

KONKA GROUP CO., LTD.

ANNUAL REPORT 2019

2020-30

April 2020

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Konka Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

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

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

Any plans for the future or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are reminded to exercise caution when making investment decisions.

The Board has approved a final dividend plan as follows: based on the 2,407,945,408 shares, a cash dividend of RMB0.5 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

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

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Definitions

Term	Definition
The “Company”, the “Group”, “Konka Group” or “we”	Konka Group Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Konka Ventures	Konka Ventures Development (Shenzhen) Co., Ltd.
Yantai Konka	Yantai Konka Healthcare Enterprise Service Co., Ltd.
Chengdu Konka Incubator	Chengdu Konka Incubator Management Co., Ltd.
Chengdu Anren	Chengdu Anren Konka Cultural and Creative Incubator Management Co., Ltd.
Konka Enterprise Service	Guiyang Konka Enterprise Service Co., Ltd.
Chuanghui Smart	Nanjing Chuanghui Smart Technology Co., Ltd.
Cross-Border Technological Innovation	Shenzhen Konka Cross-Border Technological Innovation Service Co., Ltd.
Konka Enterprise Management	Guizhou Konka Enterprise Management Service Co., Ltd.
Yibin Konka Incubator	Yibin Konka Incubator Management Co., Ltd.
Anhui Konka	Anhui Konka Electronic Co., Ltd.
Kangzhi Trade	Anhui Kangzhi Trade Co., Ltd.
Konka Factoring	Konka Factoring (Shenzhen) Co., Ltd.
Youshi Kangrong	Youshi Kangrong Culture Communication Co., Ltd.
Konka Unifortune	Shenzhen Konka Unifortune Technology Co., Ltd.
Jiali International	Jiali International (Hong Kong) Limited
Wankaida	Shenzhen Wankaida Science and Technology Co., Ltd.
Dongguan Konka	Dongguan Konka Electronic Co., Ltd.
Telecommunication Technology	Shenzhen Konka Telecommunications Technology Co., Ltd.
Konka Mobility	Konka Mobility Co., Limited
Life Electric Appliance	Shenzhen Konka Life Electric Appliance Co., Ltd.
Mudanjiang Appliances	Mudanjiang Arctic Ocean Appliances Co., Ltd.
Konka Europe	Konka Europe GmbH
Commercial System Technology	Shenzhen Konka Commercial System Technology Co., Ltd.
Konka Electrical Appliances	Shenzhen Konka Electrical Appliances Co., Ltd.
Konka Material	Hainan Konka Material Technology Co., Ltd.
Mobile Interconnection	Shenzhen Konka Mobile Interconnection Technology Co., Ltd.
Sichuan Konka	Sichuan Konka Smart Terminal Technology Co., Ltd

Yibin Smart	Yibin Konka Smart Technology Co., Ltd.
Anhui Tongchuang	Anhui Konka Tongchuang Electrical Appliances Co., Ltd.
Anhui Electrical Appliance	Anhui Konka Electrical Appliance Technology Co., Ltd.
Frestec Refrigeration	Henan Frestec Refrigeration Appliance Co., Ltd.
Frestec Smart	Henan Frestec Smart Eco Electrical Appliances Co., Ltd.
Frestec Electrical Appliances	Henan Frestec Electrical Appliances Co., Ltd.
Frestec Household Appliances	Henan Frestec Household Appliances Co., Ltd.
Pengrun Technology	Shenzhen Konka Pengrun Technology & Industry Co., Ltd.
Jiaxin Technology	Jiaxin Technology Co., Ltd.
E3info	E3info (Hainan) Technology Co., Ltd.
Yifang Technology	Shenzhen Konka Yifang Technology Co., Ltd.
Dongguan Packing	Dongguan Konka Packing Materials Co., Ltd.
E2info	Shenzhen E2info Network Technology Co., Ltd.
E2info (Hainan)	E2info (Hainan) Network Technology Co., Ltd.
Beijing Konka Electronic	Beijing Konka Electronic Co., Ltd.
Konka Leasing	Konka Financial Leasing (Tianjin) Co., Ltd.
Fittings Technology	Shenzhen Konka Electronic Fittings Technology Co., Ltd.
Boluo Konka Precision	Boluo Konka Precision Technology Co., Ltd.
Xiamen Dalong	Xiamen Dalong Trading Co., Ltd.
Boluo Konka	Boluo Konka PCB Co., Ltd.
Hong Kong Konka	Hong Kong Konka Limited
Konka Electrical Appliances Investment	Konka Electrical Appliances Investment & Development Co., Ltd.
Chain Kingdom Memory Technologies	Chain Kingdom Memory Technologies Co., Limited
Chain Kingdom Memory Technologies (Shenzhen)	Chain Kingdom Memory Technologies (Shenzhen) Co., Ltd.
Hefei KONSEMI	Hefei KONSEMI Storage Technology Co., Ltd.
Konka SmartTech	Konka SmartTech Limited
Kangjietong	Kangjietong (Hong Kong) Limited
Konka Electrical Appliances International Trading	Konka Electrical Appliances International Trading Co., Ltd.
Kanghao Technology	Kanghao Technology Co., Ltd.
Yuekang Semiconductor	Yuekang Semiconductor Technology (Yantai) Co., Ltd.
Konka North America	Konka North America LLC
Konka Investment	Shenzhen Konka Investment Holding Co., Ltd.
Yibin Konka Technology Park	Yibin Konka Technology Park Operation Co., Ltd.
Industrial New Town	Sichuan Konka Industrial New Town Development Co., Ltd.
Konka Capital	Shenzhen Konka Capital Equity Investment Management Co., Ltd.

Konka Suiyong	Konka Suiyong Investment (Shenzhen) Co., Ltd.
Kangxin Technology	Shenzhen Konka Kangxin Technology Co., Ltd.
Kangquan Enterprise	Shenzhen Kangquan Enterprise Management Consulting Co., Ltd.
Konka Suyuan	Shenzhen Konka Suyuan Investment Industrial Co., Ltd.
Hainan Technology	Hainan Konka Technology Industry Development Co., Ltd.
Shengxing Industrial	Shenzhen Konka Shengxing Industrial Co., Ltd.
Industrial Park Development	Shenzhen Konka Industrial Park Development Co., Ltd.
Zhitong Technology	Shenzhen Konka Zhitong Technology Co., Ltd.
Kangjiatong	Sichuan Kangjiatong Technology Co., Ltd.
Electronics Technology	Shenzhen Konka Electronics Technology Co., Ltd.
XingDa HongYe	GuangDong XingDa HongYe Electronic Co., Ltd.
Shanghai Xinfeng	Shanghai Xinfeng Zhuoqun PCB Co., Ltd.
Shenzhen Yixin Supply Chain	Shenzhen Yixin Supply Chain Management Co., Ltd.
Anhui Zhilian	Anhui Konka Zhilian E-Commerce Co., Ltd.
Nanjing Konka	Nanjing Konka Smart Technology Co., Ltd.
Youzhihui	Shenzhen Youzhihui Technology Co., Ltd.
Xiaojia Technology	Shenzhen Xiaojia Technology Co., Ltd.
Haimen Konka	Haimen Konka Smart Technology Co., Ltd.
Chengdu Konka Smart	Chengdu Konka Smart Technology Co., Ltd.
Chengdu Konka Electronic	Chengdu Konka Electronic Co., Ltd.
Econ Technology (inclusive of its consolidated subsidiaries)	Shandong Econ Technology Co., Ltd.
Yantai Kangyun	Yantai Kangyun Industrial Development Co., Ltd.
Yantai Laikang	Yantai Laikang Industrial Development Co., Ltd.
Konka Huanjia	Konka Huanjia (Dalian) Environmental Technology Co., Ltd.
Konka Huanjia (Henan)	Konka Huanjia (Henan) Environmental Technology Co., Ltd.
Shanghai Konka	Shanghai Konka Industrial Co., Ltd.
Chuzhou Kangyong	Chuzhou Kangyong Health Industry Development Co., Ltd.
Yantai Konka Industrial	Yantai Konka Industrial Co., Ltd.
Yantai Kangjin	Yantai Kangjin Technology Development Co., Ltd.
Shandong Kangxin	Shandong Kangxin Industrial Development Co., Ltd.
Jiangxi Konka	Jiangxi Konka New Material Technology Co., Ltd.
Xinfeng Microcrystalline	Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.
Nano Crystallized Glass	Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.

Shenzhen Nianhua	Shenzhen Nianhua Enterprise Management Co., Ltd.
Shenzhen KONSEMI	Shenzhen KONSEMI Co., Ltd.
Shenzhen Meixin	Shenzhen Meixin Semiconductor Technology Co., Ltd.
Zhengmao Semiconductor	Chongqing Zhengmao Semiconductor Co., Ltd.
Hefei KONSEMI	Hefei KONSEMI Storage Technology Co., Ltd.
Yihe Electronic	Hefei Yihe Electronic Co., Ltd.
Chongqing Konka	Chongqing Konka Technology Development Co., Ltd.
Shenzhen Huiying Technology	Shenzhen Konka Huiying Technology Co., Ltd.
Chongqing Huiying Technology	Chongqing Konka Huiying Technology Co., Ltd.
Konka Eco-Development	Shenzhen Konka Eco-Development Investment Co., Ltd.
Suining Konka Industrial Park	Suining Konka Industrial Park Development Co., Ltd.
Konka Ronghe	Konka Ronghe Industrial Technology (Foshan) Co., Ltd.
Suining Electronic Technological Innovation	Suining Konka Electronic Technological Innovation Co., Ltd.
Dongguan Konka Investment	Dongguan Konka Investment Co., Ltd.
Shenzhen Chuangzhi Electrical Appliances	Shenzhen Konka Chuangzhi Electrical Appliances Co., Ltd.
Kanghong (Yantai) Environmental	Kanghong (Yantai) Environmental Technology Co., Ltd.
Kanghong (Yantai) Environmental Technology Park	Kanghong (Yantai) Environmental Technology Park Co., Ltd.
Chongqing Kangxingrui	Chongqing Kangxingrui Environmental Technology Co., Ltd.
Chongqing Optoelectronic Technology Research Institute	Chongqing Konka Optoelectronic Technology Research Institute Co., Ltd.
Xinying Semiconductor	Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.
Jiangkang (Shanghai) Technology	Jiangkang (Shanghai) Technology Co., Ltd.
Chongqing Property Development	Chongqing Konka Property Development Co., Ltd.
Chongqing Xingyi Property Development	Chongqing Konka Xingyi Property Development Co., Ltd.
Chongqing Fuze Property	Chongqing Konka Fuze Property Co., Ltd.
Ningbo Kanghanrui Electrical Appliances	Ningbo Kanghanrui Electrical Appliances Co., Ltd.
Konka Intelligent Manufacturing	Shenzhen Konka Intelligent Manufacturing Technology Co., Ltd.
Debao New Material	Anhui Konka Debao New Material Technology Co., Ltd.
Suining Jiarun Property	Suining Jiarun Property Co., Ltd.
Chuzhou Kangxin Health Industry	Chuzhou Kangxin Health Industry Development Co., Ltd.
Kangxinlong Environmental Protection	Hubei Kangxinlong Environmental Protection Co., Ltd.
CSRC	The China Securities Regulatory Commission
SZSE	The Shenzhen Stock Exchange
CSRC Shenzhen	The Shenzhen Bureau of the China Securities Regulatory Commission

RMB, RMB'0,000, RMB'00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi
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Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Konka Group-A, Konka Group-B	Stock code	000016, 200016
Changed stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	康佳集团股份有限公司		
Abbr.	康佳集团		
Company name in English (if any)	KONKA GROUP CO.,LTD		
Abbr. (if any)	KONKA GROUP		
Legal representative	Liu Fengxi		
Registered address	15-24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China		
Zip code	518057		
Office address	15-24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China		
Zip code	518057		
Company website	www.konka.com		
Email address	szkonka@konka.com		

II Contact Information

	Board Secretary	Securities Representative
Name	Wu Yongjun	Miao Leiqiang
Address	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China
Tel.	0755-26609138	0755-26609138
Fax	0755-26601139	0755-26601139
Email address	szkonka@konka.com	szkonka@konka.com

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	Securities Times, etc.
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Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn/new/index
Place where this Report is lodged	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China

IV Change to Company Registered Information

Unified social credit code	914403006188155783
Change to principal activity of the Company since going public (if any)	No change
Every change of controlling shareholder since incorporation (if any)	No change

V Other Information

The independent audit firm hired by the Company:

Name	Shinewing Certified Public Accountants LLP
Office address	9/F, Block A, Fuhua Mansion, No.8 Chaoyangmen North Street, Dongcheng District, Beijing, China
Accountants writing signatures	Guo Dongchao and Liu Lihong

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

VI Key Financial Information

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

Yes No

	2019	2018	2019-over-2018 change (%)	2017
Operating revenue (RMB)	55,119,125,478.72	46,126,797,341.33	19.49%	31,227,763,249.71
Net profit attributable to the listed company's shareholders (RMB)	212,034,210.08	411,289,744.68	-48.45%	5,057,025,155.71

Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-1,875,722,546.18	-795,400,491.44	-135.82%	-97,284,945.83
Net cash generated from/used in operating activities (RMB)	-1,543,947,284.59	-3,229,823,872.66	52.20%	-4,314,257,622.47
Basic earnings per share (RMB/share)	0.0881	0.1708	-48.42%	2.1001
Diluted earnings per share (RMB/share)	0.0881	0.1708	-48.42%	2.1001
Weighted average return on equity (%)	2.62%	5.11%	-2.49%	63.26%
	31 December 2019	31 December 2018	Change of 31 December 2019 over 31 December 2018 (%)	31 December 2017
Total assets (RMB)	42,586,955,452.27	32,985,061,889.03	29.11%	23,558,735,469.78
Equity attributable to the listed company's shareholders (RMB)	8,068,505,598.13	8,104,736,790.53	-0.45%	7,994,145,476.61

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	10,772,118,842.18	15,264,323,971.66	15,644,806,446.79	13,437,876,218.09

Net profit attributable to the listed company's shareholders	85,566,720.43	267,200,300.30	97,725,667.63	-238,458,478.28
Net profit attributable to the listed company's shareholders before exceptional gains and losses	-418,684,690.19	-204,226,943.38	-423,396,028.22	-829,414,884.39
Net cash generated from/used in operating activities	-540,740,144.72	-1,502,216,027.05	-529,623,670.17	1,028,632,557.35

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2019	2018	2017	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,202,401,420.41	732,818,574.90	6,470,215,253.82	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	1,204,519,346.40	259,609,022.27	178,372,701.34	
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments	0.00	220,045,229.63		
Gain or loss on assets entrusted to other entities for investment or management	71,541,978.85	182,022,653.32	70,070,846.08	
Gain or loss on debt restructuring	14,515,006.57			
Gain or loss on fair-value changes in held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other investments in debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	49,472,415.17	39,542,461.74	-63,931,276.14	
Gain or loss on loan entrustments	1,992,676.20	1,389,042.48	808,737.50	

Non-operating income and expense other than the above	121,189,478.51	73,907,331.00	41,449,367.77	
Other gains and losses that meet the definition of exceptional gain/loss	145,586,810.18	17,974,523.98	87,640,651.87	
Less: Income tax effects	545,067,993.60	253,497,204.45	1,603,618,658.08	
Non-controlling interests effects (net of tax)	178,394,382.43	67,121,398.75	26,697,522.62	
Total	2,087,756,756.26	1,206,690,236.12	5,154,310,101.54	--

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

Applicable Not applicable

Item	Amount involved (RMB)	Reason
Tax rebates on software	39,348,087.93	Government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

(I) The Consumer Electronic Division

This division primarily comprises the multimedia sub-division, the white goods sub-division and the mobile phone sub-division, with details as follows:

1. The Multimedia Sub-Division

The Company provides multimedia products and services, including colour TVs and Internet TV services, for both domestic and overseas markets.

The domestic sales of the Company's colour TVs are realized mainly through B2B (Business-to-Business) and B2C (Business-to-Consumer), with its branch companies, business departments and after-sales maintenance points operating across the country. And the Company profits from the margins between the costs and the selling prices of its colour TVs.

As for selling its colour TVs abroad, the Company mainly relies on B2B. Its colour TVs are sold to Asia Pacific, Middle East, Central & South America, East Europe, etc. And operating profit source is also the differences between the costs and the selling prices of its colour TVs.

