment or investment
Beijing Econ	Beijing	Beijing	Environmental technology service industry	—	51.00	Establishment or investment
Shanghai Jiye	Shanghai	Shanghai	Environmental technology service industry	—	51.00	Establishment or investment
Binzhou Econ	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry	—	51.00	Establishment or investment
Lairun Holdings	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	30.60	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Laizhou Lairun Environmental Protection	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	27.54	Establishment or investment
Binhai Sewage Treatment	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	30.60	Establishment or investment
Lairun Heating	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	30.60	Establishment or investment
Lairun Green Energy	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	30.60	Establishment or investment
Econ Environmental Engineering	Chengdu, Sichuan	Chengdu, Sichuan	Environmental technology service industry	—	51.00	Establishment or investment
Qingdao Kangrun Honghui Photovoltaic Power Generation Co., Ltd.	Qingdao, Shandong	Qingdao, Shandong	Environmental technology service industry	—	51.00	Establishment or investment
Yantai Kangrun Honghui Photovoltaic Power Generation Co., Ltd.	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	51.00	Establishment or investment
Rushan Yike	Weihai, Shandong	Weihai, Shandong	Environmental technology service industry	—	44.37	Establishment or investment
Binzhou Weiyijie	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry	—	35.70	Establishment or investment
Beihai Jingmai	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry	—	24.99	Establishment or investment
Yantai Chunzhiran	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	35.70	Establishment or investment
Lairun Huayang	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	—	26.01	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Donggang Kangrun Environment Management Co., Ltd.	Dandong, Liaoning	Dandong, Liaoning	Environmental technology service industry	—	50.63	Establishment or investment
Dayi Kangrun Water Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Environmental technology service industry	—	51.00	Establishment or investment
Subei Mongol Autonomous County Kangrun Water Co., Ltd.	Jiuquan, Gansu	Jiuquan, Gansu	Environmental technology service industry	—	39.78	Establishment or investment
Suining Pengxi Kangrun Environment Management Co., Ltd.	Suining, Sichuan	Suining, Sichuan	Environmental technology service industry	—	40.75	Establishment or investment
Weifang Sihai Kangrun Investment Operation Co., Ltd.	Weifang, Shandong	Weifang, Shandong	Environmental technology service industry	—	27.96	Establishment or investment
Konka Huanjia	Dalian, Liaoning	Dalian, Liaoning	Processing of renewable resources	51.00	—	Establishment or investment
Shanghai Konka	Shanghai	Shanghai	Real estate industry	100.00	—	Establishment or investment
Chuzhou Kangyong	Chuzhou, Anhui	Chuzhou, Anhui	Real estate industry	—	100.00	Establishment or investment
Yantai Konka	Yantai, Shandong	Yantai, Shandong	Real estate industry	—	89.71	Establishment or investment
Yantai Kangjin	Yantai, Shandong	Yantai, Shandong	Real estate industry	—	62.80	Establishment or investment
Shangdong Kangxin	Yantai, Shandong	Yantai, Shandong	Real estate industry	—	51.00	Establishment or investment
Jiangxi Konka	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Production, manufacturing and processing	51.00	—	Establishment or investment
Xinfeng Microcrystalline	Nanchang, Jiangxi	Nanchang, Jiangxi	Production, manufacturing and processing	—	51.00	Establishment or investment
Nanocrystalline	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Production, manufacturing and processing	—	51.00	Establishment or investment
Shenzhen KONSEMI	Shenzhen, Guangdong	Shenzhen, Guangdong	Semi-conductor	100.00	—	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Meixin	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	—	51.00	Establishment or investment
Hefei KONSEMI	Hefei, Anhui	Hefei, Anhui	Design of integrated circuit	—	51.00	Establishment or investment
Shenzhen Nianhua	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	100.00	—	Establishment or investment
Konka Eco-development	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	51.00	—	Establishment or investment
Konka Ronghe	Foshan, Guangdong	Foshan, Guangdong	Wholesale and retail industry	51.00	—	Establishment or investment
Suining Konka Industry Park	Suining, Sichuan	Suining, Sichuan	Development and management of industrial park	100.00	—	Establishment or investment
Konka Suyuan	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	—	51.00	Establishment or investment
Yihe Electronic	Hefei, Anhui	Hefei, Anhui	Wholesale and retail industry	—	51.00	Establishment or investment
Konka Huanjia(Henan)	Lankao, Henan	Lankao, Henan	Technology promotion and application service	—	51.00	Establishment or investment
Xiaojia Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale and retail industry	—	100.00	Establishment or investment
Suining Electronic Technological Innovation	Suining, Sichuan	Suining, Sichuan	Commercial service	100.00	—	Establishment or investment
Chongqing Konka	Chongqing	Chongqing	Software and information service industry	—	100.00	Establishment or investment
Smart Technology	Yibin, Sichuan	Yibin, Sichuan	Software and information service industry	—	51.00	Establishment or investment
Laizhou Lairun Sewage Treatment Co., Ltd.	Yantai, Shandong	Yantai, Shandong	Environmental protection and environment management	—	24.14	Establishment or investment
Funan Kangrun Watre Co., Ltd.	Fuyang, Anhui	Fuyang, Anhui	Environmental technology service industry	—	40.55	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shengxing Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	-	51.00	Establishment or investment
Shenzhen Huanan	Shenzhen, Guangdong	Shenzhen, Guangdong	Capital market service	-	80.00	Establishment or investment
Weifeng Sikang Investment and Operation Co.,Ltd.	Weifang, Shandong	Weifang, Shandong	Commercial service	-	32.98	Establishment or investment
Lushan Kangrun Environment Treatment Co., Ltd.	Pingdingshan, Henan	Pingdingshan, Henan	Environmental protection and environment management	-	45.44	Establishment or investment
Youzhihui	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information service industry	-	100.00	Establishment or investment
Dongguan Konka Investment	Dongguan, Guangdong	Dongguan, Guangdong	Commercial service	100.00	-	Establishment or investment
Xiangkang Telecommunication	Hong Kong, China	Hong Kong, China	Manufacturing industry	-	100.00	Establishment or investment

(2) Significant Non-wholly-owned Subsidiary

Name	Shareholding proportion of non-controlling interests (%)	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Konka Huanjia	49.00	43,900,738.09	-	156,944,346.44
Kangjietong	49.00	7,349,838.13	-	8,350,971.45

(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Name	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Konka Huanjia	2,052,738,106.37	11,814,608.94	2,064,552,715.31	1,744,258,130.73	-	1,744,258,130.73
Kangjietong	666,718,434.81	144,458.44	666,862,893.25	649,820,094.38	-	649,820,094.38

(Continued)

Name	Beginning balance
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	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Konka Huanjia	787, 177, 009. 78	7, 754, 884. 48	794, 931, 894. 26	564, 230, 652. 73	—	564, 230, 652. 73
Kangjietong	552, 691, 289. 36	190, 605. 71	552, 881, 895. 07	551, 093, 788. 93	—	551, 093, 788. 93

Name	Reporting Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Konka Huanjia	3, 907, 011, 852. 57	89, 593, 343. 05	89, 593, 343. 05	205, 598, 381. 24
Kangjietong	4, 295, 624, 063. 46	14, 999, 669. 64	15, 282, 794. 68	-77, 887, 373. 05

(Continued)

Name	Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Konka Huanjia	—	-85, 624. 00	-85, 624. 00	-23, 524. 00
Kangjietong	—	-208, 307. 50	-184, 703. 75	10, 969, 529. 71

2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary

(1) Note to the Owner's Equity Share Changed in Subsidiary

On 10 April 2019, E2info non-controlling interests increased the the investment to E2info and other shareholders renounced pre-emption rights of corresponding newly-increased registered capital. After completing the above increase, the Company's shareholding ratio of E2info is 95.7766%, and it still be controlled by the Company and is still included in the scope of consolidation.

(2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent

Item	E2info
Disposal consideration	—
—cash	31, 666, 666. 66
—fair value of non-cash assets	—
Total disposal consideration	31, 666, 666. 66
Less: Share of net assets accounted by percentage of stock rights disposed	2, 261, 328. 89

Item	E2info
Difference	29,405,337.77
Of which: Adjustment of capital reserves	29,405,337.77
Adjustment of surplus reserve	-
Adjustment of retained earnings	-

3. Equity in Associated Enterprises

(1) Significant Associated Enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to associated enterprise
				Directly	Indirectly	
Chutian Dragon Co., Ltd.	Dongguan	Dongguan	Manufacturing industry in computer, communication and other electronic equipment	21.95	-	Equity method
Wuhan Tianyuan Environmental Protection Co., Ltd.	Wuhan	Wuhan	Environmental protection and environment management	20.02	-	Equity method
Shenzhen Yaode Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing industry in computer, communication and other electronic equipment	20.00	-	Equity method
Kunshan Konka Electronics Technology Co., Ltd.	Kunshan	Kunshan	Manufacturing industry in computer, communication and other electronic equipment	49.00	-	Equity method

(2) Main Financial Information of Significant Associated Enterprise

Item	Ending balance/Reporting Period			
	Chutian Dragon Co., Ltd.	Wuhan Tianyuan Environmental Protection Co., Ltd.	Shenzhen Yaode Technology Co., Ltd.	Kunshan Konka Electronics Technology Co., Ltd.
Current assets	1,207,329,193.60	277,952,551.38	722,353,178.12	377,689,521.02
Non-current assets	254,585,080.00	480,549,307.71	59,389,129.52	234,144,645.82
Total assets	1,461,914,273.60	758,501,859.09	781,742,307.64	611,834,166.84
Current liabilities	474,053,819.02	175,746,683.09	245,842,169.76	304,276,068.37
Non-current liability	13,397,492.07	99,714,468.48	-	4,500,856.91

Total liabilities	487,451,311.09	275,461,151.57	245,842,169.76	308,776,925.28
Equity of non-controlling interests	1,294,915.48	1,575,172.15	—	—
Equity attributable to shareholders of the Company as the parent	973,168,047.03	481,465,535.37	535,900,137.88	303,057,241.56
Share of net assets accounted by shareholding percentage	224,663,128.08	97,328,729.51	114,256,368.01	187,448,765.87
Adjusted events				
-Goodwill	413,461,970.35	160,562,143.79	109,570,069.72	—
-Unrealized internal sales gain and loss		—	—	—
-Other				8,433,857.82
Carrying value of equity investment to associated enterprises	638,125,098.43	257,890,873.30	223,826,437.73	195,882,623.69
Fair value of equity investment to joint ventures with public offer	—	—	—	—
Operating revenue	510,594,502.58	114,986,207.34	420,482,080.93	283,867,107.18
Finance costs	-868,947.60	2,633,870.27	11,059,244.18	498,876.04
Income tax expense	7,946,521.81	4,799,304.12	2,465,250.56	—
Net profit	56,746,353.10	28,075,014.13	8,078,012.77	-9,820,087.97
Net profit from discontinued operations	—	—	—	—
Other comprehensive	—	—	—	—

income				
Total comprehensive income	56,746,353.10	28,075,014.13	8,078,012.77	-9,820,087.97
Dividends received from joint venture in the Reporting Period	-	-	-	-

(Continued)

Item	Beginning balance/The same period of last year			
	Chutian Dragon Co., Ltd.	Wuhan Tianyuan Environmental Protection Co., Ltd.	Shenzhen Yaode Technology Co., Ltd.	Kunshan Konka Electronics Technology Co., Ltd.
Current assets	1,222,095,636.91	230,469,218.29	698,493,882.82	132,379,197.79
Non-current assets	278,261,091.56	365,139,896.53	95,652,906.71	322,419,882.21
Total assets	1,500,356,728.47	595,609,114.82	794,146,789.53	454,799,080.00
Current liabilities	515,045,146.59	83,949,518.05	229,286,124.16	55,865,275.98
Non-current liability	16,794,877.63	52,271,637.67	1,656,838.09	6,565,214.27
Total liabilities	531,840,024.22	136,221,155.72	230,942,962.25	62,430,490.25
Equity of non-controlling interests	5,361,673.58	1,300,578.22	-	-
Equity attributable to shareholders of the Company as the parent	963,155,030.67	458,087,380.88	563,203,827.28	392,368,589.75
Share of net assets accounted by shareholding percentage	211,383,634.58	91,708,111.68	112,640,765.46	192,260,608.98

Adjusted events				
-Goodwill	413,461,970.35	160,562,143.79	109,570,069.72	—
-Unrealized internal sales gain and loss	—	—	—	—
-Other	—	—	—	8,433,857.82
Carrying value of equity investment to associated enterprises	624,845,604.93	252,270,255.47	222,210,835.18	200,694,466.80
Fair value of equity investment to joint ventures with public offer	—	—	—	—
Operating revenue	486,019,598.26	95,131,035.31	319,742,579.72	649,068,015.15
Finance costs	-3,172,333.74	164,372.53	7,373,783.33	-3,467,057.33
Income tax expense	13,415,113.49	4,000,799.52	2,534,205.92	0
Net profit	64,781,109.89	26,066,324.30	18,526,218.16	7,321,158.81
Net profit from discontinued operations	—	—	—	—
Other comprehensive income	—	—	—	—
Total comprehensive income	64,781,109.89	26,066,324.30	18,526,218.16	7,321,158.81
Dividends received from joint venture in the Reporting Period	—	—	—	—

IX. The Risk Related to Financial Instruments

The Company's main financial instruments include equity investment, credit investment, borrowings, accounts receivable, accounts payable, etc. Details of the various financial instruments are shown in the relevant notes to Annotation VI. Risks related to these financial

instruments, and risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure in order to ensure the above risks to be controlled in a limited scope.

The Company use sensitivity analysis technology to analyze the reasonable of risk variables, influence of probable changes to the current profit or loss and Stockholders' equity. Because rarely any risk variables change in isolation, and the correlation between variables for the eventual impact of the change of a risk variables will have a significant effect, thus, the aforesaid content was processing under the assumption of the change of each variable was conducted independently.

(I) Risk Management Objectives and Policies

The goals of Company engaged in the risk management is to achieve the proper balance between the risks and benefits, reduced the negative impact to the Company operating performance risk to a minimum, maximized the profits of shareholders and other equity investors. Based on the risk management goal, the basic strategy of the Company's risk management is determine and analyze the various risks faced by the Company, set up the bottom line of risk and conducted appropriate risk management, and timely supervised various risks in a reliable way and controlled the risk within the range of limit.

1. Market Risk

(1) Foreign Exchange Risk

Foreign exchange risk refers to the risks that may lead to losses due to fluctuation in exchange rate. The foreign exchange risk borne by the Company is related to USD. Except the procurement and sales by US dollars for several subsidiaries of the Company, such as Konka Hong Kong, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies, Kangjietong and Jiali, etc., the other main businesses of the Company were settled by RMB. As of 30 June 2019, except for the assets or liabilities mentioned in the table below, the assets and liabilities of the Company are mainly the balance of RMB. The foreign exchange risks produced by the assets and liabilities balance may affect the business performance of the Company.

Item	Period-end	Period-begin
Cash and cash equivalents	78,554,119.28	135,723,407.43
Accounts receivable	184,788,743.39	130,507,627.96
Other receivables	26,115,881.89	13,848,369.43
Interest receivable	–	54,781.10
Accounts payable	118,160,661.74	21,644,634.75

Item	Period-end	Period-begin
Short-term borrowings	139,691,704.64	208,330,389.67
Interest payable	803,078.36	1,302,303.49

The Company timely paid attention to the influence of change of the exchange rate to the Company's foreign exchange risk, which required the Group and others which conducted purchase and sale with settlement by foreign currency to purchase foreign currency long-term forward contract to lock the cost of purchase on forward date to reduce the risk exposure of foreign exchange.