Internet business is based on the intelligent TV terminals sold by our company. It mainly carries out three aspects of business. Firstly, it works with other Internet companies to provide end users with, among other content, video, educational, music, medical and game content to generate earnings. Secondly, it analyses user behaviours and offer certain free, interactive services to increase attractiveness to users, promote its brand and stimulate desire for its hardware products. Finally, it is trying to build an Internet TV platform with tens of millions of users, on which it will profit through commercial and application distribution. This Internet TV business is key to the Company's Internet-oriented transformation and upgrade to a development model of "hardware + software" and "smart TV + end users".

2. The White Goods Sub-Division

The white goods produced by the Company mainly include refrigerators, washing machines, air conditioners, freezers, etc., which are sold through B2B and B2C mainly to the domestic market. And the Company profits from the margins between the costs and the selling prices of its white goods.

3. The Mobile Phone Sub-Division

The mobile phones of the Company are sold to both the domestic and overseas markets. The overseas sales mainly rely on B2B and the profit comes from the margins between the costs and the selling prices of the mobile phones. As for the domestic sales of its mobile phones, the Company relies on B2B and B2C, and profits mainly from the costs and the selling prices of its products and

slightly from the related value added services.

(II) The Industry Trade Business

In the industry trade business, the Company benefits from purchasing and processing IC chips, LCD screens, etc., which are raw materials in its traditional core business, from upstream suppliers and selling them to downstream customers. The industry trade business can help the Company establish good relationships with its upstream suppliers and downstream customers, and keep it informed of prices of the materials used in its production for better cost control over its existing products.

(III) The Environmental Protection Division

Currently, this business focuses on water treatment, recycling of renewable resources and the new material of glass ceramic. Water engineering PPP (Public-Private Partnership) projects are undertaken under BOT (Build-Operate-Transfer) or EPC (Energy Performance Contracting) models. Renewable resources are collected, sorted, processed, distributed and sold. And glass ceramic products are developed, produced and marketed.

(IV) The Semi-Conductor Division

Currently, the Company is engaged in storage, optoelectronics, etc. with respect to the semi-conductor business. In storage, the Company primarily designs and markets master storage chips, and intends to engage in packaging and testing of storage products. In optoelectronics, the Company primarily develops Micro LED-related products.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	Up 31.38% as at 31 December 2019 compared to 31 December 2018, primarily driven by the reclassification of equity interests in formerly consolidated subsidiary to a long-term equity investment measured at fair value due to loss of control, and new investments in equity interests in associates.
Fixed assets	No significant change
Intangible assets	Up 64.45% as at 31 December 2019 compared to 31 December 2018, primarily driven by the RMB450 million of land use rights purchased by the Smart factory business in 2019
Construction in progress	Up 97.14% as at 31 December 2019 compared to 31 December 2018, primarily driven by the commencement of construction of certain PPP projects in 2019 in the environmental protection business

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

The Company's core competitiveness lies in its R&D ability, brand, marketing network and human resources. It has developed a three-level R&D system of "Konka Research Institute-Multimedia R&D Centre-specialized design institutes", with close to 100 core technologies and approximately 1,500 R&D personnel. Meanwhile, it has introduced approximately 100 technological professionals for its two programs of Micro LED and master storage chips. It also boasts a strong brand presence among consumers, as well as among banks and other financing channels. Additionally, its domestic marketing and service network, including more than 60 branch companies, over 200 offices and about 3,000 after-sales service stations across the country, directly connect to around 3,000 retail terminals, along with a well-established overseas marketing network. Meanwhile, it has high-level personnel with years of rich management and industry experience, as well as a high-quality team with strong execution capabilities.

Part IV Operating Performance Discussion and Analysis

I Overview

In 2019, the Company carried on with its long-term development strategy of “Technology + Industry + Park”. It strengthened the capability of independent innovation, deepened the development of core technologies, vigorously promoted emerging businesses, as well as devoted itself to business restructuring and transformation. These efforts have produced good results. The color TV business of the Company reported a loss due to rising costs, fiercer competition, etc. For 2019, the Company recorded operating revenue of RMB55.119 billion, up 19.49% year-on-year. Net profit attributable to the Company as the parent stood at RMB212 million, representing a year-on-year drop of 48.45%. What the Company has accomplished in 2019 is summarized as follows:

(I) Continuously Increase the R&D Investment and Boost the Technical Innovation

In 2019, the Company invested RMB501 million in R&D, up 26.27% year-on-year. As a result, the Company made the following R&D achievements: the National Second Prize for Progress in Science and Technology was awarded to the Company’s programme the Digital TV Broadcast System and the Domestication of Core Chips; the programme led by the Company the Research and Industrialization of the Next-generation Internet Intelligent Terminal Key Technology won the Guangdong Provincial Second Prize for Progress in Science and Technology; the programme independently completed by the Company the Research and Industrialization of Key Quality Management Technologies for Food in Refrigerators won the Third Prize for Progress in Science and Technology of the China Light Industry Council; the 8K Equipment End-to-End Signal Connection Key Technology and R&D of Terminal Display Products was included in the Key R&D Programmes of Guangdong Province; the Company cooperatively completed the programme Non-point River Basin Pollution Cause Analysis and Control Key Technology and won the National Second Prize for the Environmental Protection. In order to promote industry-university-research cooperation, introduce and gather high-level talents, and enhance independent innovation and core competitiveness, in the report period the Company established the Academician Workstation together with Academician Li Jiachun.

(II) Continue the Brand Construction

In 2019, the Company aimed at building its international and technology-based corporate image and making its brand more attractive to young and high-end oriented. In order to revitalize the Konka brand, the Company applied various strategies, initiated the CCTV National Brand Plan, signed a cooperation contract with Lu Han, a top star, and boosted its brand upgrading by launching the

sub-brand Aphaea and reshaping the Frestech Electric brand. Throughout the year, the Company invested approximately RMB460 million in branding, up 31.57% year-on-year, and made unremitting effort to build its new image--an international high-end brand more attractive to young through scientific and technological innovations.

(III) Various Industrial Park Projects were Implemented.

In 2019, various industrial park projects of the Company were implemented to facilitate and guarantee its strategic transformation and upgrading and expansion of emerging industries, including Konka (Chuzhou) Smart Appliances and Equipment Industrial Park, Yibin Konka Smart Terminal High-Tech Park, Dongguan Konka Smart Industrial Park, Chongqing Konka Semi-conductor Optoelectronics Industrial Park, Suining Konka Electronic Technology Industrial Park, Konka Chuzhou Technological Innovation Centre, Yantai Great Health Accelerator Industrial Park, and Haimen Headquarter for Eastern China etc..

(IV) Promote the Core Competitiveness through the Micro LED Layout.

In June 2019, the Company entered a cooperation agreement with Chongqing Bishan District People's Government with the proposal of building Chongqing Konka Semi-conductor Optoelectronics Industrial Park; in September 2019, the Company formally established its holding subsidiary Chongqing Konka Optoelectric Technology Institute Co., Ltd. specialized in the R&D, design and production of Micro LED. Nowadays, in the field of Micro LED, the Company are applying 99 patents, and its independently-developed Micro LED Display Screen and Micro LED light-emitting chip have been successfully illuminated in the laboratory.

(V) Business Operation Highlights

1. Industrial Product Division

(1) The Multimedia Sub-division

In 2019, the Company's multimedia business launched its high-end sub-brand Aphaea. Besides, the Company vigorously expanded the overseas operation of its self-owned brand, and established a joint venture company in Egypt to realize the localized operation. The Company also set up a marketing company in the U.S.A, laying a good foundation for its global layout.

(2) The White Goods Sub-division

After the acquisition of Frestec Electrical Appliances, the Company internally optimized the R&D, purchasing, production, sales and after-sales service of the white goods. Externally, the Company integrated various channel resources, realized the reuse of channels owned by upstream suppliers and downstream suppliers between Frestec Electric and Konka, continuously improved the product marketing structure, strengthened the online channel management and enhanced the management quality. In the year, the Company's white goods business achieved operating revenue of RMB3.829 billion, up 79.97% year-on-year.

(3) The Environmental Protection Technology Sub-division

In 2019, in terms of the water treatment business, the Company won 14 bids with the bid-winning contract amount exceeding RMB10 billion. As the Company always highlights the scientific and technological R&D and investment into the environmental protection business, it successfully set up the academician workstation and jointly established laboratories with various colleges and universities including Harbin Institute of Technology. In addition, the Company cooperatively completed the programme Non-point River Basin Pollution Cause Analysis and Control Key Technology and won the National Second Prize for the Environmental Protection.

(4) The Semiconductor Technology Sub-division

In 2019, the Company developed its semi-conductor technology business step by step. On one hand, the Company established its holding subsidiary Chongqing Konka Optoelectric Technology Institute Co., Ltd. in charge of the Micro LED business, and its independently-developed Micro LED Display Screen and Micro LED light-emitting chip have been successfully illuminated in the laboratory; on the other hand, the storage main control chips independently developed by the Company's holding subsidiary Hefei Konsemi were put into volume production. The first batch of chips (100,000) were sold out in December 2019. In addition, the company's memory chip testing base has completed the preliminary planning, is expected to be in trial production at the end of 2020.

(5) The Mobile Internet Sub-division

In 2019, by means of the strategic analysis and operational adjustment, the Company's mobile Internet business recorded a year-on-year growth of 16.97% in operating revenue, and gradually transformed from the manufacturing and sales of mobile phones into a provider of multiple intelligent terminal solutions.

(6) The PCB Sub-division

In May 2019, the Company established the PCB Business Division. By means of the industrial structure establishment, the resources integration, the industrial park upgrading and the overall layout, the Company increased the product scale and propelled its high-end orientation.

2. Technology Park Division

In 2019, the Company vigorously promoted the strategy of "Technology+Industry+Park", continuously developed new projects and accelerated the construction of various projects. For example, the lands for the construction of Konka (Chuzhou) Smart Appliances and Equipment Industrial Park and Yibin Konka Smart Terminal High-Tech Park were obtained, and the workshop building was capped; as the lands for the construction of Dongguan Konka Smart Industrial Park, Chongqing Konka Semi-conductor Optoelectronics Industrial Park, Yancheng Semiconductor Packaging and Testing Base, Suining Konka Electronic Technology Industrial Park were obtained, they are now under construction. Meanwhile, great effort is also made to positively implement other industrial park projects including the transformed Wankang Town and Guxian Environmental

Protection Technology Town etc..

3. Platform Service Division

(1) The Industry Trade Business

In 2019, the company's industrial and trade business will further expand to the processing link: through cooperation with leading enterprises in the industry, the company established Anhui kangjiadebao New Material Technology Co., Ltd. in 2019, which plans to face the home appliance, automobile, office equipment, plastic packaging market, carry out the production and sales of modified plastics, and gradually explore the field of high-end modified plastics to improve products Card value.

(2) The Internet Sub-division

In 2019, through positively adjusting the strategies and optimizing the business structure, the Company successfully sought various channels for acquiring traffics, and achieved revenue of RMB590 million with a gross profit of RMB230 million in its Internet business.

4. Financial Investment Division

(1) The Investment Sub-division

In 2019, the Company emphasized the layout of key fields including semiconductors, environmental protection and new materials, and vigorously promoted the application of industrial funds. In the same year, Orient Konka Industrial M&A Funds invested by the Company achieves a total investment of RMB600 million, and the Company is also preparing other funds projects. However, the Company's wholly-owned subsidiary Konka Capital has obtained corresponding qualification as the private equity and venture capital fund manager.

(2) The Venture Capital Investment Sub-division

Up to the end of 2019, the Company respectively set up 11 scientific innovation centers in Shenzhen, Yantai, Nanjing, Guiyang, Chengdu, Yibin, Dayi and Kunming, and established 7 offices in Chicago and Silicon Valley etc.. At present, the Company has successively built 15 incubators for its scientific innovation business and 82 enterprises are incubating.

II Core Business Analysis

(I) Overview

See “I Overview” above.

(II) Revenue and Cost Analysis

1. Breakdown of Operating Revenue

Unit: RMB

	2019		2018		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	55,119,125,478.72	100%	46,126,797,341.33	100%	19.49%
By operating division					
Electronics	14,746,927,518.74	26.75%	13,170,227,703.47	28.55%	11.97%
The Industry Trade Business	32,744,925,411.86	59.41%	28,348,817,442.89	61.46%	15.51%
Environmental protection	7,079,397,665.91	12.84%	3,020,514,260.13	6.55%	134.38%
Other	547,874,882.21	0.99%	1,587,237,934.84	3.44%	-65.48%
By product category					
Colour TVs	8,765,607,417.92	15.90%	9,892,486,636.93	21.45%	-11.39%
Mobile phones	387,519,655.81	0.70%	331,298,592.29	0.72%	16.97%
White goods	3,829,318,820.56	6.95%	2,127,731,143.29	4.61%	79.97%
The Industry Trade Business	32,744,925,411.86	59.41%	28,348,817,442.89	61.46%	15.51%
Environmental protection	7,079,397,665.91	12.84%	3,020,514,260.13	6.55%	134.38%
Other	2,312,356,506.66	4.20%	2,405,949,265.80	5.22%	-3.89%
By operating segment					
Domestic	20,324,715,174.80	36.87%	16,868,143,462.93	36.57%	20.49%
Overseas	34,794,410,303.92	63.13%	29,258,653,878.40	63.43%	18.92%

2. Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Electronics	14,746,927,518.74	13,118,800,956.63	11.04%	11.97%	16.52%	-3.48%
The Industry Trade Business	32,744,925,411.86	32,376,857,384.01	1.12%	15.51%	15.35%	0.13%

Environmental protection	7,079,397,665.91	6,379,216,880.51	9.89%	134.38%	142.14%	-2.89%
By product category						
Colour TVs	8,765,607,417.92	8,005,508,211.90	8.67%	-11.39%	-7.87%	-3.49%
Supply chain management	32,744,925,411.86	32,376,857,384.01	1.12%	15.51%	15.35%	0.13%
Environmental protection	7,079,397,665.91	6,379,216,880.51	9.89%	134.38%	142.14%	-2.89%
By operating segment						
Domestic	20,324,715,174.80	17,807,235,103.96	12.39%	20.49%	21.60%	-0.80%
Overseas	34,794,410,303.92	34,330,963,397.07	1.33%	18.92%	20.11%	-0.98%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

Applicable Not applicable

3. Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2019	2018	Change (%)
Electronics	Unit sales	0,000 units	1,434	1,232	16.40%
	Output	0,000 units	1,523	1,063	15.05%
	Inventory	0,000 units	105	129	-18.60%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

4. Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

5. Breakdown of Cost of Sales

By product category

Unit: RMB

Product category	Item	2019		2018		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Color TVs	Color TVs	8,005,508,211.90	15.35%	8,689,731,404.20	20.10%	-7.87%
Mobile phones	Mobile phones	365,230,272.39	0.70%	327,425,343.91	0.76%	11.55%
White goods	White goods	3,299,314,084.65	6.33%	1,767,282,597.98	4.09%	86.69%

The Industry Trade Business	Supply chain services	32,376,857,384.01	62.10%	28,068,819,224.05	64.93%	15.35%
Environmental protection	Environmental protection	6,379,216,880.51	12.24%	2,634,491,782.63	6.09%	142.14%
Other	Other	1,712,071,667.58	3.28%	1,739,863,561.68	4.02%	-1.60%

Note:

The year-on-year change of cost of sales and operating revenue.