The foreign exchange risk sensitivity analysis assumes that all overseas business net investment hedging and cash flow hedging are highly effective. On the basis of the above assumptions, the pre-tax effects of reasonable changes in exchange rates on current profits and losses and shareholders' equity are as follows, with other variables unchanged:

Item	Change in interest rate	Influence on shareholders' equity
Net assets in USD	Up 1.00% to RMB	1,588,225.84
Net assets in USD	Down 1.00% to RMB	-1,588,225.84

(2) Interest Rate Risk- Cash Flow Change Risk

Cash flow change risk caused by financial instruments due to interest rate change is related to bank loans. By establishing good relations with banks and reasonable planning of credit line, credit varieties and credit period, it is to guarantee sufficient band line of credit and satisfy all financial demands. Moreover, it is to reduce risks of interest rate uncertainty by shortening single loan term and establishing repayment terms.

The risk of change in cash flow of financial instruments due to the change of interest rate of the Company is mainly related to the borrowing of banks. As of 30 June 2019, the long-term and short-term borrowings had a total balance of RMB14,448,367,813.

Interest rate risk sensitivity analysis:

The Sensitivity analysis to interest rate risk was based on the follow assumption:

- Market interest rates change may affect the interest income or expense of variable rate financial instruments;
- For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expenses;

- For derivative financial instruments designated as hedging instruments, changes in market interest rates affect their fair value, and all interest rate hedges are expected to be highly effective;
- Calculate the fair value changes of derivative financial instruments and other financial assets and liabilities using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, the pre-tax effects of reasonable changes in interest rates on current profits and losses and shareholders' equity are as follows, with other variables unchanged:

Item	Change in interest rate	Reporting Period		Same period of last year	
		Influence on profits	Influence on shareholders' equity	Influence on profits	Influence on shareholders' equity
Interest of short-term and long-term borrowings	Up 1%	-144,483,678.13	-108,362,758.60	-108,984,477.03	-81,738,357.77
Interest of short-term and long-term borrowings	Down 1%	144,483,678.13	108,362,758.60	108,984,477.03	81,738,357.77

2. Credit Risk

On 30 June 2019, the biggest credit risk exposure may lead to the financial assets losses of the Company was mainly from the one party fail to perform its obligation, which included: carrying amount recognized in consolidated balance sheet. For financial instruments measured at fair value, the carrying value reflect its risk exposure, but not the biggest one, and the biggest risk exposure will change along with the change of future fair value.

In order to reduce the credit risk, the Company establish a group response for recognizing line of credit, conducting credit approval and other monitor procedures to ensure that the necessary measures were used to recycle expired claims. In addition, the Company at each balance sheet date, review every single receivables recycling situation, to ensure that the money unable to recycle withdrawn provision for bad debt fully. Thus, the Company management believed that have assume the credit risk the Company shouldered had been greatly reduced.

The Company's working capital was in bank with higher credit rating, so credit risk of working capital was low.

An analysis of a financial asset that has suffered a single impairment, including factors that determine the impairment of the financial asset.

The Company has adopted the necessary policies to ensure that all sales customers have a good credit history. Except for the items listed in the table below, the company has no other major credit concentration risks.

Item	Ending balance e	Beginning balance
Accounts receivable		
CEFC(Shanghai) Group Co.,Ltd.	300,027,889.84	300,027,889.84
Jiangsu Hongtu Sanbao High-Tech Technology Co.,Ltd.	200,000,000.00	200,000,000.00
Elion Resources Group Limited.	115,000,000.00	120,000,000.00
Jizhong Energy International Logistics Group Co., Ltd.	0.00	130,000,000.00
China Nuclear Engineering Construction Group Co., Ltd.	84,500,000.00	90,000,000.00
CCCC First Harbor Engineering Co., Ltd.	65,221,300.00	0.00
Tahoe Group Co, Ltd.	50,000,000.00	50,000,000.00
China Energy Power Fuel Co., Ltd.	50,000,000.00	50,000,000.00
DSC HOLDINGS LIMITED	24,462,454.04	24,421,550.36
Other receivables		
National energy-saving and benefiting people (Energy-saving subsidies)	152,402,680.00	152,402,680.00
Shenzhen Konka Video & Communication Systems Engineering Co., Ltd.	18,115,952.51	18,115,952.51
Chongqing Konka Auto Electronic Company	13,396,856.82	13,396,856.82

3. Liquidity Risk

When managing liquidity risk, the Company maintained the management's believe that supervising the sufficient cash and cash equivalents to meet the operating demand of the Company and reduce the influence of the fluctuation of cash flow. The management of the Company monitored the use of bank's loans and guaranteed the observance of the borrowing

agreements.

The Company took the bank's loans as the main financing channel. The retained amount of loans of the Company by the end of 30 June 2019 was RMB6447.995 million.

(II) Offset between Financial Assets and Financial Liabilities

At the end of the period, the status of confirmed financial assets under an enforceable total offset agreement or similar agreement is as follows:

Item	Period-end		
	Total confirmed financial assets	Amount offset of confirmed financial liabilities	Net financial assets listed in the balance sheet
Other receivables	4, 574, 341, 332. 80	4, 634, 560, 510. 88	60, 219, 178. 08

Note: The Company signed the general offset agreements with the bank of finance products, time deposit, import and export invoice financing, L/C and bank's acceptance bills.

X. The Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement				
(I) Trading financial assets	—	—	61, 494, 666. 97	61, 494, 666. 97
1. Financial assets at fair value through profit or loss	—	—	61, 494, 666. 97	61, 494, 666. 97
(1) Debt instrument investment	—	—	—	—
(2) Equity instrument investment	—	—	61, 494, 666. 97	61, 494, 666. 97
(3) Derivative financial assets	—	—	—	—
(II) Other equity investment	—	—	—	—
(III) Other equity instrument investment	—	—	19, 140, 214. 36	19, 140, 214. 36
(IV) Other non-current financial assets	—	—	1, 548, 364, 400. 00	1, 548, 364, 400. 00
Total assets of consistent fair value measurement	—	—	1, 628, 999, 281. 33	1, 628, 999, 281. 33
(V) Trading financial liabilities	—	—	—	—

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
Total liabilities of consistent fair value measurement				
Total assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement	—	—	—	—

2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 3

Consistent and inconsistent fair value measurement items at level 3 adopting the value appraisal techniques and the qualitative and quantitative information of important parametric in non-listed equity instrument investment, the Company concerned shall adopt investment cost method, market multiplier method, and net assets method to estimate the fair value. The Company believes that the fair value and changes estimated by using value appraisal techniques is reasonable, and will be the most appropriate value on the balance sheet date.

XI. Related Party and Related-party Transactions

1. Information Related to the Company as the Parent of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Overseas Chinese Town Enterprises Co.	Shenzhen	Tourism, real estate, electronics industry	RMB12 billion	29.999997	29.999997

Note: The final controller of the Company is State-owned Assets Supervision and Administration Commission

2. Subsidiaries of the Company

Refer to Note VIII-1. Equity in Subsidiaries

3. Information on the Associated Enterprises of the Company

Refer to Note VIII-3. Equity in Associated Enterprises for details of significant associated enterprises of the Company. Information on other joint ventures or associated enterprises occurring connected transactions with the Company in Reporting Period, or forming balance due to connected transactions made in previous period:

Name	Relationship with the Company
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Name	Relationship with the Company
Shenzhen Konka Information Network Co., Ltd.	Associated enterprise
Anhui Kaikai Shijie E-commerce Co., Ltd.	Associated enterprise
Beijing Konka Technology Co., Ltd.	Associated enterprise
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	Associated enterprise
Oriental Huijia (Zhuhai) Asset Management Co., Ltd.	Associated enterprise
Feidi Technology (Shenzhen) Co., Ltd.	Associated enterprise
Guangdong Hotcomm Information Technology Co., Ltd.	Associated enterprise
Helongjiang Longkang Zhijia Technology Co., Ltd.	Associated enterprise
Konka Ventures	Associated enterprise
Kunshan Konka Electronic Co., Ltd.	Associated enterprise
Shenzhen Jielunte Technology Co., Ltd.	Associated enterprise
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	Associated enterprise
Shenzhen RF-LINK Technology Co., Ltd.	Associated enterprise
Shenzhen Yaode Technology Co., Ltd.	Associated enterprise
Shenzhen Zhongbing Konka Technology Co., Ltd.	Associated enterprise
Weihai Water Environmental protection Technology Co., Ltd.	Associated enterprise
Chongqing Qingjia	Associated enterprise
Zhuhai Jinsu Plastic Co., Ltd.	Associated enterprise
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	Associated enterprise
Chuzhou Konka Technology & Industry Development Co., Ltd.	Associated enterprise
Henan Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Shandong Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Shenzhen E-display Co., Ltd.	Associated enterprise
Horgos Yilingfang Information Technology Co., Ltd.	Associated enterprise

4. Information on Other Related Parties

Name	Relationship with the Company
Guoguang Eastern Network (Beijing) Co., Ltd.	Shareholder of the associated enterprise
Anhui Konka Green Lighting Technology Co., Ltd.	Subsidiary of associated enterprise
Nanjing Smart Light Information Technology Research Institute Co., Ltd.	Minority shareholder of subsidiary
Chengdu One Belt Communication Equipment Co., Ltd.	Minority shareholder of subsidiary
Shenzhen Konka Unifortune Technology Co., Ltd.	Minority shareholder of subsidiary
AUJET INDUSTRY LIMITED	Minority shareholder of subsidiary

Chuzhou Hanshang Electric Appliance Co.,Ltd.	Minority shareholder of subsidiary
Shenzhen Henglongtong Technology Co., Ltd.	Minority shareholder of subsidiary
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Minority shareholder of subsidiary
Rushan Water Group Co., Ltd.	Minority shareholder of subsidiary
Huarun Environment Water Co., Ltd.	Minority shareholder of subsidiary
Weihai Water Group Sewerage Co., Ltd.	Minority shareholder of subsidiary
Laizhou Jinzhou Investment Co., Ltd.	Minority shareholder of subsidiary
DaosuiGroup Engineering Co.,Ltd.	Minority shareholder of subsidiary
Weihai WaterGroup Co., Ltd.	Minority shareholder of subsidiary
China Tiesiju Civil Engineering Group Co.Ltd	Minority shareholder of subsidiary
Huanjia Group Co.,Ltd.	Minority shareholder of subsidiary
Laizhou Urban Investment Development Co., Ltd.	Minority shareholder of subsidiary
Subei Mongol Autonomous County Urban Construction Investment Co., Ltd.	Minority shareholder of subsidiary
UNIFORTUNE (HK) COMPANY LIMITED	Majority-owned company controlled by minority shareholder
Guangan Ouqishi Electronic Technology Co., Ltd.	Majority-owned company controlled by minority shareholder
Guizhou Jiaguida Technology Co., Ltd.	Majority-owned company controlled by minority shareholder
Zhongliada Co.,Ltd.	Majority-owned company controlled by minority shareholder
Hu Jiawen	Close family members of the non-controlling interest
Dai Rongxing	Close family members of the non-controlling interest
Changrong Media Co., Ltd.	The final controller of the non-controlling interest of the subsidiary
Jiangxi Meiji Industry Co., Ltd.	Controlled by the final controller of the non-controlling interest of the subsidiary
Shenzhen Zhonglian Datong Supply Chain Management and Consulting Co., Ltd.	Controlled by the final controller of the non-controlling interest of the subsidiary

5. List of Related-party Transactions

(1) Information on Acquisition of Goods and Reception of Labor Service

① Information on acquisition of goods and reception of labor service

Related party	Content	Reporting Period	Same period of last year
Guangan Ouqishi Electronic Technology Co., Ltd.	Supply chain commodity purchase	253, 830, 553. 49	—
Kunshan Konka Electronic Co., Ltd.	Purchase of materials and commodity	274, 774, 273. 58	576, 672, 801. 38

Related party	Content	Reporting Period	Same period of last year
Guizhou Jiaguida Technology Co., Ltd.	Purchase of mobile phones	86,082,016.27	—
Shenzhen Konka Information Network Co., Ltd.	Commodity purchase	15,852,710.51	219,735,005.00
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Purchase of materials	90,792,814.55	165,222,526.85
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Supply chain commodity purchase	73,460,368.85	—
Chuzhou Hanshang Electric Appliance Co., Ltd.	Commodity purchase	272,127,488.75	—
OCT Group and its subsidiaries	Purchase of materials and service	9,225,567.47	13,494,613.22
Anhui Kaikai Shijie E-commerce Co., Ltd.	Commodity purchase	3,139,931.77	—
Zhuhai Jinsu Plastic Co., Ltd.	Purchase of materials	6,015,944.41	4,146,000.00
Changrong Media Co., Ltd.	Advertising agency	896,226.41	1,660,000.00
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	Commodity purchase	2,468,262.65	289,054.46
Beijing Konka Technology Co., Ltd.	Commodity purchase	—	1,393,783.09
Shenzhen RF-LINK Technology Co., Ltd.	Purchase of materials	7,129,499.00	—
Shenzhen Zhonglian Datong Supply Chain Management and Consulting Co., Ltd	Consultancy	—	1,160,469.47
Shenzhen Yaode Technology Co., Ltd.	Purchase of materials	114,631.57	—
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	Commodity purchase	—	351,361.55
Huanjia Group Co., Ltd.	Commodity purchase	413,499,020.39	—
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	Purchase service	—	7,391,146.29

② Information of sales of goods and provision of labor service

Related party	Content	Reporting Period	Same period of last year
AUJET INDUSTRY LIMITED	Supply chain commodity sales	116,061,505.67	—

Kunshan Konka Electronic Co., Ltd.	Sales of materials	241,955,310.50	422,921,017.22
Anhui Kaikai Shijie E-commerce Co., Ltd.	Commodity sales	352,930,313.69	—
Guangan Ouqishi Electronic Technology Co., Ltd.	Supply chain commodity sales	228,125,999.21	—
Shenzhen Konka Information Network Co., Ltd.	Sales of materials, provide service	2,174,394.52	102,627,704.48
Shenzhen Yaode Technology Co., Ltd.	Sales of materials	224,738,792.69	—
OCT Group and its subsidiaries	Sales of commodity and providing services	18,520,935.33	18,646,368.89
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Providing labor service	42,653,586.74	14,485,742.69
Helongjiang Longkang Zhijia Technology Co., Ltd.	Sales of commodity	11,863,615.67	—
Zhonglianda Co., Ltd.	Sales of materials	6,785,233.07	—
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Sales of materials	3,900,956.90	—
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	Advertising service	294,667.21	—
Guoguang Eastern Network (Beijing) Co., Ltd.	Advertising service	9,838.02	1,385,765.21
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	Rental service	2,000,434.75	—
Shenzhen RF-LINK Technology Co., Ltd.	Rental service	291,552.02	—
Oriental Huijia (Zhuhai) Asset Management Co., Ltd.	Rental service	197,959.99	—
Beijing Konka Technology Co., Ltd.	Rental service	325,631.95	7,901,215.40
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	Sales of commodity	—	3,235.90
Binzhou Beihai Weiqiao Solid and Waste Treatment Co., Ltd.	Engineering expense	2,294,871.78	—
Chuzhou Hanshang Electric Appliance Co., Ltd.	Sales of materials	12,761,245.95	—
Chuzhou Konka Technology & Industry Development Co., Ltd.	Providing labor service	1,415,094.30	—
Guizhou Jiaguida Technology Co., Ltd.	Sales of commodity	256,149.18	—
Henan Konka Smart Electrical Appliance Co.,	Sales of commodity	3,412,835.40	—