6. Changes in the Scope of Consolidated Financial Statements for the Reporting Period

√ Yes □ No

Company name	Registered capital (RMB'0,000)	The Company's interest (%)	Date of change	Reason for change
Shenzhen Konka Shengxing Enterprise Co., Ltd.	10,000,000	51.00	2019-1-3	Newly established
Shenzhen Youzhihui Technology Co., Ltd.	10,000,000	100.00	2019-1-24	Newly established
Suining Konka Electronic Technological Innovation Co., Ltd.	200,000,000	100.00	2019-2-22	Newly established
Shenzhen Xiaojia Technology Co., Ltd.	10,000,000	100.00	2019-3-5	Newly established
Yibin Konka Smart Technology Co., Ltd.	20,000,000	100.00	2019-3-12	Newly established
Konka Huanjia (Henan) Environmental Technology Co., Ltd.	100,000,000	51.00	2019-4-1	Newly established
Laizhou Lairun Sewage Treatment Co., Ltd.	56,361,600	24.14	2019-4-11	Newly established
Funan Kangrun Water Co., Ltd.	122,500,000	40.55	2019-5-10	Newly established
Hefei Yihe Electronic Co., Ltd.	10,000,000	51.00	2019-5-14	Newly established
Lushan Kangrun Environment Management Co., Ltd.	100,000,000	45.44	2019-6-3	Newly established
Chongqing Konka Technology Development Co., Ltd.	120,000,000	100.00	2019-6-6	Newly established
Dongguan Konka Investment Co., Ltd.	100,000,000	100.00	2019-6-28	Newly established
Wuhan Runyuan Sewage Treatment Co., Ltd.	142,800,000	35.70	2019-7-15	Newly established
Kanghao Technology Co., Ltd.	2,000,000	67.00	2019-7-22	Newly established
Chongqing Kangxingrun Environmental Protection Technology Co., Ltd.	50,000,000	51.00	2019-8-12	Newly established
Chongqing Zhengmao Semiconductor Co., Ltd.	10,000,000	51.00	2019-8-15	Newly established
Shenzhen Konka Industrial Park Development Co., Ltd.	100,000,000	51.00	2019-9-4	Newly established

Shenzhen Konka Chuangzhi Electric Appliance Co., Ltd.	10,000,000	100.00	2019-9-5	Newly established
Kanghong (Yantai) Environmental Protection Technology Co., Ltd.	30,000,000	51.00	2019-9-5	Newly established
Tongchuan Kangrun Honghui Environment Management Co., Ltd.	76,000,000	45.39	2019-9-10	Newly established
Konka North America LLC	1,000,000	100.00	2019-9-13	Newly established
Haimen Konka Smart Technology Co., Ltd	50,000,000	100.00	2019-9-29	Newly established
Boxing County Xingkang Environmental Protection Technology Co., Ltd.	100,000,000	35.70	2019-9-30	Newly established
Shenzhen Konka Huiying Technology Co., Ltd.	50,000,000	51.00	2019-9-30	Newly established
Chongqing Konka Photoelectric Technology Research Institute Co., Ltd.	2,000,000,000	75.00	2019-9-30	Newly established
Shenzhen Konka Zhitong Technology Co., Ltd.	10,000,000	51.00	2019-10-9	Newly established
Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.	100,000,000	56.00	2019-10-29	Newly established
Chongqing Konka Huiying Technology Co., Ltd.	30,000,000	51.00	2019-10-30	Newly established
Jiangkang (Shanghai) Technology Co., Ltd.	20,000,000	51.00	2019-11-1	Newly established
E2info (Hainan) Network Technology Co., Ltd.	3,000,000	95.78	2019-11-6	Newly established
Chongqing Konka Properties Development Co., Ltd.	50,000,000	51.00	2019-11-7	Newly established
Kanghong (Yantai) Environmental Protection Technology Industrial Park Co., Ltd.	10,000,000	51.00	2019-11-18	Newly established
Chongqing Konka Xingyi Properties Co., Ltd.	50,000,000	51.00	2019-11-18	Newly established
Shenzhen Konka Kangxin Technology Co., Ltd.	10,000,000	51.00	2019-11-21	Newly established
Chongqing Konka Fuze Properties Co., Ltd.	50,000,000	51.00	2019-11-21	Newly established
Suining Jiarun Properties Co., Ltd.	10,000,000	100.00	2019-11-26	Newly established
Shenzhen Konka Zhizao Technology Co., Ltd.	20,000,000	51.00	2019-11-29	Newly established
Anhui Konka Jiadebao New Material Technology Co., Ltd.	50,000,000	60.00	2019-11-29	Newly established
Yuekang Semiconductor Technology (Yantai) Co., Ltd.	100,000,000	100.00	2019-12-5	Newly established
Ningbo Kanghanrui Electrical Appliances Co., Ltd.	150,000,000	60.00	2019-12-10	Newly established

Henan Frestec Smart Ecological Electrical Appliance Co., Ltd.	10,000,000	51.00	2019-12-11	Newly established
Hefei Chain Kingdom Memory Technologies Co., Ltd.	5,000,000	51.00	2019-12-18	Newly established
Chengdu Konka Smart Technology Co., Ltd.	50,000,000	100.00	2019-12-20	Newly established
Chengdu Konka Electronics Co., Ltd.	50,000,000	100.00	2019-12-20	Newly established
Hubei Kangxinlong Environmental Protection Co., Ltd.	30,000,000	51.00	2019-12-23	Newly established
Tingyuan Environmental Protection Technology (Shanghai) Co., Ltd.	50,000,000	51.00	2019-12-24	Newly established
Chuzhou Kangxin Health Industry Development Co., Ltd.	30,000,000	100.00	2019-12-25	Newly established
Yantai Kangyun Industrial Development Co., Ltd.	30,000,000	51.00	2019-12-30	Newly established
Yantai Laikang Industrial Development Co., Ltd.	10,000,000	51.00	2019-12-30	Newly established
Chuzhou Konka Technology Industry Development Co., Ltd.	40,000,000	49.00	2019-6-21	Equity transfer
Shenzhen Konka E-display Co., Ltd.	2,000,000	100.00	2019-6-21	Losing control power
Chuzhou Kangjin Health Industry Development Co., Ltd.	30,000,000	49.00	2019-9-25	Equity transfer
Shenzhen Kangyue Enterprise Co., Ltd.	20,000,000	49.00	2019-12-26	Equity transfer
Haimen Kangjian Technology Industrial Park Operations Management Co., Ltd.	100,000,000	30.00	2019-8-12	Equity transfer
Yantai Kangyue Investment Co., Ltd.	20,000,000	49.00	2019-12-26	Losing control power

7. Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

8. Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	17,388,591,156.50
Total sales to top five customers as % of total sales of the Reporting Period (%)	31.55%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	7,331,759,302.16	13.30%
2	Customer B	5,865,449,956.62	10.64%
3	Customer C	1,874,539,856.30	3.40%
4	Customer D	1,410,894,148.68	2.56%
5	Customer E	905,947,892.74	1.64%
Total	--	17,388,591,156.50	31.55%

Other information about major customers:

Applicable Not applicable

None of the top five customers were related parties of the Company. And none of the Company's directors, supervisors, executive officers, core technicians, over 5% shareholders, actual controller or any other related parties held equity interests in the major customers, directly or indirectly.

Major suppliers:

Total purchases from top five suppliers (RMB)	19,691,061,479.97
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	38.48%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier 1	8,557,141,283.65	16.72%
2	Supplier 2	5,033,534,194.87	9.84%
3	Supplier 3	2,626,139,417.84	5.13%
4	Supplier 4	1,773,307,908.59	3.47%
5	Supplier 5	1,700,938,675.01	3.32%
Total	--	19,691,061,479.97	38.48%

Other information about major suppliers:

Applicable Not applicable

None of the top five customers were related parties of the Company. And none of the Company's directors, supervisors, executive officers, core technicians, over 5% shareholders, actual controller or any other related parties held equity interests in the major customers, directly or indirectly.

3. Expense

Unit: RMB

	2019	2018	Change (%)	Reason for any significant change
Selling expense	2,303,132,732.06	2,282,174,241.64	0.92%	
Administrative expense	856,529,327.62	641,892,996.18	33.44%	Newly increase in current operating expense of subsidiary, reflecting in the increase of labor charges, depreciation costs, consulting fee, patent fee and rental expense.
Finance costs	775,888,813.14	399,165,814.39	94.38%	Increase in borrowing scale
R&D expense	500,600,102.23	396,460,145.24	26.27%	Increase in R&D expense in 2019

4. R&D Expense

Applicable Not applicable

Within the Reporting Period, the Company invested RMB501 million as the R&D Expenses, realizing a year-on-year growth of 26.27%. As a result, the Company made the following R&D achievements: the National Second Prize for Progress in Science and Technology was awarded to the Company's programme *the Digital TV Broadcast System and the Domestication of Core Chips*; the programme led by the Company *the Research and Industrialization of the Next-generation Internet Intelligent Terminal Key Technology* won the Guangdong Provincial Second Prize for Progress in Science and Technology; the programme independently completed by the Company *the Research and Industrialization of Key Quality Management Technologies for Food in Refrigerators* won the Third Prize for Progress in Science and Technology of the China Light Industry Council; *the 8K Equipment End-to-End Signal Connection Key Technology and R&D of Terminal Display Products* was included in the Key R&D Programmes of Guangdong Province; the Company cooperatively completed the programme *Non-point River Basin Pollution Cause Analysis and Control Key Technology* and won the National Second Prize for the Environmental Protection; the Company established the Academician Workstation together with Academician Li Jiachun. While the Company was continuously improving the core competitiveness, it continued corresponding technical innovation and various proposals for rationalization so as to increase the production efficiency and enhance the core competitiveness.

Details about R&D expense:

	2019	2018	Change (%)
Number of R&D personnel	1,494	1,467	1.84%
R&D personnel as % of total employees	7.75%	7.74%	0.01%
R&D expense (RMB)	500,600,102.23	396,460,145.24	26.27%
R&D expense as % of operating revenue	0.91%	0.86%	0.05%
Capitalized R&D expense (RMB)	0.00	0.00	0.00%
Capitalized R&D expense as % of total R&D expense	0.00%	0.00%	0.00%

Reasons for any significant YoY change in the percentage of R&D expense in operating revenue:

Applicable Not applicable

Reason for any sharp variation in the percentage of capitalized R&D expense and rationale:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2019	2018	Change (%)
Subtotal of cash generated from operating activities	59,732,534,490.78	50,553,979,675.62	18.16%
Subtotal of cash used in operating activities	61,276,481,775.37	53,783,803,548.28	13.93%
Net cash generated from/used in operating activities	-1,543,947,284.59	-3,229,823,872.66	52.20%
Subtotal of cash generated from investing activities	2,952,154,902.91	2,900,532,752.51	1.78%
Subtotal of cash used in investing activities	6,814,764,242.49	5,152,413,759.55	32.26%
Net cash generated from/used in investing activities	-3,862,609,339.58	-2,251,881,007.04	-71.53%
Subtotal of cash generated from financing activities	32,403,367,267.48	15,345,431,150.38	111.16%
Subtotal of cash used in financing activities	25,938,350,195.40	9,548,537,823.66	171.65%
Net cash generated from/used in financing activities	6,465,017,072.08	5,796,893,326.72	11.53%
Net increase in cash and cash equivalents	1,059,552,435.50	336,249,777.96	215.11%

Explanation of why any of the data above varies significantly:

Applicable Not applicable

Reasons for the change of inflow and outflow of financing activities: in order to optimize the financing structure, further reduce the financing cost, and ensure the capital adequacy and capital flow stability of the enterprise, the company will issue RMB5 billion of private corporate bonds in 2019, increase the long-term borrowing by RMB4.4 billion, and arrange short-term borrowing and financing according to the capital needs.

Reason for any big difference between the net operating cash flow and the net profit for this Reporting Period: the increase in cash deposits that cannot be withdrawn at any time.

Applicable Not applicable

III Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Exceptional or recurrent

Investment income	1,183,381,090.39	262.64%	Dividends from subsidiaries	Exceptional
Gain/loss on changes in fair value	-3,005,381.67	-0.67%		Exceptional
Asset impairments	-303,035,915.82	-67.26%	Impairment of receivables	Exceptional
Non-operating income	165,843,388.94	36.81%		Tax rebates of software is recurrent and others are uncertain
Non-operating expense	18,533,352.41	4.11%		Exceptional

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standard Governing Financial Instruments, Revenue or Leases in 2019

√ Applicable □ Not applicable

Unit: RMB

	31 December 2019		31 December 2018		Change in percent age (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary capital	6,599,360,051.61	15.50%	4,348,144,129.53	13.18%	2.32%	
Accounts receivable	4,416,179,657.87	10.37%	4,457,458,904.32	13.51%	-3.14%	
Inventories	5,318,503,044.69	12.49%	5,487,605,227.05	16.64%	-4.15%	
Investment property	400,197,374.07	0.94%	210,824,355.72	0.64%	0.30%	
Long-term equity investments	3,465,541,196.89	8.14%	2,637,780,825.53	8.00%	0.14%	
Fixed assets	2,561,254,191.55	6.01%	2,410,226,495.81	7.31%	-1.30%	
Construction in progress	4,291,544,368.52	10.08%	2,176,871,530.80	6.60%	3.48%	

Short-term borrowings	10,332,687,239.63	24.26%	13,884,132,931.63	42.09%	-17.83%	Repaid the partial short-term borrowings in 2019 to optimize the financing structure.
Long-term borrowings	4,890,315,729.90	11.48%	445,000,000.00	1.35%	10.13%	Newly adding in long-term borrowings of RMB3.3 billion.

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Ending amount
Financial assets							
1. Trading financial assets (derivative financial assets excluded)	66,959,651.89					-5,464,984.92	61,494,666.97
4. Other equity instrument investment	23,940,214.36	1,501,956.00	1,501,956.00	9,800,000.00	6,000,000.00		21,642,170.36
Subtotal of financial assets	90,899,866.25	1,501,956.00	1,501,956.00	9,800,000.00	6,000,000.00	-5,464,984.92	83,136,837.33
Other	741,891,626.27	49,757,327.83	49,757,327.83		1,298,308,671.82	-193,661,626.27	1,896,295,999.65
Total of the above	832,791,492.52	51,259,283.83	51,259,283.83	9,800,000.00	1,304,308,671.82	-199,126,611.19	1,979,432,836.98
Financial liabilities	2,459,603.25					-2,459,603.25	

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value (RMB)	Reason for restriction
Monetary assets	2,105,658,134.39	Among them, 2060124748.03 yuan is margin deposit, pledge is used for borrowing or issuing bank acceptance bill, 17602910.31 yuan is financial supervision account fund; 17358307.91 yuan is fixed deposit that can not be withdrawn in advance; 10572168.14 yuan is restricted due to other reasons.

Notes receivable	1,446,285,041.78	The company uses the bank acceptance bill with book value of RMB 1446285041.78 as pledge for comprehensive financing business such as issuing bank acceptance bill, letter of credit, letter of guarantee, trade financing, Bill pool, etc.
Fixed assets	541,531,198.68	For mortgage borrowings. Refer to 23. Short-term Borrowings and 32. Long-term Borrowings in Note VI
Intangible assets	106,367,068.52	
Long-term receivables	351,861,826.09	For mortgage borrowings. Refer to 32. Long-term Borrowings in Note VI.
Total	4,551,703,269.46	

V Investments Made

1. Total Investment Amount

Applicable Not applicable

Amount of Reporting Period (RMB)	Amount of the same period of last year (RMB)	Change (%)
1,357,746,303.50	2,430,495,935.00	-44.14%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

Unit: RMB

Item	Investment method	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated revenues	Accumulative realized revenues as of the period-end	reason for not meeting the schedule and expected revenues	Disclosure date (if any)	Disclosure index (if any)

Dongguan Konka Smart Industrial Park	Self- build	Yes	Elect ronic indus try	203,564,9 70.00	203,564,970. 00	Self- owne d funds				N/A	11 March 2017
Yibin Konka Smart Terminal High-T ech Park	Self- build	Yes	Elect ronic indus try	73,825,83 5.22	93,075,835.2 2	Self- owne d funds				N/A	16 Decem ber 2017
Suining Konka Electro nic Technol ogy Industri al Park	Self- build	Yes	Elect ronic indus try	63,321,47 7.77	63,321,477.7 7	Self- owne d funds				N/A	17 October 2018
Konka (Chuzh ou) Smart Applian ces and Equipm ent Industri al Park	Self- build	Yes	Elect ronic indus try	116,570,0 00.00	192,792,400. 00	Self- owne d funds				N/A	25 Decem ber 2018
Chongq ing Konka Semico nductor Photoel ectric Industri al Park	Self- build	Yes	Elect ronic indus try	66,769,66 3.80	66,769,663.8 0	Self- owne d funds				N/A	14 June 2019

<http://www.cninfo.com.cn/new/index>

Guxian Environmental Protection Technology Town	Self-build	Yes	Environmental protection industry	0	0	Self-owned funds				N/A	26 November 2019
Yancheng Semiconductor Assembly & Test Base	Self-build	Yes	Electronic industry	0	0	Self-owned funds				N/A	26 November 2019
Total	--	--	--	524,051,946.79	619,524,346.79	--	--			--	--

Note: With respect to Konka (Chuzhou) Smart Appliances and Equipment Industrial Park, the land has been obtained and the main building of factory has been completed to seal the top; as for Dongguan Konka Smart Industrial Park, Chongqing Konka Semiconductor Photoelectric Industrial Park, Yancheng Semiconductor Assembly & Test Base and Suining Konka Electronic Technology Industrial Park, the land has been obtained and are in construction. As for Guxian Environmental Protection Technology Town, preparations are underway and the Company is waiting for the local government to put out the project target land for bids.