Ltd.			
Shandong Konka Smart Electrical Appliance Co., Ltd.	Sales of commodity	35, 713, 503. 46	—

(2) Information on Related-party Lease

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
OCT Group and its subsidiaries	Commercial residential building and office building	711, 709. 06	—

(3) Information on Related-party Guarantee

① The Company was guarantor

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Anhui Tongchuang	1, 398. 00	CNY	2018-11-7	2019-11-7	Not
Anhui Tongchuang	500. 00	CNY	2018-9-20	2019-8-14	Not
Anhui Tongchuang	1, 057. 50	CNY	2019-1-10	2019-11-14	Not
Anhui Tongchuang	3, 901. 00	CNY	2019-1-11	2020-1-11	Not
Anhui Tongchuang	2, 018. 50	CNY	2019-1-23	2020-1-23	Not
Anhui Tongchuang	3, 573. 53	CNY	2018-5-9	—	Not
Anhui Tongchuang	2, 869. 00	CNY	2018-6-19	—	Not
Hong Kong Konka	2, 300. 00	USD	2019-3-13	2020-3-13	Not
Hong Kong Konka	1, 500. 00	USD	2018-8-7	2019-8-6	Not
Anhui Konka	10, 000. 00	CNY	2018-12-6	2019-12-6	Not
Sichuan Konka	5, 000. 00	CNY	2018-5-28	2025-5-24	Not
Sichuan Konka	4, 000. 00	CNY	2019-3-18	2022-3-17	Not
XingDa HongYe	5, 800. 00	CNY	2018-11-21	2020-11-21	Not
XingDa HongYe	950. 00	CNY	2018-11-13	2020-11-13	Not
XingDa HongYe	3, 897. 52	CNY	2019-4-19	2020-4-18	Not
XingDa HongYe	1, 000. 00	CNY	2019-5-20	2020-5-19	Not
Econ Technology	3, 135. 00	CNY	2018-10-10	2019-10-10	Not

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Econ Technology	703.00	CNY	2019-4-23	2020-4-22	Not
Econ Technology	5,000.00	CNY	2019-5-13	2020-5-12	Not
Jiangxi Konka	10,000.00	CNY	2018-12-4	2019-12-31	Not
Jiangxi Konka	10,000.00	CNY	2018-12-7	2019-12-6	Not
Jiangxi Konka	10,900.00	CNY	2019-3-18	2021-9-18	Not
Jiangxi Konka	10,000.00	CNY	2019-2-28	2020-2-28	Not
Jiangxi Konka	2,500.00	CNY	2019-6-27	2020-6-26	Not
Xinfeng Microcrystalline	3,550.00	CNY	2019-6-19	2020-6-18	Not
Anhui Electrical	13,000.00	CNY	2019-2-2	2024-2-2	Not
Bokang Precise	1,779.11	CNY	2019-2-20	2021-2-20	Not
Electronics Technology	3,934.74	CNY	2019-4-18	2020-4-18	Not
Electronics Technology	316.39	CNY	2019-6-20	2020-5-17	Not
Rushan Yike Water Treatment Co., Ltd.	14,740.00	CNY	2016-12-29	2026-12-28	Not
Jiangxi Xinxin Jian'an Engineering Co., Ltd.	10,000.00	CNY	2016-12-19	-	Not
Jiangxi Zhongyi Decoration Material Co., Ltd.	10,000.00	CNY	2016-12-19	-	Not
Jiangxi Shanshi Technology Development Co., Ltd.	10,000.00	CNY	2016-12-19	-	Not

Refer to Note XII-2.-(2) Contingent Liabilities Generated from Providing Debt Guarantees for Other Entities and Financial Influence thereof for details of external guarantees of the Company.

② The Company was secured party

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Chuzhou State-owned Assets Management Co., Ltd.	2,200.00	CNY	2018-12-6	2019-12-6	Not
Shenzhen Kangwei Investment Partnership (Limited Partnership)	2,450.00	CNY	2018-5-28	2025-5-24	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Shenzhen Kangwei Investment Partnership (Limited Partnership)	1,960.00	CNY	2019-3-18	2022-3-17	Not
Yantai Baijiangyuan Business Management Center (Limited Partnership)	816.35	CNY	2018-10-10	2019-10-10	Not
Yantai Fengqingtai Investment Center (Limited Partnership)	363.03	CNY	2018-10-10	2019-10-10	Not
Yantai Qingrunyuan Business Management Center (Limited Partnership)	333.56	CNY	2018-10-10	2019-10-10	Not
Yantai Qingjiangchuan Business Management Center (Limited Partnership)	23.20	CNY	2018-10-10	2019-10-10	Not
Zhu Xinming	4,900.00	CNY	2018-12-4	2019-12-31	Not
Zhu Xinming	4,900.00	CNY	2018-12-7	2019-12-6	Not
Hunan Vary Tech Packing Co., Ltd.	2,000.00	CNY	2017-4-5	-	Not
Huanjia Group Co., Ltd.	24,500.00	CNY	2018-8-7	2023-8-6	Not
Zhu Xinming and Leng Sumin	21,165.00	CNY	2018-10-15	2020-10-14	Not
Wulianfeng Huichuan Network Technology Partnership (Limited Partnership)	2,585.25	CNY	2018-8-28	2020-8-27	Not
Wulianfeng Huichuan Network Technology Partnership (Limited Partnership)	1,056.34	CNY	2018-8-28	2020-8-27	Not
Yantai Fengqingtai Investment Center (Limited Partnership)	1,149.66	CNY	2018-8-28	2020-8-27	Not
Wulianfeng Huichuan Network Technology Partnership (Limited Partnership)	73.47	CNY	2018-8-28	2020-8-27	Not
Yantai Baijiangyuan Business Management Center (Limited Partnership)	5,774.37	CNY	2018-12-20	2020-12-19	Not
Yantai Fengqingtai Investment Center (Limited Partnership)	2,567.87	CNY	2018-12-20	2020-12-19	Not
Yantai Qingrunyuan Business Management Center (Limited Partnership)	2,359.42	CNY	2018-12-20	2020-12-19	Not
Yantai Qingjiangchuan Business Management Center (Limited Partnership)	164.10	CNY	2018-12-20	2020-12-19	Not
Huanjia Group Co., Ltd.	49,000.00	CNY	2019-1-18	2021-1-17	Not
Shenzhen Meixinqi Technology Partnership (Limited Partnership)	7,350.00	CNY	2019-1-29	2020-1-28	Not
Chuzhou Hanshang Electric Appliance	6,370.00	CNY	2019-2-2	2024-2-2	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Co.,Ltd.					
Jiangxi Xinzixin Real Estate Co., Ltd.	1, 739. 50	CNY	2019-6-19	2020-6-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	1, 225. 00	CNY	2019-6-27	2020-6-26	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	5, 341. 00	CNY	2019-3-18	2021-9-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	4, 900. 00	CNY	2019-4-23	2020-4-23	Not
Shenzhen Musen Enterprise Co., Ltd.	14, 700. 00	CNY	2019-3-19	2020-3-18	Not
Yantai Qingrunyuan Business Management Center (Limited Partnership)	74. 80	CNY	2019-4-23	2022-4-23	Not
Yantai Qingjiangchuan Business Management Center (Limited Partnership)	5. 20	CNY	2019-4-23	2022-4-23	Not
Yantai Baijiangyuan Business Management Center (Limited Partnership)	183. 06	CNY	2019-4-23	2022-4-23	Not
Yantai Fengqingtai Investment Center (Limited Partnership)	81. 41	CNY	2019-4-23	2022-4-23	Not
Yantai Qingrunyuan Business Management Center (Limited Partnership)	532. 00	CNY	2019-5-13	2022-5-12	Not
Yantai Qingjiangchuan Business Management Center (Limited Partnership)	37. 00	CNY	2019-5-13	2022-5-12	Not
Yantai Baijiangyuan Business Management Center (Limited Partnership)	1, 302. 00	CNY	2019-5-13	2022-5-12	Not
Yantai Fengqingtai Investment Center (Limited Partnership)	579. 00	CNY	2019-5-13	2022-5-12	Not
Guizhou Huajinrun Technology Co., Ltd.	26, 764. 00	CNY	2018-1-1	2022-4-20	Not
Shenzhen Henglongtong Technology Co., Ltd.	26, 764. 00	CNY	2018-01-01	2022-4-20	Not
Hu Zehong	9, 325. 78	CNY	2018-7-1	2021-6-30	Not
Hu Zehong	4, 168. 70	CNY	2018-7-1	2021-6-30	Not
Li Chunsheng	127. 44	CNY	2018-7-1	2021-6-30	Not
Dai Yaojin	127. 44	CNY	2018-7-1	2021-6-30	Not
Liang Ruiling	127. 44	CNY	2018-7-1	2021-6-30	Not
AUJET INDUSTRY LIMITED	245. 00	USD	2018-5-18	2019-5-17	Not
AUJET INDUSTRY LIMITED	73. 50	USD	2018-8-6	2019-8-5	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplis hed or not
AUJET INDUSTRY LIMITED	98.00	USD	2018-8-14	2019-8-13	Not
AUJET INDUSTRY LIMITED	147.00	USD	2018-8-17	2019-8-16	Not
AUJET INDUSTRY LIMITED	147.00	USD	2018-8-27	2019-8-26	Not
AUJET INDUSTRY LIMITED	98.00	USD	2018-9-14	2019-9-13	Not
AUJET INDUSTRY LIMITED	245.00	USD	2018-9-26	2019-9-25	Not
AUJET INDUSTRY LIMITED	98.00	USD	2018-9-28	2019-9-27	Not
AUJET INDUSTRY LIMITED	245.00	USD	2018-10-9	2019-10-8	Not
AUJET INDUSTRY LIMITED	686.00	USD	2018-10-11	2019-10-10	Not
AUJET INDUSTRY LIMITED	392.00	USD	2018-10-16	2019-10-15	Not
AUJET INDUSTRY LIMITED	245.00	USD	2018-10-23	2019-10-22	Not
AUJET INDUSTRY LIMITED	49.00	USD	2018-10-26	2019-10-25	Not
AUJET INDUSTRY LIMITED	171.50	USD	2018-11-1	2019-10-31	Not
AUJET INDUSTRY LIMITED	34.30	USD	2018-12-28	2019-12-27	Not
AUJET INDUSTRY LIMITED	117.60	USD	2019-1-23	2020-1-22	Not
AUJET INDUSTRY LIMITED	245.00	USD	2019-3-12	2020-3-11	Not
AUJET INDUSTRY LIMITED	73.50	USD	2019-5-30	2019-7-13	Not
AUJET INDUSTRY LIMITED	88.20	USD	2019-6-28	2020-6-27	Not
Guizhou Huajinrun Technology Co., Ltd.	181.30	USD	2018-5-18	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	73.50	USD	2018-7-26	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	147.00	USD	2018-7-31	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	98.00	USD	2018-8-17	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	98.00	USD	2018-9-27	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	196.00	USD	2018-10-25	2021-12-30	Not
Guizhou Huajinrun Technology Co., Ltd.	84.33	USD	2019-5-23	2022-4-19	Not
Guizhou Huajinrun Technology Co., Ltd.	24.50	USD	2019-5-30	2021-7-12	Not
Guizhou Huajinrun Technology Co., Ltd.	44.45	USD	2019-6-20	2022-4-19	Not
Shenzhen Konka Unifortune Technology	1,470.00	USD	2018-9-26	2021-10-29	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Co., Ltd.					
Shenzhen Konka Unifortune Technology Co., Ltd.	2, 940. 00	USD	2018-5-28	2021-11-1	Not
Wu Guoren and Xiao Yongsong	3, 500. 00	USD	2018-10-18	2019-10-17	Not
Wu Guoren and Xiao Yongsong	1, 000. 00	USD	2019-1-1	2019-12-31	Not
Wu Guoren and Xiao Yongsong	1, 000. 00	USD	2019-1-1	2019-12-31	Not
Wu Guoren and Xiao Yongsong	1, 000. 00	USD	2019-1-1	2019-12-31	Not
Wu Guoren and Xiao Yongsong	2, 000. 00	USD	2018-9-6	2019-9-5	Not
Wu Guoren and Xiao Yongsong	2, 000. 00	USD	2019-4-22	2019-12-31	Not
Wu Guoren and Xiao Yongsong	1, 500. 00	USD	2019-6-5	2019-12-31	Not
Wu Guoren and Xiao Yongsong	150. 00	USD	2019-6-21	2019-12-31	Not
Wu Guoren and Xiao Yongsong	500. 00	USD	2018-8-10	2019-8-9	Not
Wu Guoren and Xiao Yongsong	300. 00	USD	2018-9-10	2019-9-9	Not
Wu Guoren and Xiao Yongsong	300. 00	USD	2018-9-14	2019-9-13	Not
Wu Guoren and Xiao Yongsong	500. 00	USD	2018-10-17	2019-10-16	Not
Wu Guoren and Xiao Yongsong	300. 00	USD	2018-10-19	2019-10-18	Not
Wu Guoren and Xiao Yongsong	300. 00	USD	2018-11-12	2019-11-11	Not
Wu Guoren and Xiao Yongsong	2, 000. 00	USD	2019-1-1	2019-12-31	Not
Wu Guoren and Xiao Yongsong	1, 000. 00	USD	2018-7-10	2019-7-9	Not

Note: The Company was provided with counter guarantee regarding entrusted loans from the Company to majority-owned subsidiaries by minority shareholders of aforesaid majority-owned subsidiaries.