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

Legal matters involved (if applicable)	U.S. dollar financings
Disclosure date of board announcement approving derivative investment (if any)	None
Disclosure date of shareholders' meeting announcement approving derivative investment (if any)	24 May 2014
Analysis of risks and control measures	10 June 2014

associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	
Legal matters involved (if applicable)	We engage in forward forex transactions to reduce the currency risk when securing foreign-currency financing. This is very needed in our routine operation and is in compliance with the applicable laws and regulations. We have formulated the Management Rules of Konka Group Co., Ltd. for Investment In Derivative Financial Instruments, making clear the relevant consideration and approval procedure, risk control, etc.. We always sign forward forex contracts with large banks such as the Bank of China, which operate steadily and have good credit standing, which could help prevent loss on forward forex contracts due to bank failure.
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	How we usually measure the fair value of derivative financial instruments: Based on the forward forex sales and purchase contracts that are signed between the Company and banks and have not expired in a Reporting Period, we recognize the differences between the quotations for these contracts on the balance sheet dates provided by the banks and the contractual prices as transactional financial assets or liabilities, and the profit/loss on fair value changes is recognized accordingly. Because these contracts have locked in exchange rates, no changes will occur when comparing the fair value on signing dates with that on delivery dates.
Material changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	No material changes
Opinion of independent directors on derivative investments and risk control	It is considered necessary for the Company to lock in foreign-currency financing costs through financial instruments, because it could effectively reduce the currency risk when securing foreign-currency financing. The Company has formulated the internal control mechanism for investment in derivative financial instruments, and the relevant risk control measures that the Company has taken are considered effective.

Unit: RMB'0,000

Type of derivative financial instrument	Beginning contractual amount	Ending contractual amount	Gain/loss in Reporting Period	Ending investment amount as a percentage of the Company's ending net asset value
Forward forex contract	61,356.18	0	-1,329.13	0%

5. Use of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

No such cases in the Reporting Period.

2. Sale of Major Equity Interests

Applicable Not applicable

Counterparty	Equity interests sold	Date of sale	Selling price (RMB', 0,000)	Amount contributed by the equity interests to net income of the Company from period-beginning to date of sale (RMB', 0,000)	Effect of the sale on the Company	Amount contributed by the sale to net income of the Company as a percent age of the Company's net income (%)	Pricing principle	Related-party transaction or not	Relationship between counterpart and the Company	Ownership fully transferred or not	Executed as scheduled or not, if not, state reason and actions taken	Disclosure date	Index to disclosed information
Shenzhen Mingfu Investment Holding Co., Ltd.	15% equity of Shenzhen Konka E-display Commercial Display Co., Ltd.	21 June 2019	3,750	80.73	Optimizing the Company's allocation of assets, increasing	30.36%	Market price	Not	Not related	Yes	Yes	12 April 2019	http://www.cninfo.com.cn/new/index

Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.	51% equity of Chuzhou Konka Technology Industrial Development Co., Ltd.	21 June 2019	6352.05	-124.49	ing assets' liquidity	26.66%	Not lower than assessed value	Yes	The same actual controller	Yes	Yes	11 June 2019
Shanghai OCT Investment Development Co., Ltd.	51% equity of Chuzhou Konka Kangjin Health Industry Development Co., Ltd.	25 September 2019	12,225.43	-192.26		62.68%	Not lower than assessed value	Yes	The same actual controller	Yes	Yes	18 September 2019
Haimen Ronghui Properties Co., Ltd.	40% equity of Haimen Kangjian Technology Industrial Park Operation Management Co., Ltd.	18 December 2019	20,000	-519.78		78.29%	Market price	No	Not related	Yes	Yes	23 October 2019

Chengdu Zhenchen Enterprise Management Co., Ltd.	51% equity of Shenzhen Kangyue Enterprise Co., Ltd.	26 December 2019	3,570	-257.61	14.88%	Market price	Not	Not related	Yes	Yes	2 November 2019
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VII Major Subsidiaries

√ Applicable □ Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Chongqing Konka Technology Development Co., Ltd.	Subsidiary	R&D, sale and services of electronic products	RMB120,000,000	502,174,095.15	449,227,312.77	0	439,007,575.48	329,227,312.77
Suining Konka Industrial Park Development Co., Ltd.	Subsidiary	Industrial park development and construction, operation and management	RMB200,000,000	567,943,253.90	514,730,217.49	0	419,913,415.05	314,730,217.49
Shandong Econ Technology Co., Ltd. (Consolidated)	Subsidiary	Public service-water management	RMB164,000,000	6,472,373,299.31	1,134,111,744.14	2,089,742,540.39	286,491,662.65	263,046,089.57
Dongguan Konka Electronic Co., Ltd.	Subsidiary	Production and sale of multimedia products	RMB266,670,000	1,156,697,006.46	558,632,557.34	717,280,317.50	244,057,512.15	212,384,028.17

Anhui Konka Electronic Co., Ltd.	Subsidiary	Production and sale of multimedia products	RMB140,000,000	1,894,880,139.35	604,187,672.32	2,563,263,261.84	189,970,888.01	207,921,829.24
Hong Kong Konka Co., Ltd.	Subsidiary	Export & import of electromechanical and electronics	HKD500,000	3,043,803,366.53	179,971,519.97	5,545,451,649.18	157,314,952.82	169,787,501.57
Konka Electrical Appliances Investment & Development Co., Ltd.	Subsidiary	Investment platform	HKD500,000	469,276,938.82	103,260,122.51	0.00	98,230,082.63	90,482,643.64
Shenzhen Wankaida Science and Technology Co., Ltd.	Subsidiary	Production and sale of multimedia products	RMB10,000,000	148,665,698.26	136,692,637.94	102,998,520.00	99,966,098.28	85,881,709.46
E2info	Subsidiary	Internet and related services	RMB20,174,070.81	341,930,825.08	191,539,650.62	291,410,136.24	91,318,044.28	79,018,550.58
Chain Kingdom Memory Technologies Co., Limited	Subsidiary	The Industry Trade Business	USD1,500,000	1,589,937,548.58	104,326,303.70	7,255,440,615.91	68,566,540.30	57,623,214.42
Konka Electrical Appliances International Trading Co., Ltd.	Subsidiary	Export & import of electromechanical and electronics	HKD500,000	1,220,213,065.54	-155,129,693.33	1,429,811,363.50	48,291,790.04	48,291,790.04

Subsidiaries obtained or disposed in the Reporting Period:

√ Applicable □ Not applicable

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Shenzhen Konka Shengxing Enterprise Co., Ltd.	Newly established	Beneficial to the development of the Company's relevant business
Shenzhen Youzhihui Technology Co., Ltd.	Newly established	
Suining Konka Electronic Technological Innovation Co., Ltd.	Newly established	
Shenzhen Xiaojia Technology Co., Ltd.	Newly established	
Yibin Konka Smart Technology Co., Ltd.	Newly established	

Konka Huanjia (Henan) Environmental Technology Co., Ltd.	Newly established
Laizhou Lairun Sewage Treatment Co., Ltd.	Newly established
Funan Kangrun Water Co., Ltd.	Newly established
Hefei Yihe Electronic Co., Ltd.	Newly established
Lushan Kangrun Environment Management Co., Ltd.	Newly established
Chongqing Konka Technology Development Co., Ltd.	Newly established
Dongguan Konka Investment Co., Ltd.	Newly established
Wuhan Runyuan Sewage Treatment Co., Ltd.	Newly established
Kanghao Technology Co., Ltd.	Newly established
Chongqing Kangxingrui Environmental Protection Technology Co., Ltd.	Newly established
Chongqing Zhangmao Semiconductor Co., Ltd.	Newly established
Shenzhen Konka Industrial Park Development Co., Ltd.	Newly established
Shenzhen Konka Chuangzhi Electrical Appliance Co., Ltd.	Newly established
Kanghong (Yantai) Environmental Protection Technology Co., Ltd.	Newly established
Tongchuan Kangrun Honghui Environment Management Co., Ltd.	Newly established
Konka North America LLC	Newly established
Haimen Konka Smart Technology Co., Ltd	Newly established
Boxing County Xingkang Environmental Protection Technology Co., Ltd	Newly established
Shenzhen Konka Huiying Technology Co., Ltd.	Newly established
Chongqing Konka Photoelectric Technology Research Institute Co., Ltd.	Newly established
Shenzhen Konka Zhitong Technology Co., Ltd.	Newly established

Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.	Newly established
Chongqing Konka Huiying Technology Co., Ltd.	Newly established
Jiangkang (Shanghai) Technology Co., Ltd.	Newly established
E2info (Hainan) Network Technology Co., Ltd.	Newly established
Chongqing Konka Properties Development Co., Ltd.	Newly established
Kanghong (Yantai) Environmental Protection Technology Industrial Park Co., Ltd.	Newly established
Chongqing Konka Xingyi Properties Co., Ltd.	Newly established
Shenzhen Konka Kangxin Technology Co., Ltd.	Newly established
Chongqing Konka Fuze Properties Co., Ltd.	Newly established
Suining Jiarun Properties Co., Ltd.	Newly established
Shenzhen Konka Zhizao Technology Co., Ltd.	Newly established
Anhui Konka Jiadebao New Material Technology Co., Ltd.	Newly established
Yuekang Semiconductor Technology (Yantai) Co., Ltd.	Newly established
Ningbo Kanghanrui Electrical Appliances Co., Ltd.	Newly established
Henan Frestec Smart Ecological Electrical Appliance Co., Ltd.	Newly established
Hefei Chain Kingdom Memory Technologies Co., Ltd.	Newly established
Chengdu Konka Smart Technology Co., Ltd.	Newly established
Chengdu Konka Electronics Co., Ltd.	Newly established
Hubei Kangxinlong Environmental Protection Co., Ltd.	Newly established

Tingyuan Environmental Protection Technology (Shanghai) Co., Ltd.	Newly established	Bring about gains with large amount
Chuzhou Kangxin Health Industry Development Co., Ltd.	Newly established	
Yantai Kangyun Industrial Development Co., Ltd.	Newly established	
Yantai Laikang Industrial Development Co., Ltd.	Newly established	
Chuzhou Konka Technology Industry Development Co., Ltd.	Transfer partial equity	
Shenzhen Konka E-display Commercial Display Co., Ltd.	Transfer partial equity	
Chuzhou Kangjin Health Industry Development Co., Ltd.	Transfer partial equity	
Shenzhen Kangyue Enterprise Co., Ltd.	Transfer partial equity	
Haimen Kangjian Technology Industrial Park Operations Management Co., Ltd.	Transfer partial equity	
Yantai Kangyue Investment Co., Ltd.	Transfer partial equity	

Information about major majority- and minority-owned subsidiaries:

None

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX. Prospect of the Company's Future Development

In 2020, as combing the operation system and enhancing the management foundation, along the target to be a platform company driven by innovation, the Company strengthened the risk control with the guidance of the development strategy of reform, transformation and upgrading, taking the high-quality sustainable development as the main line to accelerate the revitalization of Konka.

The Company's work plan for 2020 is as follows:

(I) Advocate the Gathering-type Synergy of Existing Businesses

In 2020, the Company will rely on a core to promote the synergetic development of four major business groups, and the core involves the following content:

The first is the semiconductor. As the semiconductor business can be applied to the intelligent terminal product business and expanded to the industrial park business, it is crucial for the Company to develop its core technology and core competitiveness.

The second is the new consumer electronics. The Company will continuously develop the consumer electronics business and enrich its connotation, expand to other related business and product fields and form the new consumer electronics business system and industrial ecology.

The third is the technology park. The technology park business, as an operation and feeding mode, serves as a carrier to promote the growth of new consumer electronics, semiconductor and other industries.

Guided by the strategy of “Technology + Industry + Park”, the Company will focus as the core “Semiconductor + New Consumer Electronics + Technology Park” to drive the synergetic development of four business groups and realize the gathering-type synergetic development.

(II) Strengthen the Growth of Existing Business

In 2020, the Company will highlight and strengthen the growth of existing business. Firstly, the Company will enhance its core competitiveness and makes the scientific and technological innovation be its core competitiveness; secondly, the Company will continuously enhance its capital strength and efficiency; thirdly, the Company will promote the talent team construction, and rely on its outstanding business team and R&D team to drive the high-quality development of various businesses.

(III) Transform from Konka Electronics to Konka Technology

In 2020, the Company will emphasize and expand its businesses to the industry’s upstream core fields. On one hand, the Company will strengthen the product R&D and the core technical innovation and positively propel the new technology’s industrial transformation to energize the industry; on the other hand, the Company will also make breakthrough in its core fields, key links and original technologies, focus on Micro LED, semiconductors and other key links to conduct the technology R&D, and urge the transformation of Konka Electronics into the innovation-driven new industrial operation platform-Konka Technology.

(IV) Main Works of Various Business Divisions

1. Industrial Product Business Group

The Multimedia Sub-division: in 2020, the multimedia sub-division will continue driving the reform and innovation of sales in domestic market, increase the investment into the export sales and the online domestic sales, urge the capacity building and organization reform by optimizing the product structure and the cost structure and continuously improve its business performance.

The White Goods Sub-division: in 2020, the white good sub-division will not only broaden the product category to cover all product categories including air conditioners, refrigerators, freezers, washing machines, cold chains and kitchen appliances, but also optimize the product structure and produce high-end products to create its first-class brand image and capacity. In addition, based on the Konka + Frestec Electric dual brand operation, it will form the full-chain and full-channel system operation capacity covering refrigerators, washing machines and air conditioners.

The Environmental Protection Division: in terms of the renewable resources, the Company will accelerate its transformation into the disposal of scrapped cars; in light of the water treatment, the Company will vigorously drive the existing project’s efficient operation, and by means of the

continuous innovation, it will accelerate the integration, datamation and intellectualization process of sewage treatment and river control, and further realize the efficient implementation of operation management; in terms of the new materials sub-division, the Company will further enhance its ability in selling products and continuously develop new product application scenarios.

The Semiconductor Sub-division: the Company will strengthen its business development in storage, photoelectricity and semiconductor application and service. Meanwhile, the Micro LED Sub-division will break through the technical bottleneck and realize the technical transformation and output; the storage main control chips sub-division will research and develop the new-generation products while vigorously selling existing products.

Mobile Internet Sub-division: the mobile Internet Sub-division will focus on main products, continuously enlarge its share and propel the Intelligent Community and 5G router business by seizing various opportunities posed by the 5G commercial network and Internet of Things.

The PCB Sub-division: the PCB Sub-division will positively promote the existing division's large-scale reorganization and integration, realize the continuous growth of the business performance, and lay a firm foundation for the PCB Sub-division's capitalized operation.

2. The Technology Park Division

In 2020, the technology park division will highlight the innovation of business mode and speed up its national layout. Firstly, the diversified business forms will be applied to gather the industrial chain's upstream and downstream partners to accelerate the development and implementation of new projects including the industrial park, headquarters economy, logistics park, industrial town and new industrial city etc.; secondly, emphasis will be placed on improving the technology park's construction and management level, further perfecting the communication mechanism with the design institute, the construction contractor and the supervisor, establishing the construction projects' safety organization structure and responsibility system and enhancing the technology park's construction and management level; thirdly, special attention will be paid to strengthen the business team's business development ability and customer resources acquisition ability.

3. The Platform Service Division

Industry and trade business: first, the industry and trade business will continue to promote the close combination of existing business and entrusted processing business to form a business model of industry and trade integration; second, the industry and trade business will further improve and improve the risk control model, upgrade the risk control model of the original business, promote the establishment of risk control construction of R & D, production and sales system, and prevent and control industry in combination with the transformation of chip business and plastic business Business risk.

The Internet Sub-division: in 2020, the Internet Sub-division will make the users more diversified, and seek new resources from various aspects including 5G+UHD and AI+IoT etc. so as to promote

the development of the family Internet value-added services and complete the layout of Internet of Things and Smart Home business.

4. The Financial Investment Division

The Investment Sub-division: in 2020, on the premise that possible investment risks are strictly controlled, the investment division will emphasize the layout of the semiconductor, 5G, advanced manufacturing and electronic information industrial chain upstream and downstream, upgrade and optimize the Company's existing industry by means of industrial M&A, strategic joint venture, equity investment and industry funds and assist the Company to realize the goal of high-quality development heart and soul.