(4) Information on Inter-bank Lending of Capital of Related Parties

Related party	Amount	Start date	End date	Duration	Interest rate
Borrowing:					
OCT Group	10, 000. 00	25 June 2018	12 April 2023	14 June 2018 to 6 June 2021	5. 40%

Related party		Amount	Start date	End date	Duration	Interest rate
OCT Group		2, 000. 00	25 June 2018	12 April 2023	19 July 2018 to 14 June 2021	5. 60%
OCT Group		140, 000. 00	25 June 2018	12 April 2023	14 May 2018 to 13 May 2019	5. 00%
OCT Group		48, 000. 00	25 June 2018	12 April 2023	14 May 2018 to 9 May 2019	6. 00%
OCT Group		100, 000. 00	25 June 2018	12 April 2023	19 July 2018 to 19 July 2019	6. 00%
OCT Group		10, 807. 56	25 June 2018	12 April 2023	14 May 2019 to 9 May 2020	5. 00%
OCT Group		22, 192. 44	22 April 2019	21 August 2019	22 April 2018 to 21 August 2019	5. 00%
OCT Group		27, 656. 00	16 April 2019	15 April 2020	16 April 2019 to 15 April 2020	5. 00%
OCT Group		50, 000. 00	26 April 2018	31 August 2019	26 April 2018 to 31 August 2019	5. 00%
OCT Group		3, 000. 00	17 December 2018	12 December 2019	17 December 2018 to 12 December 2019	7. 00%
Chuzhou Electric Co.,Ltd.	Hanshang Appliance	4, 025. 00	20 February 2019	19 February 2020	20 February 2019 to 19 February 2020	7. 00%
Chuzhou Electric Co.,Ltd.	Hanshang Appliance		17 October 2018	16 October 2019	17 October 2018 to 16 October 2019	
Lending:		41, 600. 00				8. 00%
Nanjing Technology Park Operation and Management Co., Ltd.	Kangxing Industrial	46, 700. 00	22 October 2018	21 April 2019	22 October 2018 to 21 April 2019	8. 00%

Related party	Amount	Start date	End date	Duration	Interest rate
Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd.	20,500.00	22 October 2018	21 April 2020	22 October 2018 to 21 April 2020	8.00%
Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd.	4,000.00	21 December 2018	20 December 2019	21 December 2018 to 20 December 2019	5.70%
Yibin OCT Sanjiang Real Estate Co., Ltd.	6,000.00	25 October 2018	24 October 2021	25 October 2018 to 24 October 2021	5.70%
Yibin OCT Sanjiang Real Estate Co., Ltd.	2,000.00	25 October 2018	24 April 2020	25 October 2018 to 24 April 2020	11.00%
Hunan Vary Tech Packing Co., Ltd.	890.00	16 March 2017	15 March 2019	16 March 2017 to 15 March 2019	8.00%
Chongqing Qingjia Electronic Co., Ltd.	10,000.00	12 April 2018	12 April 2020	12 April 2018 to 12 April 2020	5.40%

Note: The interest expenses of inter-bank borrowing of capital from above related parties are as follows: RMB117,352,255.65 of OCT Group and RMB2,713,345.84 of Chuzhou Hanshang Electric Appliance Co.,Ltd. The interest income or investment income of inter-bank lending of capital from above related parties are as follows: RMB82,611,530.36 of Nanjing Kangxing Technology Industry Park, RMB928,721.17 of Yibin OCT Sanjiang Property Co., Ltd., RMB928,721.17 of Hunan Vary Tech Packing Co., Ltd. and RMB337,714.88 of Chongqing Qingjia Electronic Co., Ltd.

(5) Transfer of Equity

On 21 June 2019, the Company sold 51% stake in Chuzhou Konka Technology & Industry Development Co., Ltd. at RMB63.5205 million to Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.

(5) Information on Remuneration for Key Management Personnel

Item	Reporting period (RMB'0,000)	Same period of last year (RMB'0,000)
Remuneration for key management personnel	1,075.01	762.33

6. Accounts Receivable and Payable of Related Party

(1) Accounts Receivable

Item	30 June 2019		31 December 2018	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:				
Anhui Kaikai Shijie E-commerce Co., Ltd.	289,666,975.63	5,880,239.61	144,976,103.92	2,943,014.91
Guangan Ouqishi Electronic Technology Co., Ltd.	111,095,609.10	2,255,240.86	77,403,347.03	1,571,287.94
Shenzhen Yaode Technology Co., Ltd.	102,603,146.10	2,082,843.87	38,691,654.09	785,440.58
Shenzhen Konka Information Network Co., Ltd.	34,944,423.79	4,607,146.63	35,556,676.56	721,800.53
Guizhou Jiaguida Technology Co., Ltd.	—	—	34,560,012.48	701,568.25
Kunshan Konka Electronic Co., Ltd.	28,249,771.68	2,080,883.27	25,051,883.94	508,553.24
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	50,644,597.44	1,574,179.83	13,445,059.89	272,934.72
OCT Group and its subsidiaries	2,314,301.24	46,980.32	13,413,924.15	675,135.87
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	6,096,891.16	609,689.12	6,096,891.16	304,844.56
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	2,916,126.00	59,197.36	3,696,532.00	75,039.60
Nanjing Smart Light Information Technology Research Institute Co., Ltd.	1,500,000.00	30,450.00	1,500,000.00	30,450.00
Helongjiang Longkang Zhijia Technology Co., Ltd.	178,459.16	3,622.72	822,825.15	16,703.35
Guoguang Eastern Network (Beijing) Co., Ltd.	—	—	430,948.43	8,748.25
Chuzhou Konka Technology & Industry Development Co., Ltd.	20,000.00	406.00	—	—
Henan Konka Smart Electrical Appliance Co., Ltd.	1,147,072.34	23,285.57	—	—
Shandong Konka Smart Electrical Appliance Co., Ltd.	3,603,594.81	73,152.97	—	—
Shenzhen E-display Co., Ltd. and its subsidiaries	60,223,239.55	1,222,531.76	—	—
Shenzhen Trade Link Supply Chain	626,632.22	12,720.63	—	—

Item	30 June 2019		31 December 2018	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Management Co., Ltd.				
Chuzhou Hanshang Electric Appliance Co., Ltd.	7,380,291.65	149,819.92	—	—
Total	703,211,131.87	20,712,390.44	395,645,858.80	8,615,521.80
Notes receivable:				
Anhui Kaikai Shijie E-commerce Co., Ltd.	180,000,000.00	—	240,100,000.00	—
Heilongjiang Longkang Zhijia Technology Co., Ltd	10,264,507.35			
Total	190,264,507.35	—	240,100,000.00	—
Other receivables:				
Stake transfer of Dairongxing and other come-and-go money	83,265,018.32	2,489,085.90	81,450,139.05	2,434,977.07
Jiangxi Meiji Industry Co., Ltd.	99,798,640.31	2,205,549.95	74,788,640.31	1,652,828.95
OCT Group and its subsidiaries	20,911,273.00	9,459,496.11	21,310,694.38	8,720,919.01
Chongqing Qingjia Electronic Co., Ltd.	9,780,111.09	465,340.46	9,433,133.32	210,429.15
Hu Jiawen	246,113.98	12,330.31	240,692.62	5,319.31
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	20,831.83	4,810.08	4,448.00	4,448.00
Anhui Kaikai Shijie E-commerce Co., Ltd.	200,000.00	4,420.00	—	—
Chuzhou Konka Technology & Industry Development Co., Ltd.	20,500.00	453.05	—	—
Guangan Ouqishi Electronic Technology Co., Ltd.	3,440,000.00	76,024.00	—	—
Huanjia Group Co., Ltd.	30,000.00	663.00	—	—
Total	217,712,488.53	14,718,172.86	187,227,747.68	13,028,921.49
Other receivables:				
Shenzhen RF-LINK Technology Co., Ltd.	12,585,374.02	—	14,086,876.64	—
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	65,829,221.40	—	43,476,841.21	—
Total	78,414,595.42	—	57,563,717.85	—
Prepayments:				

Item	30 June 2019		31 December 2018	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	29,980,819.37	—	29,647,649.73	—
Shenzhen Konka Unifortune Technology Co., Ltd.	28,623,157.08	—	28,623,157.08	—
Chuzhou Hanshang Electric Appliance Co., Ltd.	18,495,853.23	—	24,076,497.42	—
Shenzhen Konka Information Network Co., Ltd.	38,034,057.55	—	4,341,793.16	—
Changrong Media Co., Ltd.	—	—	800,000.00	—
Shenzhen Trade Link Supply Chain Management Co., Ltd.	32,273,300.87	—	640,726.28	—
Chongqing Qingjia Electronic Co., Ltd.	552,793.14	—	499,972.16	—
Beijing Konka Technology Co., Ltd.	158,900.00	—	—	—
Guangan Ouqishi Electronic Technology Co., Ltd.	14,231,785.93	—	—	—
Huanjia Group Co., Ltd.	106,400,000.00	—	—	—
Shenzhen E-display Co., Ltd. and its subsidiaries	31,521,705.00	—	—	—
Total	300,272,372.17	—	88,629,795.83	—

(2) Accounts Payable

Item	30 June 2019	31 December 2018
Accounts payable:		
Anhui Kaikai Shijie E-commerce Co., Ltd.	39,335,098.55	134,389,975.21
Guizhou Jiaguida Technology Co., Ltd.	2,178,980.37	64,466,384.38
Guangan Ouqishi Electronic Technology Co., Ltd.	—	60,730,932.43
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	19,118,416.81	40,696,402.04
Kunshan Konka Electronic Co., Ltd.	58,658,005.05	19,799,046.85
Shenzhen Shangyongtong Investment Development Co., Ltd.	9,543,100.00	9,543,100.00
Shenzhen RF-LINK Technology Co., Ltd.	497,131.87	1,447,949.90
OCT Group and its subsidiaries, associated enterprises	11.00	1,289,224.82
Shenzhen Konka Information Network Co., Ltd.	—	1,177,928.64
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	444,367.00	501,669.59
Beijing Konka Technology Co., Ltd.	—	259,020.69

Item	30 June 2019	31 December 2018
Shenzhen Henglongtong Technology Co., Ltd.	–	122,247.47
Shenzhen Yaode Technology Co., Ltd.	107,763.39	77,602.03
Zhuhai Jinsu Plastic Co., Ltd.	1,316,660.54	55,912.37
Shenzhen Trade Link Supply Chain Management Co., Ltd.	–	38,426.68
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	–	9,209.28
Huanjia Group Co., Ltd.	13,735,733.69	–
Shenzhen E-display Co., Ltd. and its subsidiaries	23,022,332.04	–
China Railway No.4 Engineering Group Co., Ltd.	24,930,259.15	–
Total	192,887,859.46	334,605,032.38
Notes payable:		
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	2,663,931.56	4,290,778.05
Shenzhen Henglongtong Technology Co., Ltd.	–	224,422.12
Kunshan Konka Electronic Co., Ltd.	480,971.78	–
Anhui Kaikai Shijie E-commerce Co., Ltd.	140,000,000.00	
Huanjia Group Co., Ltd.	17,062,537.45	
Shenzhen RF-LINK Technology Co., Ltd.	1,932,419.86	
Total	162,139,860.65	4,515,200.17
Advances from customers:		
UNIFORTUNE (HK) COMPANY LIMITED	28,256,294.05	–
OCT Group and its subsidiaries	16,357,854.41	18,691,187.73
Chuzhou Hanshang Electric Appliance Co.,Ltd.	–	9,053,304.04
Shenzhen Trade Link Supply Chain Management Co., Ltd.	–	1,693,620.91
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	542,490.38	543,231.68
Beijing Konka Technology Co., Ltd.	–	87,748.48
Shenzhen E-display Co., Ltd. and its subsidiaries	15,740,618.95	–
Shenzhen Trade Link Supply Chain Management Co., Ltd.	856,854.36	–
Zhonglianda Co., Ltd.	1,749,509.47	–
Nanjing Smart Light Information Technology Research Institute Co., Ltd.	150,000.00	–
AUJET INDUSTRY LIMITED	6,681,828.06	–
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	53,775.28	–
Total	70,389,224.96	30,069,092.84
Other payables:		
Chuzhou Hanshang Electric Appliance Co.,Ltd.	78,849,048.66	108,380,202.82

Item	30 June 2019	31 December 2018
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	9,609,969.79	5,638,548.27
Shenzhen RF-LINK Technology Co., Ltd.	6,215,250.00	5,250,000.00
Nanjing Smart Light Information Technology Research Institute Co., Ltd.	—	3,004,339.72
Konka Venture Capital Investment (Shenzhen) Co., Ltd.	—	2,503,616.44
Shenzhen Konka Information Network Co., Ltd.	—	2,474,483.60
Anhui Kaikai Shijie E-commerce Co., Ltd.	—	2,135,675.57
Chongqing Qingjia Electronic Co., Ltd.	—	1,070,875.91
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	900,000.00	400,000.00
OCT Group and its subsidiaries	—	272,218.08
Guoguang Ruilian (Shenzhen) Internet Technology Co., Ltd.	100,000.00	100,000.00
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	111,875.00	35,755.00
Kunshan Konka Electronic Co., Ltd.	—	10,000.00
Shenzhen Qiaochenghui Network Technology Co., Ltd.	—	8,000.00
Changrong Media Co., Ltd.	—	7,000.00
Anhui Konka Green Lighting Technology Co., Ltd.	9,183.55	—
Total	95,795,327.00	131,290,715.41
Interest payable:		
OCT Group and its subsidiaries, associated enterprises	8,163,418.38	7,429,522.22
Total	8,163,418.38	7,429,522.22

XII. Commitments and Contingency

1. Significant Commitments

(1) Capital Commitment

Item	Ending balance	Beginning balance
Commitments signed but hasn't been recognized in financial statements		
—Commitment on construction and purchase of long-lived assets	—	—
- Contract with large amount	1,669,759,371.47	1,127,089,984.26

- Foreign investment commitments	-	-
Total	1, 669, 759, 371. 47	1, 127, 089, 984. 26

(2) Operating Lease Commitments

As of the balance sheet date, the irrevocable operating lease commitments that the Company signed were as followed:

Item	Ending balance	Beginning balance
Minimum lease payments of irrevocable operating lease		
1 year after balance date	18, 148, 924. 52	21, 432, 789. 82
2 year after balance date	5, 432, 265. 52	10, 038, 667. 42
3 year after balance date	2, 683, 505. 44	3, 662, 167. 92
Following years	2, 077, 921. 20	3, 938, 998. 40
Total	28, 342, 616. 68	39, 072, 623. 56

(3) Other Commitments

As of 30 June 2019, there were no other significant commitments for the Company to disclose.

2. Contingency**(1) Contingent Liabilities Generated from Pending Action and Arbitration and Financial Influence thereof**

① Due to the problems of quality and construction delay in the settlement of intelligent engineering project between the Company and Shenzhen GNG Co., Ltd., they didn't agree on the related deductions. On September 28, 2017, Shenzhen GNG Co., Ltd. filed a lawsuit to People's Court of Nanshan District, Shenzhen for the payment in project arrears in the Construction Contract of Konka R&D Building Intelligent Engineering, which required the Company to pay RMB2,770,487.13 for the project arrears and RMB340,761.69 for the interests of the project arrears. On July 23, 2018, the Company filed the counterclaim to Shenzhen GNG Co., Ltd. for the payment in project arrears with RMB927,807.10, and the payment for that the construction was in discrepancy with the contract with RMB927,807.10. According to the paper of civil judgment (2017) Yue 0305 Minchu No. 18838 of People's Court of Nanshan District on April 27, 2019, the Company should pay Shenzhen GNG Co., Ltd. for engineering expense with RMB2,691,298.87, and Shenzhen GNG Co., Ltd. was required to pay the Company for the penalty with RMB649,464.97. The two companies

refused to accept the above judgment and filed an appeal to the Shenzhen Intermediate People's Court. As of the issuance date of this Report, the case has not been held a court hearing.

② Due to the dispute in rent lease contract among the Company's subsidiary-Mudanjiang Appliances, Heilongjiang Jinri Optoelectronics Technology Co., Ltd. and Jinyue Group Co., Ltd., the People's Court of Aimin District, Mudanjiang City, Helongjiang Province made the main civil judgment (2016) Hei 1004 Minchu No. 604 on August 25, 2017. The judgment was as follows: The defendants Heilongjiang Jinri Optoelectronics Technology Co., Ltd. and Jinyue Group Co., Ltd. should jointly pay the plaintiff-Mudanjiang Appliances a total of RMB3,656,910.82 in occupancy fees, rent, and interest. On November 30, 2018, Mudanjiang Appliances has transferred the credit assignment to the Company, which was executed by the Company. As of the issuance date of this Report, it has not yet been implemented completely.

③ According to the civil judgment (2018) GMC No.110 made by the Higher People's Court of Jiangxi Province on September 27, 2018 on the disputes arisen from a loan contract between the minority shareholders of Jiangxi Konka, a subsidiary of the Company, and China Great Wall AMC Jiangxi Branch, the 100% equity of Nanocrystalline, the 100% equity of Xinfeng Microcrystalline held by Jiangxi Konka and deposit and the collateral under the name of other relevant guarantees;

On September 30, 2018, Jiangxi Konka filed an application for reconsideration, and on October 11, 2018, Jiangxi Konka filed an application for supplementary reconsideration. According to one of the civil judgments (2018) GMC No.110 made by the Higher People's Court of Jiangxi Province on November 16, 2018, the frozen account of Jiangxi Konka will be released.

On July 19, 2019, Jiangxi Konka applied to the Higher People's Court of Jiangxi Province for adding AVIC TRUST CO., LTD. and Nanchang Rural Commercial Bank as the third party to participate in the litigation. As of the issuance date of this Report, the court hasn't made the judgement of first trial.

④ The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In January 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor Shanghai Huaxin and the remote holder (Tianjin International Trade Petrochemical Co., Ltd., Konka Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes

and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In February 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB150,000,000.00, claiming that the acceptor Shanghai Huaxin and the remote holder (Qingdao Baoshui Zhongshe International Trade Co., Ltd., Dafenqi Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

The Company held the trade acceptance of Shanghai Huaxin International Group Co., Ltd., and the acceptor failed to accept the matured notes. In July 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB100,027,889.84, claiming that the acceptor Shanghai Huaxin and the remote holder (Yellow River International Trade (Zhengzhou) Co., Ltd., Dafenqi Commercial Factoring (Shenzhen) Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interests. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

⑤The Company held the trade acceptance of China Energy Power Fuel Co., Ltd., and the acceptor failed to accept the matured notes. The Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor and the remote holder should burden the joint liability for settlement of the notes and corresponding penal interests. According to No. (2018) Y03MC3354 Civil Verdict issued by Shenzhen Intermediate People's Court on November 1, 2018, relevant properties under the name of China Energy (Shanghai) Enterprise Co., Ltd., China Energy Power Fuel Co., Ltd., Shanghai Nengping Enterprise Co., Ltd., and Shenzhen Qianhai Baoying Commercial Factoring Co., Ltd. would be sealed up, detained and frozen (RMB50,000,000.00 at most). On July 9, 2019, the Company received the judgement of No.

(2018)Y03MC3354 Civil Verdict issued by Shenzhen Intermediate People's Court, in which the defendant should pay the Company the notes of RMB50,000,000.00 and corresponding interest. As of the issuance date of this Report, the service by publication is undergoing and the aforesaid trade acceptance has not been honored.

⑥The Company's subsidiary Konka Factoring held the trade acceptance of Tahoe Group Co., Ltd., and the acceptor failed to accept the matured notes. In January 2019, Konka Factoring, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB50,000,000.00, claiming that the acceptor and the remote holder (Fuzhou Taijia Enterprise Co., Ltd., Xiamen Linktron Microelectronics Co., Ltd.) should burden the joint liability for settlement of the notes and corresponding penal interest. And now the case has been officially accepted and registered, in which the court is executing the property preservation. As of the issuance date of this Report, the case has not been held a court hearing, and the aforesaid trade acceptance has not been honored.

⑦The Company's subsidiary XingDa Hongye had a dispute over the commission contract with Kunshan Mingyu Electronics Co., Ltd. During the lawsuit, Kunshan Mingyu Electronics Co., Ltd. applied for the property preservation, and RMB2,320,000.00 was frozen from the bank account of XingDa HongYe. According to No. (2018) S0583MC14368 Civil Verdict issued by Kunshan People's Court on January 21, 2019 after the first instance, the respondent XingDa HongYe should pay the commission RMB1,459,941.32 and corresponding overdue interest within 10 days after the verdict came into effect, but XingDa HongYe also instituted an appeal to the court in February 2019. As of the issuance date of this Report, the court has not issued the verdict for the trial of second instance.

⑧The Company's subsidiary, Konka Commercial Factoring(Shenzhen) Co., Ltd. held the trade acceptance of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company, and the acceptor failed to accept the matured notes. In May 2019, Konka Commercial Factoring(Shenzhen) Co., Ltd., as the prosecutor, launched a lawsuit to People's Court of Nanshan District, Shenzhen,, claiming that the acceptor Zhongjiao No.1 Aviation Bureau No.1 Engineering Company should pay the notes of RMB36.2 million and corresponding interest, and the remote holder (Tianjin Xingxi Commercial Trade Co., Ltd., Shenzhen Gujinhong Trade Co., Ltd., Shanghai Tianwei International Trade Co., Ltd. and Shanghai Runlin International Trade Co., Ltd.) should burden the joint liability for the debts of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company. And now the case is under the first trial, in which has applied for executing the property preservation, and is still awaiting trial.

⑨The Company's subsidiary, Konka Commercial Factoring(Shenzhen) Co., Ltd. held the trade acceptance of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company, and the acceptor failed to accept the matured notes. In June 2019, Konka Commercial Factoring(Shenzhen) Co., Ltd., as the prosecutor, launched a lawsuit to the First People's Court of Dongguan,, claiming that the acceptor Zhongjiao No.1 Aviation Bureau No.1 Engineering Company should pay the notes of RMB10 million and corresponding interest, and the remote holder (Tianjin Xingxi Commercial Trade Co., Ltd., Shenzhen Gujinhong Trade Co., Ltd., Shanghai Tianwei International Trade Co., Ltd. and Shanghai Runlin International Trade Co., Ltd.) should burden the joint liability for the debts of Zhongjiao No.1 Aviation Bureau No.1 Engineering Company. And now the case is under the first trial, in which has applied for executing the property preservation, and is still awaiting trial.

⑩The Company held the trade acceptance of China Nuclear Engineering Construction Group Co., Ltd., and the acceptor failed to accept the matured notes. In March 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB80,000,000.00,, claiming that the remote holder Hefei Huajun Commercial Trade Co., Ltd., Wuhan Jialian Agricultural Technology Development Co., Ltd. should pay the notes of RMB80,000,000.00 and corresponding interest. And now the case has been officially accepted and registered, in which the court is executing the property preservation, and is awaiting trial.

⑪ H-BUSTER SAO PAULO INDUSTRIA E COMERCIO S.A (hereinafter referred to as "H-BUSTER") (Brazil), a customer of the Company's subsidiary Hong Kong Konka Limited, became insolvent and obtained in May 2013 the approval from the Third Civil Court of Cotia City of the Court of the State of Sao Paulo, Brazil for its judicial reorganization application. As a creditor of H-BUSTER, Hong Kong Konka submitted its creditor's rights declaration paper, and the amount owed by H-BUSTER to Hong Kong Konka was recognized in August 2014 at approximately US\$2.78 million. However, the aforesaid reorganization plan of H-BUSTER was vetoed at a creditors' meeting. Currently, the bankruptcy and reorganization case of H-BUSTER is still pending.

⑫ In October 2015, Via Licensing Corporation and the Company's subsidiary Hong Kong Konka Limited (hereinafter referred to as "Hong Kong Konka Limited") entered into the Advanced Audio Coding (AAC) Patent Licensing Agreement, in which Via Licensing Corporation allows Hong Kong Konka and its related enterprises to use the patented AAC technology in the production and sale of their products and the licensing fee shall be based on the sales volumes of the products using the patented technology. In April 2018, Via

Licensing Corporation initiated an arbitration at the Hong Kong International Arbitration Centre against Hong Kong Konka and the Company for not paying the licensing fee in full, claiming that Hong Kong Konka and the Company shall pay a licensing fee of approximately US\$18.69 million. Later, Via Licensing Corporation applied to increase the amount to US\$40.3875 million. Up to the issue date of this Report, this case is still awaiting trial.

⑬ In March 2018, Wumart Stores, Inc. filed a lawsuit to the Court of Shijingshan District, Beijing against the Beijing branch of the Company over a purchase and sales contract, asking for the return of a prepayment of RMB10.7367 million. Currently, this case is in the first trial with no decision reached yet.

⑭ The Company held the trade acceptance of HISAP High-technology Co. Ltd. and the acceptor failed to accept the matured notes. In July 2019, the Company, as the prosecutor, launched a lawsuit to Shenzhen Intermediate People's Court in respect of the matured notes of RMB200,000,000.00, claiming that the remote holder Nanjing Jiongjiong Electronic Technology Co., Ltd., Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd. should pay the notes of RMB200,000,000.00 and corresponding interest. And now the case is under the first instance and is awaiting trial.

(2) Contingent Liabilities Generated from Providing Debt Guarantees for Other Entities and Financial Influence thereof

The Company signed the maximum amount guarantee contract (No. 18czA0012-a-XCYZGBZD2018) with Chuzhou Branch of China Citic Bank on November 7, 2018, in which the Company provided the maximum credit guarantee of RMB58 million to Anhui Konka Tongchuang International Trade Co., Ltd. within three years from the day when the obligation fulfillment period stipulated in the specific business contract expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB 13,980,000.00 by 30 June 2019.

The Company signed the guarantee contract of maximum amount (No. CZZHZGBZ 2018 No.0103) with Chengzhong Branch of Chuzhou Eastern Anhui Rural Commercial Bank on May 9, 2018, in which the Company provided credit guarantee of RMB45,000,000.00 to Anhui Tongchuan. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and

other daily businesses from the bank. The guarantee amount has been used RMB35,735,300.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. CZGSBOZGBT20180011) with Chuzhou Branch of China Everbright Bank on June 19, 2018, in which the Company provided the maximum credit guarantee of RMB30 million to Anhui Konka Tongchuang International Trade Co., Ltd. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB28,690,000.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. 00035 ZSYGBZD2018) (361006) with Hefei Branch of China Zheshang Bank on September 20, 2018, in which the Company provided the maximum credit guarantee of RMB55 million to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Hefei Branch of China Zheshang Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB50,000,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. Jingtian18006) with Shenzhen Branch of China Minsheng Bank Co., Ltd. on January 10, 2019, in which the Company provided the maximum credit guarantee of RMB30 million to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Shenzhen Branch of China Minsheng Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB10,575,000.00 by June 30, 2019.

The Company signed the maximum amount guarantee contract (No. 180302) (240A1) with Chuzhou Branch of Industrial Bank on January 11, 2019, in which the Company provided the maximum credit guarantee of RMB100 million to Anhui Konka Tongchuang International

Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Chuzhou Branch of Industrial Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB39,010,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. 340101001120190300005) with Huangshan Road Branch of Hefei Science & Technology Rural Commercial Bank on January 23, 2019, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to Anhui Konka Tongchuang International Trade Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract signed between Anhui Tongchuang and Huangshan Road Branch of Hefei Science & Technology Rural Commercial Bank expired, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to open and accept the letter of credit of Anhui Tongchuang International Trade Co., Ltd. and obtain the financing credit and other daily businesses from the bank. The guarantee amount has been used RMB20,185,000.00 by June 30, 2019.

The Company signed the guarantee contract of maximum amount (No. LPLZHGBZ 2019 No. 24105029) with Chuzhou Longpanlu Branch of Huishang Bank Co., Ltd. on 24 June 2019, in which the Company provided credit guarantee of RMB30,000,000.00 to Anhui Tongchuang. The guarantee period is two years from the expiration of the debt performance period agreed in the relevant credit line agreements, and the guarantee mode was the joint liability guaranty. The guarantee amount has been used RMB 0 by June 30, 2019.

The Company signed Comprehensive Credit Line Contract (No. HXSFZLZZD20180921001) and applied to Shenzhen Branch of Guangdong Huaxing Bank for comprehensive credit line of RMB1,000,000,000.00. The guarantee period is from September 29, 2018 to August 29, 2019. The Company has sub-licensed the comprehensive credit line RMB200,000,000.00 the subsidiary Konka Factoring (Shenzhen), and will assume the joint liability for guarantee. As of June 30, 2019, Konka Factoring used RMB 0.

On March 13, 2019, the Company applied to Shenzhen Branch of China Minsheng Bank Co., Ltd. for a letter of guarantee of USD23,000,000.00, helping the subsidiary Hong Kong Konka Co., Ltd. to obtain the financing loan from the bank. The guarantee period is from March 13, 2019 to March 13, 2020. As of June 30, 2019, Hong Kong Konka obtained a loan of USD23,000,000 from Bank of China (Hong Kong) Co., Ltd.

On July 11, 2018, the Company applied to Shenzhen Branch of HSBC Bank (China) Co., Ltd. for a letter of guarantee of USD15,000,000.00, helping the subsidiary Hong Kong Konka Co., Ltd. to obtain the financing loan from the bank. The guarantee period is from August 7, 2018 to August 6, 2019. As of December 31, 2018, Hong Kong Konka obtained a loan of USD 15,000,000 from HSBC Limited.

The Company signed the maximum amount guarantee contract (No. GGBZDDB1800000101834) with Ma'anshan Branch of China Minsheng Bank, providing the joint and several liability guarantee for the debts under the comprehensive credit line agreement signed by Anhui Konka and Ma'anshan Branch of China Minsheng Bank. The guarantee amount is RMB100,000,000.00, and the guarantee period is two years from the expiration of the debt settlement period under the main contract. As of June 30, 2019, the balance of the guarantee amount provided by the Company to Anhui Konka is RMB100,000,000.00. Anhui Konka' another shareholder, Chuzhou State-owned Assets Operation Co., Ltd. provided the counter-guarantee to the Company for 22% of the guarantee amount.

On May 28, 2018, the Company's subsidiary Telecommunication Technology signed the guarantee contract (No.(23301)YSHBZ(180525)00001) with Lingang Branch of Yibin Commercial Bank, providing the joint and several liability guarantee for the debts under the entrusted loan contract jointly signed by its subsidiary Konka Intelligent Terminal, Gloport Group and Lingang Branch of Yibin Commercial Bank. The guarantee amount is RMB140,000,000.00, and the guarantee period is from May 28, 2018 to May 24, 2025. The guaranteed credit line is mainly used for obtaining the loan from the bank for the production and operation of Konka Intelligent Terminal. As of June 30, 2019, the guarantee amount RMB50,000,000.00 was used. Konka Intelligent Terminal' another shareholder, Shenzhen Kangwei Investment Partnership (Limited Partnership) provided the counter-guarantee to Telecommunication Technology for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. YBXGZGB 2019 No.002) with Yibin Rural Commercial Bank Co., Ltd. on 18 March 2019, in which the Company provided credit guarantee of RMB40,000,000.00 to Sichuan Konka. The guarantee period is two years from the expiration of the debt settlement period under the Liquidity Revolving Loan Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB40,000,000.00 was used. Sichuan Konka' another shareholder, Shenzhen Kangwei Investment Partnership (Limited Partnership) provided the counter-guarantee to Telecommunication Technology for 49% of the guarantee amount.