The Venture Capital Investment Sub-division: in 2020, while the venture capital investment sub-division is vigorously operating the established innovation center, it will focus on the innovation of business mode, especially the profit-making mode, and continue incubating various enterprises.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

√ Applicable □ Not applicable

Date	Way of communication	Type of communication party	Index to main information communicated
7 May 2019	One-on-one meeting	Institution	http://www.cninfo.com.cn/new/index
27 May 2019	One-on-one meeting	Institution	
6 June 2019	One-on-one meeting	Institution	
28 June 2019	One-on-one meeting	Institution	
3 July 2019	One-on-one meeting	Institution	
17 July 2019	One-on-one meeting	Institution	
20 August 2019	One-on-one meeting	Institution	
11 September 2019	One-on-one meeting	Institution	
26 December 2019	One-on-one meeting	Institution	
Times of communications			9
Number of institutions communicated with			19
Number of individuals communicated with			0
Number of other communication parties			0
Tip-offs or leakages of substantial supposedly-confidential information during communications		None	

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable Not applicable

The cash dividend policy of the Company was clearly stated in its Articles of Association, with specific and clear dividend standards and ratios. The relevant decision-making procedure and mechanism were sound; the independent directors faithfully performed their duties and played their due role; and the non-controlling interests were able to fully express their opinion and desire and their legal rights and interests were fully protected. The Company strictly followed the cash dividend policy in its Articles of Association, and the cash dividend payout of the Company was in line with its Articles of Association and the relevant resolution of the Shareholders' Meeting.

According to the requirements of the Listed Company Supervision Guideline No. 3-Listed Companies' Cash Dividend issued by the CSRC, the Company has revised the dividend payout policy in its Articles of Association, further clarifying the priority and proportion of cash dividend in dividend payouts. In order to further normalize its shareholder return mechanism, push forward the establishment of a scientific, sustained and stable shareholder return mechanism, enhance the transparency and operability of decision-making for its dividend payout policy, and effectively protect the legal rights and interests of public investors, the Company strictly followed the *Shareholder Return Planning for Subsequent Three Years (2019-2021)*, which was formulated in 2019.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

The profit distributions to ordinary shareholders, either in the form of cash or stock, in the past three years (including the Reporting Period) are summarized as follows:

1. Dividend Payout Plan for 2019

Based on the total shares of 2,407,945,408 as of the end of 2019, a cash dividend of RMB0.5 (tax inclusive) per 10 shares was planned to be distributed to all the shareholders, with the total dividend payout reaching RMB120,397,270.40. And the retained earnings should carry forward for future payout without bonus issue from capital reserves and profit.

2. Dividend Payout Plan for 2018

Based on the total shares of 2,407,945,408 as of the end of 2018, a cash dividend of RMB1.00 (tax inclusive) per 10 shares was planned to be distributed to all the shareholders, with the total dividend payout reaching RMB240,794,540.80. And the retained earnings should carry forward for future payout without bonus issue from capital reserves and profit.

3. Dividend Payout Plan for 2017

Based on the total shares of 2,407,945,408 as of the end of 2017, a cash dividend of RMB1.62 (tax inclusive) per 10 shares was distributed to all the shareholders, with the total dividend payout reaching RMB390,087,156.10. And the retained earnings should carry forward for future payout without bonus issue from capital reserves and profit.

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period)

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (such as share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (D)	D as % of B (%)
2019	120,397,270.40	212,034,210.08	56.78%	0	0.00%	120,397,270.40	56.78%
2018	240,794,540.80	411,289,744.68	58.55%	0	0.00%	240,794,540.80	58.55%
2017	390,087,156.10	5,057,025,155.71	7.71%	0	0.00%	390,087,156.10	7.71%

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to the ordinary shareholders are positive.

Applicable Not applicable

II Final Dividend Plan for the Reporting Period

Applicable Not applicable

Share dividend per 10 shares from retained earnings (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	0.50
Share dividend per 10 shares from capital reserves (share)	0
Share base (share)	2,407,945,408
Total cash dividends (RMB) (tax inclusive)	120,397,270.40
Cash dividends in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other ways) (RMB)	120,397,270.40
Distributable profits (RMB)	212,034,210.08
Cash dividends as a percentage of total profits to be distributed (%)	100%

Details of cash dividend for the Reporting Period

The minimum proportion of cash dividend to this profit distribution should be 80% when the Company distributed the profits under the condition that the Company was in mature stage with large capital cost.

Details of plan for profit distribution or bonus issue from capital reserves

The audited net profit attributable to owners of the Company as the parent in 2019 was RMB212,034,210.08, retained earnings were RMB4,239,763,606.89. In accordance with relevant laws and regulations, provisions of Articles of Associations and demand of the Company for sustainable development, the Company didn't withdrew statutory surplus reserve and discretionary reserve, and the profit distribution plan was supposed to be as follows: based on the total shares of 2,407,945,408 as of the end of 2019, a cash dividend of RMB0.50 (tax inclusive) per 10 shares was distributed to all the shareholders, with the total dividend payout expected reaching RMB120,397,270.40. And the retained earnings should carry forward for future payout without bonus issue from capital reserves and profit. If the share capital changed after the Board of directors reviewed the profit distribution plan, the cash dividend per share shall be adjusted in the principle of the unchanged total distribution amount.

III Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

Applicable Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitment	Overseas Chinese Town	Other commitment	The Company and other companies under the control of the Company and persons acting in concert have no share reduction plan during the period from six months before the Private Placement Board Meeting (28 September 2018) to the	28 September	1 July 2020	Ongoing

made in IPO or refin ancin g	Enterprises Co.		issuance date of the commitment. To avoid the short-swing trading stipulated in the Securities Law, the Company and other companies under the control of the Company and persons acting in concert don't reduce the shares of Konka directly or indirectly during the period from six months before the Private Placement Board Meeting (28 September 2018) to six months after the completion of share issue.	2018		
	Overseas Chinese Town Enterprises Co.	Other commi tment	If Konka Group and its majority-owned subsidiaries are subject to any administrative punishment or investigated due to any real estate-related illegal acts within the Reporting Period including the undisclosed idle land, the land speculation, the property hoarding and the housing price gouging etc., which has caused any losses to the listed company or the investor, the Company will burden corresponding liabilities for compensation according to relevant laws, regulations and provisions issued by the securities market supervision department.	13 May 2019	31 Dece mber 9999	Ong oing
	Overseas Chinese Town Enterprises Co.	Comm itment s on horizo ntal compe tition, related -party transac tion and capital occupa tion	1. Companies excluding Konka Group and various subsidiaries under the Company's control (hereinafter referred to as "Other Companies") will maximally reduce and avoid any related transaction with the Konka Group, and shall neither take advantage of its status as Konka Group's controlling shareholder to seek any improper privilege and illegitimate right superior than any third party on the market in the aspect of business cooperation with Konka Group, nor to obtain the priority in concluding any transaction with Konka Group. 2. If any necessary transaction cannot be avoided, the Company and other companies under the Company's control will legally sign corresponding agreement with Konka Group according to such principles as fairness, objectiveness and valuable compensation, fulfill various legal procedures and perform their obligation in information disclosure and relevant internal decision making and approval procedures according to applicable laws, regulations and the Articles of Association so as to guarantee the fairness of the related transaction price. However, they shall not take advantage of such transaction to take any act which will damage the legitimate interests of Konka Group and the group's other shareholders. 3. The Company will fulfill its due obligations as Konka Group's controlling shareholder based on good faith, fully respect Konka Group's status of an independent legal person and guarantee its independent management and decision making. Meanwhile, the Company guarantees that, it will attend the General Meeting according to the Articles of Association, equally exercise various rights and burden due obligations, and restrain itself from seeking any illegitimate interests in the name of the Group's controlling shareholder and illegally transferring any capital and profit of Konka Group and its controlled subsidiaries by taking advantage of any related transaction. In addition, the Company commits not to damage any legitimate rights and interests of Konka Group and other shareholders. 4. If the Company breaks the above-mentioned promise and guarantee, it shall compensate any losses suffered by Konka Group and its investors for this reason.	28 March 2019	31 Dece mber 9999	Ong oing
	Overseas Chinese	Comm itment	1. As of the issuance date of the letter of commitment, the Company neither directly or indirectly involves in any business competing with Konka Group's main business, nor directly or indirectly carry on any business competing with	28 March	31 Dece	Ong oing

Town Enterprises Co.	s on horizontal competition, related-party transaction and capital occupation	Konka Group's main business by holding any shares or controlling any third party. 2. If the existing business of the Company and companies excluding Konka Group and various subsidiaries under the Company's control (hereinafter referred to as "Other Companies") competes with the Konka Group's main business or other companies' business development competes with Konka Group's main business during the Company's serving as the Konka Group's controlling shareholder, the Company and other companies under the Company's control shall (including but not limited to) cease such business operation or integrate such competing business into Konka Group or transfer it other irrelevant third parties, preventing the Company and other companies under its control from involving in any business competing with Konka Group's main business. If any business opportunity obtained from any third party substantially or possibly competes with Konka Group's main business, the Company will immediately inform Konka Group of that and transfer such business opportunity to Konka Group unless one of the following conditions is met: (1) such business opportunity is administratively transferred to or assigned to the Company and other companies under its control by the government based on the directional agreement according to applicable national laws, regulations and policies; or (2) Konka Group fails to meet special requirements positioned to the bidder or the assignee in corresponding project bidding, transfer and assignment conditions, but the Company or other companies under its control does. 3. If Konka Group gives up the above-mentioned business opportunity and the Company and other companies under the Company's control take advantage of such opportunity to conduct any business substantially or possibly competing with the Konka Group's main business, the Company will give Konka Group any option. Namely, if permitted by applicable laws and regulations and relevant provisions stated in the Articles of Association, Konka Group shall have the right to completely or gradually purchase any equity, assets and other interests related to the above-mentioned business from the Company and other companies under the Company's control, or Konka Group shall own or actually control corresponding assets or business obtained by the Company and other companies the Company's control from the above-mentioned business by means of entrusted operation, lease or contract operation according to applicable national laws and regulations. If the third party on an equal footing has the right to execute and will execute its legal preemptive right, the above-mentioned commitment shall not apply. However, in this case, the Company and other companies under the Company's control shall try their best to prompt the third party to give up such preemptive right. 4. The Company shall confirm that each commitment made herein constitutes an independent executable commitment, and any commitment's ineffectiveness or termination will not influence the validity of other commitments; if any of the above-mentioned commitments and guarantees is violated, the Company is willing to burden all resulting economic losses suffered by Konka Group.	2019	mber 9999	
Overseas Chinese Town Enterprises Co.	Other commitment	I. Konka Group's personnel shall be kept independent. 1. It's required that the Konka Group's senior managers shall exclusively work for and receive compensation from Konka Group, and shall not hold other posts other than directors and supervisors in other companies excluding Konka Group and various subsidiaries under the Company's control (hereinafter referred to as "Other Companies"). 2. It's guaranteed that Konka Group's HR relations and labor relations independent of the Company and other companies under the Company's control. 3. It's guaranteed that all candidates recommended by the Company to serve as Konka Group's directors, supervisors and senior managers are subject to legal procedures, and the Company shall not interfere any decision on personnel appointment and removal made by Konka Group's Board of Directors and Shareholder's Meeting. II. Konka Group's finance shall be kept independent. 1. Konka Group and its controlled subsidiaries shall establish their independent financial accounting department, financial calculation system and financial management system. 2. It shall be guaranteed that Konka Group and its	28 March 2019	31 December 9999	Ongoing

		<p>subsidiaries could make independent financial decisions and would not interfere Konka Group's use of funds. The capital of Konka Group and its subsidiaries shall not be occupied by the Company and other companies under the Company's control by means of borrowing, debt repayment, advance payment or in other ways with their rights and interests not seriously damaged by the Company and other companies under the Company's control. 3. The Konka Group and its subsidiaries shall independently open their accounts in the bank, and shall not share the same bank account with the Company and other companies under the Company's control. 4. Konka Group and its subsidiaries shall legally and independently pay taxes. III. The Konka Group's institutional independence shall be kept. 1. The Konka Group and its subsidiaries shall legally establish and perfect their corporate governance structure, set up their independent and complete institutional framework, and completely separate from the Company and other companies under the Company's control. Namely, the Konka Group and its subsidiaries and the Company and other companies under the Company's control shall respectively establish their own offices and business operation sites. 2. It's guaranteed that the Konka Group and its subsidiaries could operate independently, and the Company would not bypass the Shareholder's Meeting to directly or indirectly interfere Konka Group's decision making and business operation. IV. Konka Group shall keep its assets independent and complete. 1. Konka Group and its subsidiaries shall possess complete operating assets. 2. It's guaranteed that the capital, assets and other resources of Konka Group and its subsidiaries would not be illegally occupied. V. The Konka Group shall guarantee its business independence. 1. After this issue, Konka Group shall possess corresponding assets, personnel and qualification for independently carry out business operations and the ability of independent management based on the market without relying on the Company and other companies under the Company's control. 2. The Company and other companies under the Company's control shall avoid any horizontal competition with Konka Group's main business. 3. Various related transactions shall be strictly controlled, and corresponding continuous related transaction must be reduced between the Konka Group and its subsidiaries and the Company and its affiliated companies. It's not allowed to illegally occupy the Company's assets and funds. However, any unavoidable related transactions will be priced based on such principles as Fairness, Justice and Openness. Meanwhile, for any significant related transaction, it's required to fulfill corresponding information disclosure obligation, complete relevant approval procedures and disclose related information according to Konka Group's Articles of Association and applicable laws and regulations. 4. It is not allowed to interfere any major decision made by the Konka Group and affect the independence of Konka Group's assets, personnel, finance, institution and business via independent operation or act in concert in any way other than the execution of shareholder's right.</p>			
Overseas Chinese Town Enterprises Co.	Other commitment	<p>1. It's not allowed to interfere the operation and management activities of the Company excessively; 2. It's not allowed to encroach the interest of the Company; 3. During the period from the issuance date of the commitment to the completion, if China Securities Regulatory Commission (hereinafter referred to as "CSRC") publishes any new regulatory provisions on such compensation and reward measures and the above-mentioned commitments are not in conformity with such provisions, the Company will make a supplementary commitment then according to the latest provisions issued by CSRC. 4. The Company earnestly promises to adhere to various compensations and reward policies established by the Company and make corresponding promises; if the Company breaks such promises and cause any losses to the Company or the investor, the Company is willing to legally compensate any losses suffered by the Company or the investor due to the violation against such commitment.</p>	28 March 2019	31 December 2020	Ongoing
Shenzhen Overseas	Other commi	<p>1. The restricted stock trade period of Konka Group subscribed by the Company is 36 months. Namely, the stock subscribed by the Company shall not be</p>	28 Febru	31 Dece	Ongoing

Chinese Town Capital Investment Management Co., Ltd.	tment	<p>transferred within 36 months from the end of the day of this issue (calculating from the day when the additional issue of stocks obtained is registered in the name of the Company and the same below); all stocks derived from any stocks obtained by the Company during this issue (including new stocks obtained by distributing stock dividends and adding the capital reserve into the capital stock) shall also be subject to the above-mentioned lock-up arrangement. After the above-mentioned lock-up period expires, the transfer and transaction of corresponding stocks shall be performed according to the then effective laws, regulations and various rules, provisions and requirements put forward by China Securities Regulatory Commission (hereinafter referred to as "CSRC") and Shenzhen Stock Exchange (hereinafter referred to as "SSE"). 2. Before this issue, all stocks held by the Company and the persons acting in concert from Konka Group shall be locked up for 12 months from the end of the day of this issue. Stocks held by the Company and the persons acting in concert from Konka Group before this issue correspond to additional stocks held in Konka Group due to the distribution of dividends and the conversion into share capital, which shall also be subject to the above-mentioned agreement.</p>	ary 2019	mber 2022	
Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.	Other commitment	<p>I. The Company is legally established and exists validly according to applicable Chinese laws and regulations with full capacity for civil rights and civil conduct, possesses corresponding qualification for subscribing stocks issued by Konka Group as stipulated in Chinese laws, administrative laws and regulations, departmental regulations and normative documents, and has obtained all due internal approvals or licenses for subscribing this issue of stocks. II. The Company shall not involve in any of the following situations: 1. the Company damages the legitimate rights and interests of Konka Group and its shareholders during the subscription of stocks from Konka Group; 2. the Company is encumbered with a relatively large amount of outstanding debts; 3. the Company has any severe unlawful act or is a suspect of any severe unlawful act in the recent 3 years; 4. the Company has any severe dishonest conduct on the stock market in the recent 3 years; 5. any situation under which the subscription of the listed company's stocks is not allowed according to applicable laws, administrative regulations and various provisions issued by CSRC. III. The Company, the Company's directors, supervisors and senior managers (or key personnel) are not subject to any administrative punishment (except those obviously irrelevant to the stock market), criminal punishment or any major civil action related to any economic disputes in the recent 5 years, and any major civil arbitration related to any economic disputes in the recent 5 years is concluded. IV. After this subscription, any business conducted by the Company shall not compete with or potentially compete with that of Konka Group. V. Within 24 months before Konka Group's disclosure of this stock issue plan, all major transactions between the Company and Konka Group shall be subject to all necessary decision-making procedures according to various provisions geared to the related transaction, and corresponding information is disclosed. Such related transaction is conducted for the need of normal business development of Konka</p>	28 March 2019	31 December 2022	Ongoing