On November 21, 2018, the Company signed the guarantee contract (No.1510201811120052BZ-1) with Zhuhai Branch of Xiamen International Bank, providing the joint and several liability guarantee for the debts under the comprehensive credit line contract signed by the subsidiary Xingye Hongda and Zhuhai Branch of Xiamen International Bank. The guarantee amount is RMB58,000,000.00, and the guarantee period is two years from the expiration of the debt settlement period stipulated in the contract. As of June 30, 2019, Xingye Hongda used the guarantee amount RMB58,000,000.00. Xingye Hongda' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

On October 16, 2018, the Company's subsidiary Electronics Technology signed the guarantee contract (No.IFELC18D29PS7Y-U-03) with Far Eastern Leasing, providing the guarantee for the fulfillment of rent payment and other obligations under the after-sales lease back contract signed by the subsidiary Xingye Hongda and Far Eastern Leasing. The guarantee amount is RMB10,000,000.00, and the guarantee period is from November 13, 2018 to November 13, 2020. As of June 30, 2019, the guarantee amount RMB9,500,000.00 was used. Xingye Hongda' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. BZFEF[2019] 010-002) with China Bohai Bank Co., Ltd. on April 19, 2019, in which the Company provided the maximum credit guarantee of RMB38,975,202.80 to XingDa HongYe within two years from the day when the debtor's obligation fulfillment period stipulated in the debt contract, and the guarantee mode was the joint liability guaranty. The credit line is mainly used to support the production and operation circulation. As of June 30, 2019, XingDa HongYe used the guarantee amount RMB38,975,202.8. XingDa HongYe' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

The Company signed the guarantee contract of maximum amount (No. XYYSBZ [Zhongshan]201905158001) with Zhongshan Branch of Industrial Bank Co., Ltd. on May 20, 2019, in which the Company provided the maximum credit guarantee of RMB10,000,000.00 to XingDa HongYe within two years from the day when the debtor's obligation fulfillment period stipulated in the Comprehensive Credit Line Agreement, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, XingDa HongYe used the guarantee amount RMB10,000,000.00. XingDa HongYe' another shareholder, Hu Zehong provided the counter-guarantee to the Company for 49% of the guarantee amount.

On August 29, 2018, the Company signed Issuing Guarantee/SLC Agreement with Shenzhen Branch of Bank of China for issuing the letter of guarantee to CTCE Group and providing the pledge guarantee for the capital contribution obligation of Econ Technology in the central urban upgrading project of Weifang Binhai Economic and Technological Development Zone. The guarantee amount is RMB31,350,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On April 23, 2019, The Company signed the guarantee contract of maximum amount (No. YKB 2019-032) with Yantai Branch of China Everbright Bank, in which the Company provided the maximum credit guarantee of RMB20,000,000.00 to Econ Technology within two years from the day when the debtor's obligation fulfillment period stipulated in the Comprehensive Credit Line Agreement, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Econ Technology used the guarantee amount RMB10,000,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On May 13, 2019, the Company signed the maximum amount guarantee contract (No. 2019 220011FSZGBZ 2005) with Yantai Branch of Qilu Bank, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to Econ Technology within two years from the day when the debtor's obligation fulfillment period stipulated in the Qilu Bank's Comprehensive Credit Line Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Econ Technology used the guarantee amount RMB50,000,000.00. Other shareholders of Econ Technology including Yantai Baijiangyuan Enterprise Management Center (Limited Partnership), Yantai Fengqingtai Investment Center (Limited Partnership), Yantai Qingrunyuan Enterprise Management Center (Limited Partnership) and Yantai Qingjiangchuan Enterprise Management Center (Limited Partnership) respectively provided the counter-guarantee to the Company for 26.04%, 11.58%, 10.64% and 0.74% of the maximum debt amount.

On December 4, 2018, the Company signed the maximum amount guarantee contract (No. XYGXGBZ 20180208) with Nanchang Branch of Industrial Bank, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to Jiangxi Konka within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On January 17, 2019, the Company signed the maximum amount guarantee contract (No. 0516204_001) with Nanchang Honggutan District Branch of Bank of Beijing, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to Jiangxi Konka within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On March 13, 2019, the Company signed the guarantee contract (No. GCL19C0057) with Haitong UniTrust International Leasing Co., Ltd., in which the Company provided the joint liability guarantee for the debts under the Financing Leasing-back Contract and all related attachments signed between Haitong UniTrust and the Company's subsidiary Jiangxi Konka, and the guaranteed amount was RMB119,605,820.00 within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract. As of June 30, 2019, the guarantee amount RMB109,000,000.00 was used. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 28, 2019, the Company signed the maximum amount guarantee contract (No. (2019)XHYZBZ 010013) with Nanchang Branch of China CITIC Bank, in which the Company provided the maximum credit guarantee of RMB100,000,000.00 to the subsidiary Jiangxi Konka New Material Technology Co., Ltd. within three years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, Jiangxi Konka used the guarantee amount RMB100,000,000.00. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 27, 2019, the Company signed the maximum amount guarantee contract (No.

36100520190009207) with Yongxiu County Branch of Agricultural Bank of China, in which the Company provided the maximum credit guarantee of RMB60,000,000.00 to the subsidiary Jiangxi Konka New Material Technology Co., Ltd. within two years from the day when the debtor's obligation fulfillment period stipulated in the main credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB25,000,000.00 was used. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 19, 2019, the Company signed the maximum amount guarantee contract (No. 36100520190008787) with Anyi County Branch of Agricultural Bank of China, in which the Company provided the maximum credit guarantee of RMB72,000,000.00 to the subsidiary Jiangxi Konka's subsidiary Xinfeng Microcrystalline within two years from the day when the debtor's obligation fulfillment period stipulated in the Xinfeng Microcrystalline's credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB35,500,000.00 was used. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On June 26, 2019, the Company signed the maximum amount guarantee contract (No. GZ2019 BZ 025/031) with Guangxi Finance Lease Co., Ltd., in which the Company provided the joint liability guarantee for paying rents and other payments under the Finance Lease Contract signed between Jiangxi Konka's subsidiary Nano Crystallized Glass and Guangxi Finance Lease Co., Ltd., and the guaranteed amount was RMB100,000,000.00 (from June 26, 2019 to June 25, 2022) within two years from the day when the last rent payment obligation was fulfilled as stipulated in the main credit line contract. As of June 30, 2019, the guarantee amount RMB0.00 was used. Jiangxi Konka's another shareholder, Zhu Xinming provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 2, 2019, the Company signed the guarantee contract (No. GDBZ KJ005) with Ma'anshan Branch of China Minsheng Bank, in which the Company provided the joint liability guarantee for the debts under the M&A Loan Contract signed between the Company's subsidiary Electrical Appliance Technology and Ma'anshan Branch of China Minsheng Bank, and the guaranteed amount was RMB130,000,000.00 within two years from the day when the debtor's obligation fulfillment period stipulated in the M&A Loan Contract, and the fulfillment period of the debt under the main contract was 5 years. As of June 30, 2019, the guarantee amount RMB130,000,000.00 was used. Electrical Appliance Technology's another shareholder, Chuzhou Hanshang Electrical Appliance Co., Ltd. provided the counter-guarantee to the Company for 49% of the guarantee amount.

On February 20, 2019, the Company signed the maximum amount guarantee contract (No. GYHBZ [2019]0001) with Huizhou Branch of Bank of Guangzhou, in which the Company provided the maximum credit guarantee of RMB40,000,000.00 to the subsidiary Boluo Konka Precision from February 20, 2019 to February 20, 2021, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB17,791,100.00 was used.

The Company signed the credit line agreement (No. 2019ZZYFEXZ 1000056) with Shenzhen Futian Branch of Bank of China to apply the comprehensive credit line of RMB4,000,000,000.00 from April 18, 2019 to April 18, 2020. The Company transferred the credit line of RMB580,000,000.00 to its subsidiary Electronics Technology and would burden the joint liability for such transferred credit line. As of June 30, 2019, Electronics Technology used the credit line of RMB 39,347,378.19.

The Company signed the maximum amount guarantee contract (No. 5970120190527732001-01) with Guangdong Pilot Free Trade Zone Nansha Branch of Bank of Jiujiang, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to the Company's subsidiary KonkaPengrun within two years from the day when the debtor's obligation fulfillment period stipulated in the comprehensive credit line contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB0.00 was used. Konka Pengrun' another shareholder, Guizhou Huajinrun Technology Group provided the counter-guarantee to the Company for 49% of the guarantee amount.

On December 27, 2016, the Company's subsidiary Econ Technology signed the guarantee contract (No. YKB 2016-167) with Yantai Branch of China Everbright Bank, in which the Company provided the guarantee for Rushan Yike, and the guaranteed amount was RMB 290 million from December 29, 2016 to December 28, 2026. As of June 30, 2019, the credit line RMB147,400,000.00 was used.

On June 20, 2019, the Company signed the maximum amount guarantee contract (No. 2019 SYQHZBZ 0005) with Shenzhen Branch of China CITIC Bank, in which the Company provided the maximum credit guarantee of RMB50,000,000.00 to the subsidiary Electronics Technology within three years from the day when the debtor's obligation fulfillment period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount RMB3,163,912.76 was used.

On December 19, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB10611201612190004 2016) with the Sales Department

of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121920020004 2016) signed by Jiangxi Xinxin Jian'an Engineering Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

On December 19, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB106112016121900033 2016) with the Sales Department of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121620020002 2016) signed by Jiangxi Zhongyi Decorative Material Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

On December 16, 2016, the Company's subsidiary Jiangxi Konka signed the entrusted loan guarantee contract (No.NNYWBZDB10611201612160002 2016) with the Sales Department of Nanchang Rural Commercial Bank to provide the guarantee for the debt of guarantee contract (No.NNYWBZDB106112016121920020003 2016) signed by Jiangxi Shanshi Science and Technology Co., Ltd. and the Sales Department of Nanchang Rural Commercial Bank. The amount of the Financing Contract is RMB100,000,000.00. The guarantee period is two years from the expiration of the debt settlement period stipulated in the Financing Contract, and the guarantee mode was the joint liability guaranty. As of June 30, 2019, the guarantee amount was used RMB100,000,000.00.

XIII. Events after Balance Sheet Date

1. Significant Non-adjusted Events

Item	Content	Influence number to the financial position and operating results	Reason of inability to estimate influence number

Issuance of stocks and bonds	Complete the private placement of corporate bonds of RMB1.5 billion on 23 July 2019	Increase in bonds payable of RMB1.5 billion	N/A
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XVI. Other Significant Events

1. The Company signed Guarantee Contract with Chuzhou Branch of Bank of China Co., Ltd. According to the contract, the Company provides the joint liability guarantee for the creditor's rights arising under the credit contract signed by Chuzhou Branch of Bank of China Co., Ltd. and the Company's holding subsidiary Anhui Konka. The guarantee amount is RMB268 million, and the guarantee period is two years from the expiration of the debt performance period agreed in the main contract.

2. On July 18, 2019, the Company signed Issuing Guarantee Agreement with Ningbo Bank Co., Ltd. to provide the guarantee for Hong Kong Konka to apply for the financing loan from Ping An Bank Co., Ltd. by overseas loan under domestic guarantee, providing the joint liability guaranty, and the amount guaranteed is USD13.5 million with one-year guarantee period.

3. On July 5, 2019, the Company submitted the Irrevocable Documentary Credit Application for Issuance/ Amendation/Cancellation to Shenzhen Branch of HSBC Bank (China) Co., Ltd., and applied to postpone the letter of guarantee of USD15,000,000.00 on July 11, 2018 for one year, namely the Company continued to provide the guarantee for applying for the financing loan of Hong Kong Konka to HSBC Bank (China) Co., Ltd. by overseas loan under domestic guarantee. The guarantee amount is USD15,000,000.00.

4. The Company and the Chengzhong sub-branch of Chuzhou Wandong Rural Commercial Bank Co., Ltd. entered into a Guarantee Contract. According to the contract, the Company would provide joint-liability guarantee for loans granted to the Company's majority-owned subsidiary Anhui Konka Tongchuang Electrical Appliances Co., Ltd. under the comprehensive credit line contract entered into between the subsidiary and the financial institution. The guarantee amount would be RMB45 million with a term of three years starting from the expiry of the loan repayment period as stated in the comprehensive credit line contract.

5. Loan by mandate:

(1) The Company, together with Shenzhen Overseas Chinese Town Co., Ltd. and China CITIC Bank Co., Ltd. Shenzhen Branch, has concluded the Sub-agreement for Electronic

Loan by Mandate on Cash Management by CITIC Bank, numbered 811038022341. The amount of loan by mandate under the Agreement is RMB2,000,000,000.00, with a term from the date of entry into force of the Agreement to April 12, 2023. The annual interest rate of the loan is 4% to 10%, subject to the confirmation of the borrower and the principal in the electronic loan by mandate on cash management. Subsequently, the three parties signed a Supplementary Agreement to the Sub-agreement for Electronic Loan by Mandate on Cash Management by CITIC Bank, numbered 811038022341-1, in which the amount of loan by mandate was changed to RMB3,000,000,000.00. As of June 30, 2019, Shenzhen Overseas Chinese Town Co., Ltd. actually provided the Company with a loan balance by mandate of RMB3,000,000,000.00 through Shenzhen Branch of China CITIC Bank.

(2) On September 14, 2017, the Company and OCT Group Co., Ltd. and Shenzhen OCT Branch of China Construction Bank jointly signed Entrusted Loan Contract (No. JSWD 2017141). The total entrusted loan amount is RMB5,000,000,000.00, and the loan term is from September 14, 2017 to December 31, 2018. The three parties signed the entrusted loan extension contract on December 14, 2018 and December 19, 2018, and the total amount subject to such extension is RMB1,276,560,000.00. Later the three parties signed the entrusted loan extension contract on April 18, 2019, and the total amount subject to such extension is RMB278,075,600.00. As of June 30, 2019, the balance of the entrusted loan provided by OCT Group Co., Ltd. to the Company via OCT Branch of China Construction Bank was RMB884,635,570.00.

(3) The OCT Group Co., Ltd. issued the entrusted loan to the Company with the amount of RMB221,924,430.00, and the loan term is from April 16, 2019 to April 15, 2020.

6. Credit Granting:

(1) The Company, Shenzhen Futian Branch of Bank of China and Shenzhen Konka Electronics Technology Co., Ltd. jointly signed the credit line agreement (No. ZZYFEXZD1000056 2019), applying for a credit line of RMB4,000,000,000.00 for issuing the acceptance bills, the non-financing guarantee and the trade financing. The Company provided RMB 1 billion bank acceptance bills for pledge, and agreed to provide the amount of RMB580,000,000.00 in the comprehensive credit line to the subsidiary Electronics Technology for use. The Company would be jointly and severally liable for the comprehensive credit. The credit line shall be valid from the date of the above credit line agreement to April 18, 2020. As of June 30, 2019, a total of RMB1,777,958,859.04 was used from the above credit line, and the remaining credit line is RMB2,222,041,140.96.

(2) The Company signed the credit line extension contract with Shenzhen OCT Branch of

Industrial and Commercial Bank of China to apply for the maximum credit line of RMB1.9 billion and extend the credit line period to September 30, 2019. As of June 30, 2019, a total of RMB1692.3334 million was used from the above credit line, and the remaining credit line is RMB207.6666 million.

(3) The comprehensive credit line contract (No. PYSZZZDA596201711270001) signed on January 2, 2018 with Shenzhen Branch of Ping An Bank was expired on January 1, 2019. As of June 30, 2019, the Company has not extended the contract with Shenzhen Branch of Ping An Bank.