		<p>Group without damaging the interests of Konka Group and other shareholders. VI. This subscription made by the Company shall base on corresponding analysis and judgment on the stock trade market, and the Company has a good vision on Konka Group's development prospect and investment value. VII. Various stocks subscribed during this issue shall be completely and directly owned by the Company without any entrustment or trust or other similar arrangements by any means. VIII. The Company's funds for this subscription shall be its legal self-owned funds or self-raised funds, and the Company promises that, after this issue by Konka Group is approved by CSRC and the notice on the stock subscription payment is sent by Konka Group, the Company would transfer the full stock subscription payment into the designated funds supervision bank account according to <i>Conditional Non-public Issue of Stocks Subscription Agreement</i> and its supplementary agreement. IX. The Company's sole shareholder is OCT Group Co., Ltd., and actual controller is the State-owned Assets Supervision and Administration Commission of the State Council. For any contribution by the Company's shareholders, any graded income and structured arrangement shall neither be applied, nor any leverage financing structured design product. X. The Company will provide Konka Group with various information related to this subscription, and guarantee that all provided information are true, correct and complete. XI. The Company shall guarantee not to transfer any subscribed stock within the restricted stock transfer period as stipulated in applicable laws, administrative regulations and various provisions issued by CSRC from the end of the day of subscription.</p>			
Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.	Other commitment	<p>1. It's allowed neither to convey any interest to other units or individuals free of charge or in an unfair way, nor to damage the Company's interest in other ways; 2. It's required to restrain my position-related consumption behavior; 3. It's not allowed to conduct any investment and consumption activities irrelevant to my execution of duty by using the Company's assets; 4. The remuneration system established by the Board of Directors or the remuneration and appraisal committee shall be linked up with the Company's implementation of compensation and reward measures; 5. If the Company executes the equity-based incentives, the vesting conditions of the proposed equity-based incentives shall correspond with the Company's implementation of compensation and reward measures; 6. From the day of issuing the Letter of Commitment to the issue, if China Securities Regulatory Commission (hereinafter referred to as "CSRC") publishes any new regulatory provisions on such compensation and reward measures and the above-mentioned commitments are not in conformity with such provisions, I will make a supplementary commitment then according to the latest provisions issued by CSRC. 7. I earnestly promise to adhere to various compensation and reward policies established by the Company and make corresponding promises; if I break such promises and cause any losses to the Company or the investor, I'm willing to legally compensate any losses suffered by the Company or the investor due to my violation against such commitment.</p>	28 March 2019	31 December 2020	Ongoing
Shenzhen	Other	If Konka Group and its holding subsidiaries are subject to any administrative	13	31	Ongoing

Overseas Chinese Town Capital Investment Management Co., Ltd.	commitment	punishment or investigated due to any real estate-related illegal acts within the Reporting Period including the undisclosed idle land, the land speculation, the property hoarding and the housing price gouging etc., which has caused any losses to the listed company or the investor, the Company will burden corresponding liabilities for compensation according to relevant laws, regulations and provisions issued by the securities market supervision department.	May 2019	December 9999	ong
The directors, supervisors and senior managers of Konka Group Co., Ltd.	Other commitment	1. It's allowed neither to convey any interest to other units or individuals free of charge or in an unfair way, nor to damage the Company's interest in other ways; 2. It's required to restrain my position-related consumption behavior; 3. It's not allowed to conduct any investment and consumption activities irrelevant to my execution of duty by using the Company's assets; 4. The remuneration system established by the Board of Directors or the remuneration and appraisal committee shall be linked up with the Company's implementation of compensation and reward measures; 5. If the Company executes the equity-based incentives, the vesting conditions of the proposed equity-based incentives shall correspond with the Company's implementation of compensation and reward measures; 6. From the day of issuing the Letter of Commitment to the issue, if China Securities Regulatory Commission (hereinafter referred to as "CSRC") publishes any new regulatory provisions on such compensation and reward measures and the above-mentioned commitments are not in conformity with such provisions, I will make a supplementary commitment then according to the latest provisions issued by CSRC. 7. I earnestly promise to adhere to various compensation and reward policies established by the Company and make corresponding promises; if I break such promises and cause any losses to the Company or the investor, I'm willing to legally compensate any losses suffered by the Company or the investor due to my violation against such commitment.	28 March 2019	31 December 2020	Ongoing
The directors and senior managers of Konka Group Co., Ltd.	Other commitment	If Konka Group and its holding subsidiaries are subject to any administrative punishment or investigated due to any real estate-related illegal acts within the Reporting Period including the undisclosed idle land, the land speculation, the property hoarding and the housing price gouging etc., which has caused any losses to the listed company or the investor, the Company will burden corresponding liabilities for compensation according to relevant laws, regulations and provisions issued by the securities market supervision department.	13 May 2019	31 December 9999	Ongoing
Fulfill on time or not				Yes	
Specific reasons for failing to fulfill commitments on time and plans for next step (if any)				None	

2. Where there had an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

V Explanations Given by the Board of Directors, the Supervisory Board and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

Applicable Not applicable

In 2017, the Ministry of Finance revised and released the accounting standards related to financial instruments, including ASBE No. 22-Recognition and Measurement of Financial Instruments, ASBE No. 23-Transfer of Financial Assets, ASBE No. 24-Hedge Accounting and ASBE No.37-Presentation of Financial Instruments. The above four financial instruments (collectively referred to as "New Financial Instruments Standards") require to be implemented by various listed companies in China from 1 January 2019 on. In addition, the Ministry of Finance issued the Notice on Printing and Distributing the 2018 Annual Financial Statements of General Enterprises on 15 June 2018 (CK [2018] No. 15), indicating that various enterprises implementing ASBE need to prepare their financial statements in accordance with these standards. After this change, the Company will implement the new financial instrument criteria and the new financial statement format published by the Ministry of Finance. For other unchanged parts except the above-mentioned accounting policy change, the Company will continue implementing the Accounting Standards for Business Enterprises and various specific accounting standards, ASBE Application Guide, ASBE Interpretation Announcement and other relevant provisions previously published by the Ministry of Finance. According to the new financial instrument standards, the Company will regard the "Business Mode" of the financial assets held by the enterprise and the "financial assets contract cash flow features" as the judgment basis to classify and measure the financial instrument (including the depreciation), revise the financial assets depreciation accounting treatment from "the incurred loss method" to "the expected loss method". The difference between the original book value of financial instruments and the new book value on the day of implementing the standards shall be included in the Retained Income or other Comprehensive Income at the beginning of 2019 without any significant influence on the Company's financial condition, business performance and cash flow.

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

VIII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

Refer to Part IV-II-2-(6) for details.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	ShineWing Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	349.8
How many consecutive years the domestic independent auditor has provided audit service for the Company	One year
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Guo Dongchao, Liu Lihong
How many consecutive years the certified public accountants have provided audit service for the Company	One year
Name of the overseas independent auditor (if any)	N/A
The Company's payment to the overseas independent auditor (RMB'0,000) (if any)	N/A
How many consecutive years the overseas independent auditor has provided audit service for the Company (if any)	N/A
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report (if any)	N/A
How many consecutive years the certified public accountants have provided audit service for the Company (if any)	N/A

Indicate by tick mark whether the independent auditor was changed for the Reporting Period

Yes No

Indicate by tick mark whether the independent auditor was changed for the audit period.

Yes No

Indicate by tick mark whether the approval procedure was fulfilled to change independent auditor.

Yes No

Particulars of reappointment and changes of independent auditor

To further adapt to the needs of operation and business development of the Company, and ensure the objectivity and independence of the external audit institution, the Company changed to appoint ShineWing Certified Public Accountants LLP as financial statements and internal control auditor in 2019. The former audit institution, Ruihua Certified Public Accountants LLP adhered to the principles of independent audit in the practice, which reflected objectively and fairly the financial

situation of the Company, fulfilling reliably the obligations as the audit institution and preserving the legitimate interest of the Company and all shareholders from a professional perspective. In view of Ruihua Certified Public Accountants LLP offering audit services for consecutive years, and now in order to further adapt to the needs of operation and business development of the Company, and ensure the objectivity and independence of the external audit institution, the Company changed to appoint ShineWing Certified Public Accountants LLP as financial statements and internal control auditor in 2019. ShineWing Certified Public Accountants LLP has possessed the qualifications of license to engage in securities and futures business, and the experience and ability to offer audit services for listed companies, which can provide fair audit services to the Company, meeting the requirements of auditing work in 2019. There was no harm to the interest of the Company and shareholders by changing the auditing firm.

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable Not applicable

The Company appointed ShineWing Certified Public Accountants LLP as the internal control auditor in 2019 with RMB0.6 million of payment for the internal control audit.

X Possibility of Listing Suspension or Termination after Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XII Major Legal Matters

Applicable Not applicable

General information	Involvement amount (RMB '0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information

<p>As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request China Energy Electric Fuel Co., Ltd., China Energy (Shanghai) Enterprise Co., Ltd., Shanghai Nengping industrial Co., Ltd., and Shenzhen Qianhai Baoying Factoring Co., Ltd. to pay the bill and the corresponding interest to the Company.</p>	5,000	Not	<p>The Company has won the case and the judgment was in effect.</p>	<p>The Company won the case. At present, it is in the execution stage. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	<p>The court has adopted property preservation, which are currently in the implementation stage. The Company has applied for the corresponding shareholder to be the additional respondent.</p>	25 June 2019	<p>http://www.cninfo.com.cn/new/index</p>
<p>As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Shanghai Huaxin International Group Co., Ltd. and Tianjin International Trade Petrochemical Co., Ltd. to pay the bill and the corresponding interest to the Company.</p>	5,000	Not	<p>The first trial is in session, and awaiting judgment. The court has adopted property preservation measures.</p>	<p>The case is awaiting judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	<p>Pending for judgment</p>		

<p>As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Shanghai Huaxin International Group Co., Ltd. Qingdao Bonded Zhongshe International Trading Co., Ltd. and Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd. to pay the bill and the corresponding interest to the Company.</p>	15,000	Not	<p>The Company has won the case and the judgment was in effect.</p>	<p>The Company won the case. At present, it is in the execution stage. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	<p>The court has adopted property preservation, which are currently in the implementation stage.</p>
<p>As matured notes were failed to be accepted, Konka Factoring has filed a lawsuit with the court to request Tahoe Group Co., Ltd., Fuzhou Taijia Enterprise Co., Ltd., and Xiamen Lianchuang Microelectronics Co., Ltd. to pay the bill and the corresponding interest to Konka Factoring.</p>	5,067.67	Not	<p>The court has adopted property preservation. The case is at trial.</p>	<p>The case is awaiting judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	<p>Pending for judgment</p>
<p>As matured notes were failed to be accepted, Konka Factoring has filed a lawsuit with the court to request CCCC First Harbor Engineering Co., Ltd., Tianjin Galaxy Trading Co., Ltd., Shenzhen Gujinhong Trading Co., Ltd., Shanghai Tianwei International Trading Co., Ltd., and Shanghai Runlin International Trading Co., Ltd. to pay the bill and the corresponding interest to Konka Factoring.</p>	3,620	Not	<p>The court judged to dismiss the suit.</p>	<p>The court judged to dismiss the suit. The Company has withdrawn relevant impairment provision according to accounting policies.</p>	

<p>As matured notes were failed to be accepted, Konka Factoring has filed a lawsuit with the court to request CCCC First Harbor Engineering Co., Ltd., Tianjin Galaxy Trading Co., Ltd., Dongguan Jufang Trading Co., Ltd., and Wuhan Jialian Agricultural Technology Development Co., Ltd., to pay the bill and the corresponding interest to Konka Factoring.</p>	1,000	Not	<p>The court has adopted property preservation. The case is at trial.</p>	<p>The case is awaiting judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	Pending for judgment
<p>As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Hefei Huajun Trading Co., Ltd. and Wuhan Jialian Agricultural Technology Development Co., Ltd. to pay the bill and the corresponding interest to the Company.</p>	8,000	Not	<p>The case is awaiting trial. The court has adopted property preservation.</p>	<p>The case is awaiting trial. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	Pending for trial
<p>The customer of Hong Kong Konka, H-BUSTER SAO PAULO INDUSTRIAIE COMERCIO S.A (Brazil) was insolvent, and obtained the approval of the judicial reorganization application of Cotia Third Civil Court of the Court of Sao Paulo, Brazil in May 2013. As the creditor of H-BUSTER, Hong Kong Konka filed the debt declaration documents, and in August 2014, the amount confirmed of debt was USD2.78 million.</p>	1,939.38	Not	<p>The restructuring plan was rejected by the creditors' meeting and the case is still pending.</p>	<p>The case is awaiting judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	Suit pending

<p>Due to the Jiangxi Xinxin Jian'an Engineering Co., Ltd. (hereinafter referred to as the "Jiangxi Xinxin"), Jiangxi Shanshi Technology Development Co., Ltd. (hereinafter referred to as the "Jiangxi Shanshi"), Jiangxi Zhongyi Decoration Materials Co., Ltd. (hereinafter referred to as the "Jiangxi Zhongyi") failed to repay the loan and its interest of China Great Wall AMC Jiangxi Branch (hereinafter referred to as the "Great Wall Jiangxi Branch"), the Great Wall Jiangxi Branch sued to the court, and required Jiangxi Xinxin, Jiangxi Shanshi, Jiangxi Zhongyi to repay RMB300 million with RMB108,000 liquidated damages, and RMB13.65 million of interest. Meanwhile, 9 guarantors including Jiangxi Konka, Xinfeng Microcrystalline and Nanocrystal are required to undertake joint liability guaranty. The judgment of first instance was required Jiangxi Xinxin, Jiangxi Zhongyi and Jiangxi Shanshi shall repay the principal, interest and liquidated damages to Great Wall Jiangxi Branch and the guarantors bear the joint liability for satisfaction to the debts. The defendants have appealed against the first instance judgment. So far, the case has not yet been heard in court.</p>	31,375.8	Yes	The case is awaiting the second trial	<p>The case is awaiting the second trial. The corresponding liability of risk assumed by the Company's controlled companies involved in the case is controllable. Other defendants exclusive of the controlled companies of the Company are solvent, and at the same time, the Company has outstanding payments to the other defendants in this case. The above amount can be offset against the Company's debt obligations in the future. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.</p>	Suit pending		
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Due to the dispute of the right to use of the patent, Via Licensing Corporation submitted the arbitration to the Hong Kong International Arbitration Center and required Hong Kong Konka and the Company to pay USD18.69 million for the patent license fee, and USD40.3875 million for subsequent modification of the patent license fee. With the approval of the arbitration tribunal, the application for arbitration procedure was cancelled and the two parties have reached a settlement.	28,175 .13	Not	The arbitration procedure was terminated and the two parties have reached a settlement.	The arbitration procedure was terminated and the two parties have reached a settlement. No significant effect to the profit of the Company.	The arbitration procedure was terminated and the two parties have reached a settlement.
Due to the dispute of sales contract, Wumart Chain Co., Ltd. sued the Beijing Branch of Wumart to the court of Shijingshan District of Beijing, and requested the Beijing Branch to return the prepayment of goods.	1,073. 67	Not	The case has been heard in court and pending for judgment.	The case is awaiting trial/judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	Suit pending

XIII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

XV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

No such cases in the Reporting Period.