(4) The Company and Shenzhen Branch of China Minsheng Bank signed the comprehensive credit line contract (No. GSXZDJT18006), applying for the maximum credit line of RMB500,000,000.00 for the loan business based on RMB, bill of exchange acceptance, bill of exchange discount, guarantee; foreign currency loans, guarantees, letters of credit, financing guarantees, and buyer factoring guarantees in relation to the trade financing business. Konka Group Co., Ltd. agreed that its subsidiary, Anhui Konka Tongchuang could use the credit line under the comprehensive credit contract and provided the maximum guarantee for the amount used. It's also agreed that the Company could use RMB350,000,000.00 from the above-mentioned credit line, of which, the financing guarantee was limited to USD50 million, and the guaranteed Hong Kong Konka Co., Ltd. for overseas procurement of raw materials; Anhui Konka Tongchuang could use the above credit line RMB30 million, and the Company provided the joint liability guarantee. The types of credit line are limited to the draft acceptance, the discount of bill, the redemption limit of commercial bills and the replacement of bills. Anhui Konka Electronic Co., Ltd. could use the above credit line RMB100 million. As of June 30, 2019, a total of RMB 425.3328 million was used from the above credit line, and the remaining credit line is RMB 74.6672 million.

(5) The Company signed the comprehensive credit line contract with Shenzhen Branch of Bank of Communications, applying for the credit line of RMB500,000,000.00 for the RMB working fund loan, the opening of domestic letters of credit, the letter of guarantee, business limit of derivative products, the opening of the import letters of credit, and the import documentary bills, the financing of import outward remittance. The credit line is valid from June 14, 2019 to June 12, 2020. As of June 30, 2019, a total of RMB250,000,000.00 was used from the above credit line, and the remaining credit line is RMB250,000,000.00.

(6) The Company signed the comprehensive credit line contract (No. SYQHZZD0006 2018) with Shenzhen Branch of China Citic Bank, applying for the comprehensive credit line of RMB400,000,000.00. The credit line period is from October 12, 2018 to July 27, 2019. As of

June 30, 2019, a total of RMB400,000,000.00 was used from the above credit line.

(7) On November 15, 2018, the Company signed the comprehensive credit line contract (No.ZSYZSZD00009 (584600) 2018) with Shenzhen Branch of China Zheshang Bank, applying for the maximum credit line of RMB1,000,000,000.00. The credit line period is from November 15, 2018 to August 14, 2019. As of June 30, 2019, a total of RMB300,000,000.00 was used from the above credit line, and the remaining credit line is RMB 700,000,000.00.

(8) The Company signed the Comprehensive Credit Line Contract (No. HXSFLZZD20180921001) and applied to Shenzhen Branch of Guangdong Huaxing Bank for the comprehensive credit line of RMB1,000,000,000.00. The guarantee period is from September 21, 2018 to August 29, 2019. The Company has sub-licensed the comprehensive credit line RMB200,000,000.00 the subsidiary Konka Factoring (Shenzhen). As of June 30, 2019, a total of RMB798.4 million was used from the above credit line, and the remaining credit line is RMB201.6 million.

(9) On May 10, 2018, the Company signed the comprehensive credit line contract (No.BSFZ(2018)9) and the supplementary agreement with Shenzhen Branch of China Bohai Bank, applying for the total credit line of RMB500,000,000.00. The credit line term is one year, and the credit line is used for the working capital loan, the trade bill acceptance, the opening of the import LC, the export LC documentary bills, the import documentary bills and the opening of domestic LC. As of June 30, 2019, a total of RMB366,660,000.00 was used from the above credit line, and the remaining credit line is RMB133,340,000.00.

(10) On November 26, 2018, the Company signed the credit line agreement (No.BY(2018)ZFJGBSXZD1126001) with Shenzhen Nanshan Baosheng Village Bank, applying for the credit line of RMB20,000,000.00, and the credit line period is from November 26, 2018 to November 26, 2019. The credit line is used for the opening of bank acceptance bills, the working capital loans and the discounting of commercial acceptance bills, etc. As of June 30, 2019, a total of RMB20,000,000.00 was used from the above credit line.

(11) On November 28, 2018, the Company signed the credit line contract (No. XYSHSXZ(2018)D0152) with Shenzhen Branch of China Industrial Bank, applying for the maximum credit line of RMB2,000,000,000.00, and the credit line could be used to (but not limited to) the working capital loan, the bank acceptance, the non-financing guarantee, and the letters of credit, etc. The credit line period is valid from November 28, 2018 to November 28, 2019. As of June 30, 2019, a total of RMB479.922 million was used from the above

credit line, and the remaining credit line is RMB1520.078 million.

(12) The Company applied the credit line of RMB1,200,000,000.00 via Shenzhen OCT Branch of Agricultural Bank of China which could be used for the loans, the bill acceptance, the notes discounted, the opening of L/C, the packing loan, the import bill advance, the export bill purchase and the opening of letters of guarantee. The credit line shall be valid from February 28, 2018 to February 28, 2019. As of June 30, 2019, a total of RMB1,060,000,000.00 was used from the above credit line, and the remaining credit line is RMB140,000,000.00.

(13) The Company applied the credit line no more than RMB480,000,000.00 via Shenzhen Branch of Ningbo Bank which could be used for the loans, the bill acceptance, the notes discounted, the opening of LC, the packing loan, the import bill advance, the export bill purchase and the opening of letters of guarantee. The credit line shall be valid from November 29, 2018 to November 29, 2019. As of June 30, 2019, a total of RMB 180,000,000.00 was used from the above credit line.

(14) The Company applied the credit line no more than RMB500,000,000.00 via Shenzhen Branch of Shanghai Pudong Development Bank which could be used for the short-term loans, bank acceptance bill, the notes discounted, the opening of domestic L/C, and the import letter of credit. The expiration of single deal is within one year. As of June 30, 2019, a total of RMB 497,800,000.00 was used from the above credit line, and the remaining credit line is RMB2,200,000.00.

(15) The Company applied the credit line no more than RMB110,000,000.00 via Shenzhen Nantou Branch of Hua Xia Bank which could be used for the loans, the bill acceptance, the notes discounted, and the opening of L/C, etc. As of June 30, 2019, a total of RMB100,000,000.00 was used from the above credit line, and the remaining credit line is RMB0.

(16) The Company applied the non-commitment combined revolving credit line no more than USD30,000,000.00 via Shenzhen Nantou Branch of HSBC which could be used for the financial standby guarantee, commercial financing, short-term loan business. As of June 30, 2019, a total of USD29,509,786.85 was used from the above credit line.

(17) The Company applied for the credit line of RMB2,200,000,000.00 via Shenzhen OCT Branch of China Construction Bank, of which, RMB940,000,000.00 was used as the comprehensive credit line, RMB200,000,000.00 the financing credit line, RMB500,000,000.00 the bonds, RMB40,000,000.00 the working capital loan, RMB20,000,000.00 the capital transaction credit line and RMB500,000,000.00 other

businesses. As of June 30, 2019, a total of RMB1056.89 million was used from the above credit line, and the remaining credit line is RMB1143.11 million.

7. Accounts receivable in Guangdong Huaxing Bank:

The Company entered into the Domestic Factoring Business Contract with Guangdong Huaxing Bank Shenzhen Branch (Contract No. HXSZF20181130001). According to the Contract, Shenzhen Branch of Guangdong Huaxing Bank provides the Company with a factoring quota not exceeding RMB500 million, with a validity from November 30, 2018 to November 29, 2019. As of June 30, 2019, the factoring of accounts receivable of the Company in the bank amounted to RMB486,000,000.00.

XV. Notes of Main Items in the Financial Statements of the Company

1. Notes Receivable

(1) Notes Receivable Listed by Category

Item	Ending balance	Beginning balance
Bank acceptance bill	1, 588, 216, 743. 04	2, 176, 411, 080. 13
Trade acceptance	—	4, 755, 603. 77
Total	1, 588, 216, 743. 04	2, 181, 166, 683. 90

(2) Notes Receivable Pledged by the Company at the Period-end

Item	Amount
Bank acceptance bill	1,162,583,020.53
Total	1,162,583,020.53

(3) Notes Receivable Endorsed by the Company or Discounted and not due on the Balance Sheet Date at the Period-end

Item	Derecognized Amount at the period-end	Non-derecognized amount at the period-end
Bank acceptance bill	30,000.00	-
Total	30,000.00	-

(4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement at the Period-end

Item	Amount of the notes transferred to accounts receivable at the period-end
Trade acceptance	634, 527, 889. 84
Total	634, 527, 889. 84

2. Accounts Receivable

(1) Accounts Receivable Classified by Aging

Aging	Ending balance
Within 1 year	7, 570, 772, 386. 95
1 to 2 years	773, 828, 913. 36
2 to 3 years	2, 153, 499. 92
3 to 4 years	5, 665, 927. 72
Over 4 years	167, 507, 512. 11
Subtotal	8, 519, 928, 240. 06
Less: Bad debt provision	253, 216, 175. 40
Total	8, 266, 712, 064. 66

(2) Accounts Receivable Classified by Bad Debt Withdrawal Method

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for which expected credit loss separately accrued	661, 786, 861. 45	7. 77	67, 967, 189. 08	10. 27	593, 819, 672. 37
Accounts receivable for which expected credit loss separately accrued by groups					
Of which: Aging group	1, 092, 201, 413. 66	12. 82	185, 248, 986. 32	16. 96	906, 952, 427. 34
Engineering expense group	—	—	—	—	—
Related party group in the Company’s combination scope	6, 765, 939, 964. 95	79. 41	—	—	6, 765, 939, 964. 95
Total	8, 519, 928, 240. 06	100. 00	253, 216, 175. 40	2. 97	8, 266, 712, 064. 66

(Continued)

Category	Beginning balance		
	Carrying amount	Bad debt provision	Carrying value

	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision	
Accounts receivable for which expected credit loss separately accrued	767,486,677.87	10.00	69,790,565.32	9.09	697,696,112.55
Accounts receivable for which expected credit loss separately accrued by groups	—	—	—	—	—
Of which: Aging group	1,029,783,688.54	13.42	177,262,039.88	17.21	852,521,648.66
Engineering expense group	—	—	—	—	—
Related party group in the Company's combination scope	5,876,525,075.32	76.58	—	—	5,876,525,075.32
Total	7,673,795,441.73	100.00	247,052,605.20	3.22	7,426,742,836.53

① Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Accounts receivable (by unit)	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Withdrawal reason
CEFC(Shanghai) Group Co.,Ltd.	300,027,889.84	30,002,788.98	10.00	Debt default on information disclosure
Hongtu Sanbao High-Tech Technology Co.,Ltd.	200,000,000.00	10,000,000.00	5.00	Debt default on information disclosure,difficult in working capital
China Nuclear Engineering Construction Group Co., Ltd.	84,500,000.00	4,225,000.00	5.00	Difficult in working capital
China Energy Power Fuel Co., Ltd.	50,000,000.00	5,000,000.00	10.00	Difficult in working capital
Henan Radio and Television Network Co., Ltd.	4,580,000.00	1,374,000.00	30.00	Expected to be difficult to recover in full
Beijing CP Lotus Store	1,656,628.91	1,656,628.91	100.00	Expected to be difficult to recover in full
Qinhuangdao Baihai Electrical Appliance Co., Ltd.	1,430,290.00	430,290.00	30.08	Expected to be difficult to recover in full
Other	19,592,052.70	15,278,481.19	77.98	——
Total	661,786,861.45	67,967,189.08	10.27	——

② Among these groups, accounts receivable adopting aging method to withdraw bad debt provision

Item	Ending balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion (%)
Within 1 year	804,316,677.28	16,331,149.74	2.03
1 to 2 years	127,366,110.66	9,386,882.36	7.37
2 to 3 years	1,146,640.85	253,980.95	22.15
3 to 4 years	261,523.81	166,512.21	63.67
Over 4 years	159,110,461.06	159,110,461.06	100.00
Total	1,092,201,413.66	185,248,986.32	16.96

③ Among these groups, accounts receivable adopting other method to withdraw bad debt provision

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Related party group in the Company's combination scope	6,765,939,964.95	-	-
Total	6,765,939,964.95	-	-

(3) Particulars of Bad Debt Provision

Item	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off /other decrease	
Accounts receivable for which expected credit loss separately accrued	69,790,565.32	2,756,064.82	4,579,441.06		67,967,189.08
Accounts receivable for which expected credit loss separately accrued by groups	-				
Of which: Aging group	177,262,039.88	7,986,946.44			185,248,986.32
Engineering expense group	-				-

Related party group in the Company's combination scope	—				—
Total	247,052,605.20	10,743,011.26	4,579,441.06	—	253,216,175.40

Of which, the significant recovered or reversed amount of bad debt provision in the current period.

Name	Reversal or recovery	The way of Reversal or recovery
Jizhong Energy International Logistics Group Co., Ltd.	3,000,000.00	Recovered
Total	3,000,000.00	—

(4) There is no Accounts Receivable Actually Verified in the Current Period

(5) Top 5 Accounts receivable with insignificant single amount for which bad debt provision separately accrued

Total amount of Top 5 of ending balance of the accounts receivable collected according to arrears party was RMB8,386,297,751.93 accounting for 98.43% of total ending balance of accounts receivable. Total ending balance of bad debt provision withdrawn was RMB30,002,788.98.

3. Other Receivables

Item	Ending balance	Beginning balance
Interest receivable	2,276,507.84	5,769,663.24
Dividends receivable	—	—
Other receivables	7,866,615,369.75	6,660,069,551.06
Total	7,868,891,877.59	6,665,839,214.30

(1) Interest Receivable

Item	Ending balance	Beginning balance
Fix time deposit	2,117,568.41	3,435,261.69
Entrusted loans	153,476.93	2,328,939.05
Wealth management income	5,462.50	5,462.50
Total	2,276,507.84	5,769,663.24

(2) Other Receivables

① Other Receivables Disclosed by Aging

Aging	Ending balance
Within 1 year	6,932,521,149.32
1 to 2 years	513,921,855.55
2 to 3 years	179,004,289.93
3 to 4 years	85,105,749.00
4 to 5 years	32,342,344.33
Over 5 years	313,666,650.76
Subtotal	8,056,562,038.89
Less: Bad debt provision	189,946,669.14
Total	7,866,615,369.75

② Particulars of Withdrawal of Bad Debt Provision

Bad debt provision	First stage Expected credit loss of the next 12 months	Second stage Expected loss in the duration (credit impairment not occurred)	Third stage Expected loss in the duration (credit impairment occurred)	Total
Balance of 1 January 2019	26,795,869.14		162,653,423.19	189,449,292.33
Balance of other receivable on 1 January 2019 in the current period:				-
--Transfer to Second stage				-
-- Transfer to Third stage				-
-- Reverse to Second stage				-
-- Reverse to Third stage				-
Withdrawal of the current period	662,414.01			662,414.01
Reversal of the current period			165,037.20	165,037.20
Write-offs of the current period				-
Verification of the current period				-
Other changes				-
Balance of 30 June 2019	27,458,283.15	-	162,488,385.99	189,946,669.14

Category	Ending balance
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	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which expected credit loss separately accrued	173,251,217.33	2.15	162,488,385.99	93.79	10,762,831.34
Other receivables withdrawn bad debt provision according to credit risks characteristics:					
Group 1: Aging group	168,118,322.40	2.09	26,711,552.07	15.89	141,406,770.33
Group 2: Low-risk group	74,673,108.11	0.93	746,731.08	1	73,926,377.03
Group 3: Related party group in the Company's combination scope	7,640,519,391.05	94.83	—		
Total	8,056,562,038.89	100	189,946,669.14	2.36	7,866,615,369.75

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which expected credit loss separately accrued	173,765,477.33	2.54	162,653,423.19	93.61	11,112,054.14
Other receivables withdrawn bad debt provision according to credit risks characteristics:					—
Group 1: Aging group	123,303,853.71	1.8	26,478,680.53	21.47	96,825,173.17
Group 2: Low-risk group	29,986,121.11	0.44	317,188.61	1.06	29,668,932.50
Group 3: Related party group in the Company's combination scope	6,522,463,391.24	95.22	—	—	6,522,463,391.24
Total	6,849,518,843.39	100	189,449,292.33	2.77	6,660,069,551.06

③Particulars of Bad Debt Provision

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Withdrawal	

Other receivables for which expected credit loss separately accrued	162,653,423.19	—	165,037.20	—	162,488,385.99
Aging Group	26,478,680.53	232,871.54		—	26,711,552.07
Low-risk Group	317,188.61	429,542.47		—	746,731.08
Total	189,449,292.33	662,414.01	165,037.20	—	189,946,669.14

④There is no Accounts Receivable Actually Verified in the Current Period

⑤Top 5 Accounts receivable with insignificant single amount for which bad debt provision separately accrued

Name of the entity	Nature	Ending balance	Aging	Proportion to ending balance of total other receivables%	Ending balance of bad debt provision
Konka Huanjia	Related-party borrowings	1,500,000,000.00	Within 1 year	18.62	-
Telecommunication Technology	Related-party borrowings	1,135,134,400.00	Within 1 year	14.09	-
Konka Investment	Related-party borrowings	1,019,000,000.00	Within 1 year	12.65	-
Anhui Tongchuang	Related-party borrowings	580,000,000.00	Within 1 year, 1 to 2 years	7.20	-
Econ Technology	Related-party borrowings	471,614,259.00	Within 1 year	5.85	-
Total	—	4,705,748,659.00	—	58.41	-

⑥There is no Other Receivables which Terminate the Recognition owing to the Transfer of the Financial Assets.