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB' 0,000)	As % of total value of all same-type transactions	Approved transaction line (RMB' 0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
OCT Enterprises Co., Ltd and its subsidiaries	Under the same actual controller	Purchase of commodities and services	Purchase of materials	Negotiated price	Market price	1,902.10	0.20%	2,000	Not	Cash	N/A	30 March 2019	http://www.cninfo.com.cn/new/index
OCT Enterprises Co., Ltd and its subsidiaries	Under the same actual controller	Sales of goods and services	Sales of LCD	Negotiated price	Market price	3,159.91	0.36%	3,000	Not	Cash	N/A	30 March 2019	
Total				--	--	5,062.01	--	5,000	4,912.08	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				The Company has published the Forecasting Public Notice on Routine Related-party Transaction for Y2018 on Securities Times, Shanghai Securities News, China Securities Journal and Hong Kong Ta Kung Pao as well as the Internet website designated by CSRC http://http://www.cninfo.com.cn/new/index on 30 March 2019. In the Reporting Period, the basis for pricing, transaction price, transaction amount and settlement methods of raw materials purchased by the Company were basically in accordance with the forecast. The total amount was RMB49.1208 million.									
Reason for any significant difference between the transaction price and the market reference price				N/A									

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

Refer to XVI -5 for details.

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.。

4. Credits and Liabilities with Related Parties

√ Applicable □ Not applicable

Indicate by tick mark whether there were any credits and liabilities with related parties for non-operating purposes.

√ Yes □ No

Credits receivable with related parties:

Related party	Related relationship	Forming reason	Whether there is occupation on non-operating capital or not	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
Yibin OCT Sanjiang Properties Co., Ltd.	Subsidiary of controlling shareholder	Demand of business development	No	10,000	0	0	5.70%	577.92	10,000
Chuzhou Kangjin Health Industry Development Co., Ltd.	Subsidiary of controlling shareholder	Demand of business development	No	0	5,880	0	7.00%	112.05	5,880
Effects of credits with related parties on the Company's operating results and financial conditions			No effect to the normal operation of the Company. Other shareholders of Yibin OCT Sanjiang Properties Co., Ltd. and Chuzhou Kangjin Health Industry Development Co., Ltd. offer financial assistance under the same conditions in accordance to their shareholding ratio.						

Liabilities payable with related parties:

Related party	Related relationship	Forming reason	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
OCT Enterprises Co., Ltd.	Controlling shareholder	The Company applies entrusted loan to it	10,000		10,000	5.40%	446	-
			2,000		2,000	5.60%	92	-
			140,000		140,000	6.00%	6638	-
			48,000		48,000	5.00%	2247	-

		100,000		100,000	6.00%	5526	-
		27,656		27,656	5.00%	791	-
		50,000		50,000	5.00%	826	-
		50,000		50,000	5.00%	2063	-
			22,192	22,192	5.00%	740	-
			150,000		4.06%	1150	150,000
			150,000	56,594	4.14%	773	93,406
			38,464	38,464	5.00%	422	
			90,000		3.93%	206	90,000
Effects of liabilities with related parties on the Company's operating results and financial conditions	The Company applies entrusted loan from OCT Enterprises Co., Ltd. which meets the needs of the company's existing business development and reduces the financing cost.						

5. Other Major Related-Party Transactions

√ Applicable □ Not applicable

(1) Transfer of 51% of equity interests of Chuzhou Konka TID: The 11th Meeting of the 9th Board of Directors of the Company held on 6 June 2019 reviewed and approved the Proposal on Transfer of 51% of Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. and the Company decided to transfer 51% equity interests of Chuzhou Konka Technology & Industry Development Co., Ltd. to Shenzhen OCT Capital Investment Management Co., Ltd. via agreement with the price of RMB63.5205 million. At present, the Company has received the share transfer payment and the registration changing procedures of Chuzhou Konka Technology & Industry Development Co., Ltd. has been completed.

(2) Transfer of 51% of equity interests of Chuzhou Kangjin Health Industrial Development Co., Ltd.: The 15th Meeting of the 9th Board of Directors of the Company held on 16 September 2019 reviewed and approved the Proposal on Transfer of 51% of Equity Interests of Chuzhou Kangjin Health Industrial Development Co., Ltd. and the Company decided to transfer 51% equity interests of Chuzhou Kangjin Health Industrial Development Co., Ltd. to Shanghai OCT Investment Development Co., Ltd. with the price of RMB122.2543 million. At present, the Company has received the transfer payment and the registration changing procedures of Chuzhou Kangjin Health Industrial Development Co., Ltd. has been completed.

(3) Launched the financial leasing business: The 17th Meeting of the 9th Board of Directors of the Company held on 22 October 2019 reviewed and approved the Proposal on Launching the Financial Leasing Business with OCT Financial Leasing Co., Ltd. and the Company decided to launch the financial leasing business with OCT Financial Leasing Co., Ltd. via the Company and the

wholly-owned subsidiary Dongguan Konka respectively with financing amount of RMB50 million not exceeded respectively. The financing maturity is not over 50 years with the annual interest rate of 5.45%.

(4) Provided advertising service: The 19th Meeting of the 9th Board of Directors of the Company held on 25 November 2019 reviewed and approved the Proposal on Provision of Advertising Service to Overseas Chinese Town Enterprises Co., and the Company decided to provide the intelligent terminal advertising service to Overseas Chinese Town Enterprises Co. with service transaction price of RMB95 million.

Index to the public announcements about the said related-party transactions disclosed

Title of public announcement	Disclosure date	Disclosure website
Announcement on Transfer of 51% of Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. and the Related-party Transaction	11 June 2019	http://www.cninfo.com.cn/new/index
Announcement on Transfer of 51% of Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. and Completion of Registration Changing Procedures	25 June 2019	
Announcement on Transfer of 51% of Equity Interests of Chuzhou Kangjin Health Industry Development Co., Ltd. and the Related-party Transaction	18 September 2019	
Announcement on Transfer of 51% of Equity Interests of Chuzhou Kangjin Health Industry Development Co., Ltd. and Completion of Registration Changing Procedures	27 September 2019	
Announcement on Launching the Financial Leasing Business and the Related-party Transaction	23 October 2019	
Proposal on Provision of Advertising Service to Overseas Chinese Town Enterprises Co. and the Related-party Transaction	26 November 2019	

XVII Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

Note to leases

No significant leases in the Reporting Period.

The rent of Konka Development Building has received RMB80.94 million in the Reporting Period.

The project bringing about gains or losses as over 10% of total profit in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Jiangxi Xinxin Jian'an Engineering Co., Ltd.		10,000	12 December 2016	10,000	Joint-liability	Two years	Not	Not
Jiangxi Zhongyi Decoration Materials Co., Ltd.		10,000	12 December 2016	10,000	Joint-liability	Two years	Not	Not
Jiangxi Shanshi Technological Development Co., Ltd.		10,000	12 December 2016	10,000	Joint-liability	Two years	Not	Not
Kunshan Kangsheng Investment Development Co., Ltd.	19 September 2018	24,500	23 September 2019	24,500	Joint-liability	Three years	Not	Yes
Yibin OCT Sanjiang Properties Co., Ltd.	19 September 2018	40,000	29 September 2019	14,000	Joint-liability	Three years	Not	Yes
Total approved line for such guarantees in the Reporting Period (A1)		1,281		Total actual amount of such guarantees in the Reporting Period (A2)			38,500	
Total approved line for such guarantees at the end of the Reporting Period (A3)		208,781		Total actual balance of such guarantees at the end of the Reporting Period (A4)			68,500	

Guarantees provided between the Company and subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Anhui Tongchuan	31 March 2017, 23 May 2018 and 19 September 2018	90,000	23 January 2019	5,000	Joint-liability	One year	Not	Not
			24 June 2019	3,000	Joint-liability	One year	Not	Not
			1 August 2019	4,500	Joint-liability	One year	Not	Not
			5 November 2019	3,000	Joint-liability	One year	Not	Not
			7 November 2019	5,500	Joint-liability	One year	Not	Not
			25 December 2019	5,000	Joint-liability	One year	Not	Not
Anhui Konka	31 March 2017	110,000	6 December 2018	10,000	Joint-liability	One year	Not	Not
			31 July 2019	26,800	Joint-liability	One year	Not	Not
			19 August 2019	8,000	Joint-liability	One year	Not	Not
Econ Technology	19 September 2018	120,000	23 April 2019	2,000	Joint-liability	One year	Not	Not
			13 May 2019	5,000	Joint-liability	One year	Not	Not
			5 June 2019	3,150	Joint-liability	One year	Not	Not
			28 October 2019	3,000	Joint-liability	Two years	Not	Not
			14 November 2019	5,000	Joint-liability	One year	Not	Not
Hong Kong	31 March 2017 and 31 October 2018	355,000	13 March 2019	16,169	Joint-liability	One year	Not	Not

Konka			18 July 2019	9,490	Joint-liability	One year	Not	Not
			7 August 2019	10,545	Joint-liability	One year	Not	Not
			15 November 2019	9,455	Joint-liability	One year	Not	Not
Jiangxi Konka	31 October 2018	60,000	4 December 2018	10,000	Joint-liability	Two years	Not	Not
			7 December 2018	10,000	Joint-liability	Two years	Not	Not
			18 March 2019	11,961	Joint-liability	Two years	Not	Not
			28 February 2019	10,000	Joint-liability	One year	Not	Not
			26 June 2019	5,500	Joint-liability	Three years	Not	Not
			27 June 2019	6,000	Joint-liability	One year	Not	Not
			30 October 2019	6,500	Joint-liability	Three years	Not	Not
XingDa HongYe	19 September 2018 and 30 March 2019	20,000	21 November 2018	5,800	Joint-liability	Two years	Not	Not
			19 April 2019	4,000	Joint-liability	One year	Not	Not
			20 May 2019	1,000	Joint-liability	One year	Not	Not
			9 December 2019	2,500	Joint-liability	Two and a half years	Not	Not
Electronic s Technolog y	19 September 2018	350,000	18 April 2019	58,000	Joint-liability	One year	Not	Not
			20 June 2019	5,000	Joint-liability	One year	Not	Not
			2 December 2019	50,000	Joint-liability	One year	Not	Not
Anhui Electrical Appliance	19 September 2018	30,000	2 February 2019	13,000	Joint-liability	Five years	Not	Not

Boluo Konka Precision	31 March 2018	5,000	20 February 2019	2,500	Joint-liability	Two years	Not	Not
Sichuan Konka	31 March 2018	55,000	18 March 2019	4,000	Joint-liability	Three years	Not	Not
Xinfeng Microcrys talline	30 March 2019	25,000	19 June 2019	7,200	Joint-liability	One year	Not	Not
			27 December 2019	7,200	Joint-liability	One year	Not	Not
Nano Crystalliz ed Glass	30 March 2019	45,000	26 June 2019	10,000	Joint-liability	Three years	Not	Not
			20 December 2019	5,000	Joint-liability	Three years	Not	Not
Konka Pengrun	19 September 2018	20,000	24 June 2019	5,000	Joint-liability	One year	Not	Not
Dongguan Konka	19 September 2018	10,000	8 November 2019	2,000	Joint-liability	Five years	Not	Not
Total approved line for such guarantees in the Reporting Period (B1)			140,200	Total actual amount of such guarantees in the Reporting Period (B2)			340,970	
Total approved line for such guarantees at the end of the Reporting Period (B3)			2,002,544	Total actual balance of such guarantees at the end of the Reporting Period (B4)			376,770	
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Sichuan Konka		14,000	28 May 2018	14,000	Joint-liability	Seven years	Not	Not
Rushan Yike Water Environment Management Co., Ltd.		29,000	29 December 2016	29,000	Joint-liability	Ten years	Not	Not
XingDa HongYe		1,000	13 November 2018	1,000	Joint-liability	Two years	Not	Not
Total approved line for such guarantees in the Reporting Period (C1)			0	Total actual amount of such guarantees in the Reporting Period (C2)			0	

Total approved line for such guarantees at the end of the Reporting Period (C3)	87,300	Total actual balance of such guarantees at the end of the Reporting Period (C4)	44,000
Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)	141,481	Total actual guarantee amount in the Reporting Period (A2+B2+C2)	379,470
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	2,298,625	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	489,270
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets		60.60%	
Of which:			
Balance of guarantees provided for shareholders, actual controller and their related parties (D)		0	
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)		489,270	
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)		0	
Total of the three amounts above (D+E+F)		489,270	
Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)		N/A	
Provision of external guarantees in breach of the prescribed procedures (if any)		N/A	

Compound guarantees:

None

(2) Irregularities in Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Unit: RMB'0,000

Type	Capital resource	Amount	Outstanding balance	Overdue amount
Bank financial products	Self-owned funds	102,073.76	1,735.83	0
Total		102,073.76	1,735.83	0

High-risk entrusted asset management with significant single amount or low security, poor liquidity and no capital preservation:

Applicable Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted asset management

Applicable Not applicable

(2) Entrusted Loans√ Applicable Not applicable

Overview of entrusted loans

Unit: RMB'0,000

Total amount	Capital resource	Outstanding amount	Overdue amount
2,000	Self-owned funds	2,000	0

High-risk entrusted loans with significant single amount or low security, poor liquidity and no capital preservation:

 Applicable √ Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case which may cause impairment for entrusted loans

 Applicable √ Not applicable**4. Other Major Contracts** Applicable √ Not applicable

No such cases in the Reporting Period.

XVIII Corporate Social Responsibility (CSR)**1. Measures Taken to Fulfill CSR Commitment**

The Company insists the principle of health, stability and sustainable development to benefit shareholders and employees and satisfy customers. In pursuit of economic profits and protection of shareholders' profits, the Company is active in protecting legal rights of debtors and employees, treating suppliers, customers and consumers in good faith, and participating in environmental protection and community establishment for harmonious development of the Company and society.

1. To protect rights of shareholders and creditors**(1) The Company protects rights of shareholders**

The Company insists protection of rights for all shareholders, especially equal status and legal rights for medium and small shareholders, and make insurance of rights to be informed, participation and vote.

The Company would perform all obligations of information disclosure to ensure timely, accurate and complete information and strictly execute confidential system of registrar and insider information to guarantee justice.

The Company pays attention to repay to shareholders, and insists mutual development with investors. In the previous three years, the Company shares dividends with all shareholders. The Company strict executes dividend policies regulated in Articles of Association. All cash dividends comply with regulations in Articles of Association and requirements in shareholders' conference.

(2) The Company protects rights of creditors

In full consideration of legal rights of creditors, the Company complies with strict business rules of

credit cooperation to guarantee legal rights of creditors. No damages upon rights of creditors happened.

2. The Company performs responsibilities to suppliers and customers

(1) It is devoted to improve customer service quality.

The Company is insisting philosophy of customer orientation to strengthen customer service management, service consciousness for employees, service levels and to protect rights for customers. Through customer service hot-line, field visit and follow-up service, the Company has set a good corporate image for customers.

(2) Be honest to suppliers

Following the principle of integrity and mutually beneficial cooperation, the Company keeps good cooperative relations with suppliers at each level. The corporate principle is open, fair and impartial to standardize procurement, protect suppliers' legal rights and lay solid foundation for further cooperation.

3. Be enthusiastic to social and public welfare undertakings

Based on the principle of appreciating and repaying the society, the Company has participated in all kinds of activities for public welfare, cooperated with society, undertaken social responsibilities actively and promoted harmonious development between enterprise and society.

4. Be responsible for employees

The Company insists the principle of people orientation to improve working environment, promote occupational skills, provide opportunity and platform for development and growth and encourage self upgradation and realization for employees. Mutual improvement for employees and enterprise could be achieved.

(1) Be honest and law-abiding to protect legal rights for employees

The Company would strictly comply with laws and regulations in Labor Law and Labor Contract Law to sign labor contract with employees with fair treatment in employment, payment, promotion, training, demission and retirement. Also, the Company would pay all kinds of insurances and housing fund for employees. Regular physical examination would be organized for each year. Any problems found would require re-examination and consultation from a doctor.

The Company would improve living quality; enhance cohesive force and sense of belongings through a series of safeguard measures.

(2) To protect occupational health for employees

The Company would establish and perfect training, safety assessment by security system to guarantee the safety and occupational health for employees. On the other hand, by promotion of the importance of safety, safety awareness would be rooted in the heart to make all employees abide by safety standards and fully play subjective initiative in protecting self-occupational safety and production safety.

(3) To promote occupational skills by diversified professional training

The Company has always paid great attention on diversified training for employees. On the one hand, the Company would be meticulous in training of regular business and occupational skills and carry out all requirements positively to improve professional levels by normal training management. On the other hand, the Company would establish methods of self-training platform, training instructor, theme training and lectures to provide colorful training activities. Besides the work, professional and comprehensive quality would be fully promoted.

5. Be responsible for environment

The Company concerns about environmental changes and close relationships with environment by creating low carbon economy in technical innovation, from green manufacturing, green products to green industry circular economy. The Company would provide efforts in protecting global ecological environment. In June 2012, subsidized products catalogue had been released jointly by National Development and Reform Commission, Ministry of Industry and Information and Ministry of Finance.