⑦There is no Amount of the Assets and Liabilities Formed by the Transfer and the Continues Involvement of Accounts Receivable.

4. Long-term Equity Investment

(1) Category of Long-term Equity Investment

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	5,066,125,372.51	46,732,484.69	5,019,392,887.82	4,562,175,372.51	46,732,484.69	4,515,442,887.82
Investment to associated enterprises	1,705,141,187.47	5,158,909.06	1,699,982,278.41	1,672,678,055.95	5,158,909.06	1,667,519,146.89
Total	6,771,266,559.98	51,891,393.75	6,719,375,166.23	6,234,853,428.46	51,891,393.75	6,182,962,034.71

(2) Investment to Subsidiaries

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Mudangjiang Electric Appliances	36,000,000.00	—	—	36,000,000.00	—	36,000,000.00
Anhui Konka	122,780,937.98	—	—	122,780,937.98	—	—
Dongguan Konka	274,783,988.91	—	—	274,783,988.91	—	—
Hong Kong Konka	781,828.61	—	—	781,828.61	—	—
Konka Europe	3,637,470.00	—	—	3,637,470.00	—	—
Konka Household Appliances	10,732,485.69	—	—	10,732,485.69	—	10,732,484.69
Telecommunication Technology	300,000,000.00	60,000,000.00	—	360,000,000.00	—	—

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Domestic appliance	31,500,000.00	-	-	31,500,000.00	-	-
Fittings Technology	48,750,000.00	-	-	48,750,000.00	-	-
Konka Factoring	300,000,000.00	-	-	300,000,000.00	-	-
Wankaida	10,000,000.00	-	-	10,000,000.00	-	-
Anhui Tongchuang	481,702,612.22	-	-	481,702,612.22	-	-
Beijing Konka	200,000,000.00	-	-	200,000,000.00	-	-
Konka E-display	7,200,000.00	-	7,200,000.00	-	-	-
Commercial Technology	5,832,000.00	-	-	5,832,000.00	-	-
Mobile Internet	10,200,000.00	-	-	10,200,000.00	-	-
E2info	19,322,040.00	-	-	19,322,040.00	-	-
E3info	12,000,000.00	-	-	12,000,000.00	-	-
Dongguan Packing	8,602,009.10	-	-	8,602,009.10	-	-
Chuzhou Konka TID	40,000,000.00	-	40,000,000.00	-	-	-
Konka Ventures	2,550,000.00	-	-	2,550,000.00	-	-
Konka Pengrun	25,500,000.00	-	-	25,500,000.00	-	-
Konka Unifortune	15,300,000.00	-	-	15,300,000.00	-	-
Konka Investment	40,000,000.00	-	-	40,000,000.00	-	-
Jiangxi Konka	689,680,000.00	-	-	689,680,000.00	-	-

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Electronics Technology	1, 000, 000, 000. 00	—	—	1, 000, 000, 000. 00	—	—
Sichuan Kangjiatong	1, 020, 000. 00	14, 280, 000. 00	—	15, 300, 000. 00	—	—
Econ Technology	688, 500, 000. 00	—	—	688, 500, 000. 00	—	—
Konka Huanjia	91, 800, 000. 00	—	—	91, 800, 000. 00	—	—
Shenzhen Nianhua	30, 000, 000. 00	—	—	30, 000, 000. 00	—	—
Shanghai Konka	40, 000, 000. 00	—	—	40, 000, 000. 00	—	—
Shenzhen KONSEMI	14, 000, 000. 00	71, 720, 000. 00	—	85, 720, 000. 00	—	—
Konka Ronghe Industrial Technology (Foshan) Co., Ltd.	—	5, 100, 000. 00	—	5, 100, 000. 00	—	—
Suining Electronic Technological Innovation	—	200, 000, 000. 00	—	200, 000, 000. 00	—	—
Shenzhen Konka Eco-Development Investment Co., Ltd.	—	50, 000. 00	—	50, 000. 00	—	—
Suining Konka	—	200, 000, 000. 00	—	200, 000, 000. 00	—	—

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Total	4,562,175,372.51	551,150,000.00	47,200,000.00	5,066,125,372.51	—	46,732,484.69

(3) Investment to Joint Ventures and Associated Enterprises

Investee	Beginning balance	Beginning balance of depreciation on reserve	Increase/decrease				Changes of other equity
			Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	
Shenzhen Konka Information Network Co., Ltd.	19,155,353.91	5,158,909.06	—	—	-10,458,637.68	—	—
Shenzhen Yaode Technology Co., Ltd.	222,210,835.18	—	—	—	1,615,602.55	—	—
Chutian Dragon Co., Ltd.	624,845,604.93	—	—	—	13,279,493.50	—	—
Konka Green, Konka Technology	78,409,903.14	—	—	—	-180,177.55	—	—
Zhuhai Jinsu Plastic Co., Ltd.	11,040,246.82	—	—	—	428,175.28	—	—
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	2,287,478.52	—	—	—	-152,488.28	—	—
Shenzhen Zhongbing Konka Technology Co., Ltd.	10,617,873.79	—	—	—	-2,230,059.14	—	—
Guangdong Hotcomm Information Technology Co., Ltd.	—	—	—	—	—	—	—

Investee	Beginning balance	Beginning balance of depreciation on reserve	Increase/decrease				
			Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity
Zhonggao Konka Intelligent Technology (Beijing) Co., Ltd.	—	—	—	—	—	—	—
Shenzhen OCT LIFE Network Technology Co., Ltd.	3, 592, 514. 06	—	—	3, 592, 514. 06	—	—	—
Kunshan Konka	146, 846, 610. 14	—	—	—	-4, 811, 843. 11	—	—
Kunshan Kangsheng	175, 254, 554. 65	—	—	—	—	—	—
Kaikai Shijie	35, 364, 497. 05	—	—	—	—	—	—
Shenzhen Bosser New Materials Co., Ltd.	79, 859, 338. 44	—	—	—	1, 056, 895. 31	—	—
Helongjiang Longkang Zhijia Technology Co., Ltd.	6, 400, 480. 52	—	—	—	-239, 050. 00	—	—
Shaanxi Silk Road Cloud Smart Tech Co., Ltd.	4, 522, 509. 33	—	—	—	—	—	—
Wuhan Tianyuan Environmental Protection Co., Ltd.	252, 270, 255. 47	—	—	—	5, 620, 617. 83	—	—
Shenzhen E-display Co., Ltd.	—	—	—	—	—	—	—
Chuzhou Konka TID	—	—	—	—	—	—	—

Investee	Beginning balance	Beginning balance of depreciation on reserve	Increase/decrease				
			Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity
Total	1, 672, 678, 055. 95	5, 158, 909. 06	—	3, 592, 514. 06	3, 928, 528. 71	—	—

(Continued)

Investee	Increase/decrease			Ending balance	Ending balance of depreciation reserve
	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Shenzhen Konka Information Network Co., Ltd.	—	—	—	8, 696, 716. 23	5, 158, 909. 06
Shenzhen Yaode Technology Co., Ltd.	—	—	—	223, 826, 437. 73	—
Chutian Dragon Co., Ltd.	—	—	—	638, 125, 098. 43	—
Konka Green, Konka Technology	—	—	—	78, 229, 725. 59	—
Zhuhai Jinsu Plastic Co., Ltd.	2, 070, 000. 00	—	—	9, 398, 422. 10	—
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	—	—	—	2, 134, 990. 24	—
Shenzhen Zhongbing Konka Technology Co., Ltd.	—	—	—	8, 387, 814. 65	—
Guangdong Hotcomm Information Technology Co., Ltd.	—	—	—	—	—
Zhonggao Konka Intelligent Technology (Beijing) Co., Ltd.	—	—	—	—	—
Shenzhen OCT LIFE Network Technology Co., Ltd.	—	—	—	—	—
Kunshan Konka	—	—	—	142, 034, 767. 03	—

Investee	Increase/decrease			Ending balance	Ending balance of depreciation reserve
	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Kunshan Kangsheng	-	-	-	175,254,554.65	-
Kaikai Shijie	-	-	-	35,364,497.05	-
Shenzhen Bosser New Materials Co., Ltd.	-	-	-	80,916,233.75	-
Helongjiang Longkang Zhijia Technology Co., Ltd.	-	-	-	6,161,430.52	-
Shaanxi Silk Road Cloud Smart Tech Co., Ltd.	-	-	-	4,522,509.33	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	-	-	-	257,890,873.30	-
Shenzhen E-display Co., Ltd.	-	-	16,926,689.50	16,926,689.50	-
Chuzhou Konka TID	-	-	17,270,427.37	17,270,427.37	-
Total	2,070,000.00	-	34,197,116.87	1,705,141,187.47	5,158,909.06

5. Operating Revenue and Cost of Sales

(1) Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	3,321,449,906.68	3,349,145,473.78	4,519,683,896.29	4,013,358,791.77
Other operations	2,046,571,803.72	1,915,004,019.37	2,036,884,619.01	1,944,666,140.94
Total	5,368,021,710.40	5,264,149,493.15	6,556,568,515.30	5,958,024,932.71

(2) Main Operations (Classified by Industry)

Industry	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Electronic industry	3,321,449,906.68	3,349,145,473.78	4,519,683,896.29	4,013,358,791.77
Total	3,321,449,906.68	3,349,145,473.78	4,519,683,896.29	4,013,358,791.77

(3) Main Operations (Classified by Product)

Product	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Color TV business	3,090,957,961.84	3,121,985,874.83	4,224,714,468.42	3,730,979,831.79
Consumer appliances business	42,860,456.45	37,086,020.47	100,943,929.96	89,279,454.11
Other	187,631,488.39	190,073,578.48	194,025,497.91	193,099,505.86
Total	3,321,449,906.68	3,349,145,473.78	4,519,683,896.29	4,013,358,791.77

(4) Main Operations (Classified by Area)

Area	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Domestic sales	2,567,643,989.49	2,621,004,287.15	3,600,826,510.58	3,175,143,251.38
Overseas sales	753,805,917.19	728,141,186.63	918,857,385.71	838,215,540.39
Total	3,321,449,906.68	3,349,145,473.78	4,519,683,896.29	4,013,358,791.77

(5) Operating Revenue from the Top 5 Customers

Period	Total operating revenue from the top 5 customers	Proportion to the operating revenue of the Reporting Period
Jan.-Jun.2019	948, 596, 365. 49	17. 67
Jan.-Jun.2018	1, 421, 092, 900. 82	11. 74

6. Investment Income

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	—	634, 394, 080. 11
Long-term equity investment income accounted by equity method	3, 928, 528. 71	13, 240, 183. 30
Investment income from disposal of long-term equity investment	79, 766, 195. 94	48, 431, 372. 55
Investment income from holding of financial assets at fair value through profit or loss	-10, 285, 883. 02	—
Investment income from disposal of financial assets at fair value through profit or loss	—	-82, 412, 478. 05
Investment income from holding of held-to-maturity investments	—	—
Investment income from disposal of held-to-maturity investments	—	—
Investment income from holding of available-for-sale financial assets	—	13, 740, 000. 00
Investment income from disposal of available-for-sale financial assets	—	—
Gains from re-measurement of residual equity at fair value after losing control power	1, 225, 905. 15	445, 568, 627. 45
Income from entrust financial products and entrust loans	111, 340, 992. 10	86, 485, 492. 92
Financial assets transferred from equity investments accounted by equity method	—	—
Total	185, 975, 738. 88	1, 159, 447, 278. 28

XVI. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Item	Amount	Note
Gain/Loss arising from disposal of non-current assets	570, 011, 162. 17	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of		

Item	Amount	Note
official approval documents		
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	320,821,164.45	
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss		
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments		
Gain/Loss on non-monetary asset swap		
Gain/Loss on entrusting others with investments or asset management	110,312,982.21	
Asset impairment provisions due to acts of God such as natural disasters		
Gain/Loss from debt restructuring		
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.		
Gain/Loss on the part over the fair value due to transactions with distinctly unfair prices		
Current net profit or loss of subsidiaries acquired in business combination under the same control from period-beginning to combination date		
Gain/Loss incurred from contingency unrelated to the Company's normal operating businesses.		
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	
Reverse of bad debt provision of accounts receivable individually conducting impairment test		
Gain/loss on entrustment loans	928,721.16	
Gain/loss on change in fair value of investment property of which the subsequent measurement is carried out adopting fair value method		

Item	Amount	Note
Effect on current profit or loss when a one-off adjustment is made to current profit or loss according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operation		
Other non-operating income and expense other than the above	19,460,574.99	
Project confirmed with the definition of non-recurring gains and losses and losses	136,688,905.38	
Subtotal	1,144,932,245.67	
Income tax effects	82,538,800.98	
Non-controlling interests effects (after tax)	86,714,790.39	
Total	975,678,654.30	

Note: the number “+” among the non-recurring profit or loss items refers to revenue and income, while “-” referred to losses or expense.

The recognition of the non-recurring profit or loss items was executed according to the regulations of No.1 of the Information Disclosure Explanatory Notice of the Companies Public Offering Securities-Non-recurring Profit or Loss (ZJH Announcement [2008] No. 43).

Amount involved in the item that the Company classifies as a non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item (including government subsidies recorded in the current profit or loss) is as follows:

Item	Amount	Reason
Software tax rebates	23,063,806.91	Government grants recognized in the current period, and acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	4.25	0.1465	0.1465

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	-7.51	-0.2587	-0.2587