In the new year, the Company would undertake all social responsibilities by improving strategic management, sustainable development and enterprise economic efficiency. It would reattribute all shareholders and would protect legal rights for creditors and employees. To be honest to suppliers and customers, the Company would serve local economic development and participate in social public welfare activities and environment protection. It would undertake all responsibilities in many fields and make attributions to social, economic, and environmental sustainable development for a socialism harmonious society.

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

In accordance with the guiding principles of the state on the development of precision poverty alleviation, the Company has proactively carried out critical work on poverty alleviation and engaged in the targeted support in Sansui County and Tianzhu County in Guizhou Province.

(2) Summary of the Related Work Done in the Reporting Period

In 2019, the Company donated office supplies of approximately RMB0.3 million, including television sets and books to Sansui County and Tianzhu County, together with the work on public brand establishment of no more than RMB0.378 million which will be used for the package planning and advertisement promotion of Sansui ducks of Sansui County.

(3) Results of Targeted Poverty Alleviation

Index	Unit of measurement	Amount/implementation
I. Overall situation	—	—
Of which: 2. Materials converted to cash	RMB'0,000	67.8

II. Itemized investment	—	—
9. Other plans	—	—
9.2 Investment amount	RMB'0,000	67.8

(4) Subsequent Plans

To fully perform its duties of targeted poverty alleviation, in 2020, the Company plans to continuously conduct the targeted poverty alleviation affairs for Tianzhu and Sansui two counties of Guizhou Province.

3. Issues Related to Environmental Protection

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities.

Yes

Name of polluter	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
XingDa HongYe	Pollution sources of waste water: PH, copper, COD, ammonia nitrogen, total nitrogen, total phosphorus	Discharge of stationary pollution sources	1	Main discharge outlet of the waste water station	PH6-9; copper $\leq 0.5\text{mg/L}$; COD $\leq 80\text{mg/L}$; ammonia nitrogen $\leq 15\text{mg/L}$; total nitrogen $\leq 20\text{mg/L}$; total phosphorus $\leq 1\text{mg/L}$	Electroplating water pollutant discharge standard DB44/1597-2015 Table 1	0.448 million tons/year	Total discharge 448,500 tons/year; pollutant COD 24.891 tons/year; ammonia nitrogen 3.982 tons/year; total nitrogen 9.373 tons/year; total phosphorus 0.439 tons/year	None
	waste gas pollutants: sulfuric acid fume, hydrogen chloride, formaldehyde, hydrogen cyanide, nitrogen oxide, ammonia, benzene,	Discharge of stationary pollution sources	14	Three on the roof of one plant, ten on the roof of two plants and one on the roof of the canteen	sulfuric acid fume $\leq 30\text{mg/m}^3$; nitrogen oxide $\leq 200\text{mg/m}^3$; hydrogen chloride $\leq 30\text{mg/m}^3$; TVOC $\leq 90\text{mg/m}^3$; benzene $\leq 12\text{mg/m}^3$; methylbenzene $\leq 40\text{mg/m}^3$; dimethylbenzene ≤ 7	Emission Standard for Electroplating Pollutants GB21900-2008 Air Emission Limits Table 5, Guangdong Air Pollutant Emission Standard DB44/27-2001 the Second Level Standard in the Second Period, Emission standard for	2,986,560,000 standard cube/year	2,986,560,000 standard cube/year (note: the total discharge is not stated in the latest version of national discharge permit in 2018; two exhaust towers were added in 2018; calculated	None

methylbenzene, TVOC, tin and its compounds, PM (dust), oil fume				0mg/m ³ ; tin and its compounds≤8.5mg/m ³ ; PM (dust) ≤120mg/m ³ ; oil fume≤2mg/m ³	Odor Pollutants (GB 14554-1993) Table 2 Standard, Emission standard of cooking fume (GB18483-2001)	based on air volume in environmental impact assessment)
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(1) The construction of anti-pollution facilities and its operation situation

All production equipment of Guangdong Xingda Hongye Electronics Co., Ltd. has been set up with supporting environmental protection facilities according to the requirements of environmental impact assessment. The discharge of wastewater, waste gas and noise as well as the disposal of all solid wastes in the Company all met the standards during the Reporting Period.

The sewage treatment centre of Guangdong Xingda Hongye Electronics Co., Ltd. with an investment of about RMB15 million was formally put into production in June 2007, and the treatment capacity of the sewage treatment facility was 2,566 tons/day. After technical improvement and expansion, the capacity increased to 2,900 tons/day with the treatment process remaining unchanged. Currently, the sewage treatment facilities are functioning well and the main pollutant discharge meets the discharge standards and environmental assessment standards. The pollutants are discharged to Fushachong after being treated at the self-built sewage treatment station.

(2) Environmental impact assessment and other environmental protection administrative licenses of the construction project

Guangdong Xingda Hongye Electronics Co., Ltd. obtained the approval from Zhongshan Environmental Protection Bureau (ZHJ [2004] No. 61) for the operations and construction here in 2004. Subsequently, it obtained the documents of ZHJD [2008] No. 06250 and ZHJD [2010] No. 04469 respectively in 2008 and 2010. After the operations of its original project, Guangdong Xingda Hongye Electronics Co., Ltd. passed the two phases of acceptance assessment, including the Phase I acceptance assessment in 2008 (HY [2008] No. 02) and the Phase II acceptance assessment in 2012 (ZHYBG [2012] No. 000092).

In December 2012, Guangdong Xingda Hongye Electronics Co., Ltd. commissioned Zhongshan Research Institute of Environmental Protection Science to conduct the assessment of environmental impact for the technical improvement and expansion project of Guangdong Xingda Hongye Electronics Co., Ltd. On December 31, 2012, it obtained the approval document titled Reply to the Report on the Environmental Impact of the Technical Improvement and Expansion Project of Guangdong Xingda Hongye Electronics Co., Ltd. (ZHJS (2012) No. 115) from Zhongshan Environmental Protection Bureau. The document granted the approval for addition of the production of six-layer PCB, eight-layer PCB and above and HDI boards and for reduction of the production of single-sided PCB. After the technical improvement and expansion, the total production capacity of single-sided PCB would be 200,000 m²/year, of double-sided PCB would be 250,000 m²/year, of four-layer PCB would be 300,000 m²/year, of six-layer PCB would be 200,000 m²/year, of eight-layer PCB and above would be 150,000 m²/year and of HDI boards would be 100,000 m²/year. In the project, while the original plating equipment and processes remained unchanged, the brown oxide process was added to the original production process; all the increased plating capacity would be outsourced. The technical improvement and expansion project was commenced in 2013 and completed in January 2018. The commissioning was carried out from February 10, 2018 to July 8, 2018. The construction of the project complied with the requirements

for environmental impact assessment and met the criteria for the acceptance of environmental protection for the completion of construction projects. In 2018, the Company obtained the state sewage permit, certificate No.: 91442000768405216J001P.

(3) Contingency plan for emergent environmental incident

In strict accordance with requirements of laws, regulations and relevant documents, such as Law of the People's Republic of China on Emergency Response and Interim Measures on Environmental Emergency Response Plan, Guangdong Xingda Hongye Electronics Co., Ltd. has established risk prevention measures and emergency response plans, kept its emergency equipment in a normal state, formulated the Contingency Plan for Emergent Environmental Incident, and put on records at Zhongshan Environmental Protection Bureau, Guangdong Province, record No.: 4420002017044M. In addition, the Company conducts a drill of major environmental pollution incident on its factory to enhance its emergency response capabilities for emergent environmental pollution incidents.

Furthermore, Guangdong Xingda Hongye Electronics Co., Ltd. has built an emergency pool (which is the comprehensive water tank in the sewage treatment station covering an area of 800m³) and set up a fire pool (500m³ and located on Floor 1 of Factory Building No. 2), which serve as temporary storage pools for exterior drainage or fire drainage to eradicate accidental discharge of wastewater in the case of failed operation of the sewage transmission pipeline or fire accident due to outage or other special circumstances. The sewage transmission pipeline has been equipped with anti-corrosion and cathodic protection using anti-corrosion pipes and carbon steel pipes. Pursuant to the new discharge standards, the related discharge pipeline has been modified and the production department has been required to discharge strictly in accordance with discharge standards to cut the costs of wastewater treatment. Different types of wastewater are normally and properly treated through fine shunting. Personnel have been specially arranged to manage the chemical liquid warehouse and exert reasonable control and requirements over the liquid discharge by the plant and timely transportation of the liquid by suppliers; emergency tools such as protective masks, boots and immiscible pumps have been equipped;

(4) Environmental self-monitoring plan

According to the requirements of the Environmental Protection Administration, Guangdong Xingda Hongye Electronics Co., Ltd. attaches great importance to environmental monitoring management. Thus, pursuant to the Measures for Self-Monitoring and Information Disclosure of National Key Monitored Enterprises, the Report on the Environmental Impact of the Technical Improvement and Expansion Project of Guangdong Xingda Hongye Electronics Co., Ltd. and the reply opinions for environmental impact assessment, the Company has formulated the Environmental Self-Monitoring Plan and reported to the municipal environmental protection bureau for approval and record. It implements online monitoring for the PH, COD and ammonia nitrogen pollutants discharged in wastewater through real-time monitoring and an automatic frequency of every two hours, entrusts the qualified third-party online monitoring equipment operation and maintenance institute to carry out periodic maintenance on automatic monitoring equipment and monitoring data networking equipment, and entrusts the qualified third-party monitoring unit to carry out the "three wastes" project monitoring. All self-monitoring plan results will be reported and disclosed on public platforms on a periodic basis.

In the case of normal production, the results will be updated on a daily basis, with online monitoring data disclosed in real time and manual monitoring data disclosed on the next day after completion. In the case of public holidays, the operation monitoring data for the holiday period will

be disclosed on the first working day after the holiday. Items monitored on a monthly basis will be disclosed by the 25th day of the month. Items inspected on a quarterly basis will be disclosed by the 25th day of the last month of the quarter. The annual self-monitoring report for the previous year will be disclosed at the end of January each year. In the case of shutdown with days off, the number of days off will be indicated in the information bar and related proofs will be submitted to the monitoring center of the municipal environmental bureau for record.

The results are disclosed on Guangdong Province Key Pollution Source Regulatory Information Platform and on National Pollution Source Monitoring Information Management and Sharing Platform for public monitoring.

(5) Other environmental information that should be disclosed

The environmental protection investment of Guangdong Xingda Hongye Electronics Co., Ltd. for 2019 was approximately RMB19 million, mainly used as the environmental engineering investment (approximately RMB1.5 million) and the operation of environmental protection equipment (approximately RMB6.25 million).

(6) Other Environmental Information

According to the examination by the Company, the Company and its other holding subsidiaries are not key pollutant units. All have faithfully implemented the laws and regulations related to environmental protection, such as Environmental Protection Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste in the daily production and operation, without being punished for violations of laws and regulations during the Reporting Period.

XIX Other Significant Events

√ Applicable □ Not applicable

(I) Private placement of corporate bonds, asset securitization of commercial factoring and asset securitization of accounts receivable: Currently, the private placement of corporate bonds of RMB5 billion has been issued, matters with other private placement of corporate bonds of RMB0.6 billion are in moving forward; the asset securitization of commercial factoring and asset securitization of accounts receivable are in moving forward.

(II) The Company's application for a private A-share placement was accepted for processing by the CSRC on 20 May 2019, and the Company has disclosed its reply to the CSRC's questions regarding the application. At present, this issue is under the approval of CSRC and it's uncertain whether it is approved.

(III) Disclosure index of significant information

Announcement No.	Date	Title	Page on newspaper	Link on http://www.cninf.com.cn

				o.com .cn
2019-01	4 January 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB29, Shanghai Securities News 64 etc.	http:// www.c ninf.c om.cn/ new/in dex
2019-02	15 January 2019	Announcement on the Progress of Offering Guarantees to the wholly-owned subsidiary	Securities TimesB13, Shanghai Securities News 48 etc.	
2019-03	16 January 2019	Announcement on the Result of Private Placement of Corporate Bonds in 2019 (Phase I)	Securities TimesB32, Shanghai Securities News 33 etc.	
2019-04	18 January 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB36, Shanghai Securities News 76 etc.	
2019-05	25 January 2019	Announcement on the Progress of Offering Guarantees to the wholly-owned subsidiary	Securities TimesB29, Shanghai Securities News 36 etc.	
2019-06	26 January 2019	Announcement on the 2018 Earnings Forecasts	Securities TimesB20, Shanghai Securities News 32 etc.	
2019-07	2 February 2019	Announcement on the Resolution of the 4 th Meeting of the 9 th Board of Directors	Securities TimesB36, Shanghai Securities News 33 etc.	
2019-08	2 February 2019	Notice on Convening the 1 st Extraordinary General Meeting of 2019	Securities TimesB36, Shanghai Securities News 33 etc.	
2019-09	2 February 2019	Announcement on External Financial Aids Generated from Planned Transfer of Partial Equity of Subsidiaries	Securities TimesB36, Shanghai Securities News 33 etc.	
2019-10	12 February 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB25, Shanghai Securities News 85 etc.	
2019-11	15 February 2019	Announcement on Accumulative New Borrowings	Securities TimesB12, Shanghai Securities News 76 etc.	
2019-12	21 February 2019	Announcement on the Resolution of the 1 st Extraordinary General Meeting of 2019	Securities TimesB42, Shanghai Securities News 40 etc.	
2019-13	14 March 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB28, Shanghai Securities News 56 etc.	

2019-14	19 March 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB92, Shanghai Securities News 92 etc.
2019-15	19 March 2019	Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project	Securities TimesB92, Shanghai Securities News 92 etc.
2019-16	19 March 2019	Announcement on Abnormal Volatility of Stock Trading	Securities TimesB116, Shanghai Securities News 40 etc.
2019-17	19 March 2019	Indicative Announcement on Planning of Private Placement of Shares	Securities TimesB116, Shanghai Securities News 40 etc.
2019-18	21 March 2019	Announcement on Offering Overseas Loan under Domestic Guarantee to Foreign Wholly-owned Subsidiary	Securities TimesB29, Shanghai Securities News 48 etc.
2019-19	28 March 2019	Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project	Securities TimesB33, Shanghai Securities News 40 etc.
2019-20	29 March 2019	Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance	Securities TimesB128, Shanghai Securities News 428 etc.
2019-21	30 March 2019	Announcement on the Abstract of the 2018 Annual Report	Securities TimesB41, Shanghai Securities News 529 etc.
2019-22	30 March 2019	Announcement on the 2018 Annual Report	
2019-23	30 March 2019	Announcement on the Resolution of the 7 th Meeting of the 9 th Board of Directors	Securities TimesB41, Shanghai Securities News 529 etc.
2019-24	30 March 2019	Announcement on the Resolution of the 2 nd Meeting of the 9 th Supervisory Committee	Securities TimesB41, Shanghai Securities News 529 etc.
2019-25	30 March 2019	Announcement on External Guarantees	Securities TimesB42, Shanghai Securities News 529 etc.
2019-26	30 March 2019	Announcement on the Changes of Part of Accounting Policies	Securities TimesB42, Shanghai Securities News 530 etc.
2019-27	30 March 2019	Announcement on the Expectation of the 2019 Routine Related Transaction	Securities TimesB43, Shanghai Securities News 530 etc.
2019-28	30 March 2019	Announcement on Involving Number of Subscribers after Penetration of Subscribers for Private Placement of A-shares	Securities TimesB42, Shanghai Securities News 530 etc.

2019-29	30 March 2019	Announcement on Risk Warnings of Dilution of Immediate Returns by Private Placement of A-shares and Compensation Measures	Securities TimesB42, Shanghai Securities News 530 etc.
2019-30	30 March 2019	Announcement on Involving Related-party Transactions for Private Placement of A-shares	Securities TimesB42, Shanghai Securities News 530 etc.
2019-31	30 March 2019	Explanation on No Need to Preparation of Special Report on Use of Previous Raised Funds	Securities TimesB43, Shanghai Securities News 530 etc.
2019-32	30 March 2019	Announcement on Conditional Share Subscription Agreement Signed by the Company with the Subscriptor	Securities TimesB43, Shanghai Securities News 530 etc.
2019-33	30 March 2019	Announcement on Particulars about Supervision Measures Taken by and Punishments Made by Securities Supervision Departments for the Five Years	Securities TimesB43, Shanghai Securities News 530 etc.
2019-34	8 April 2019	Announcement on Volunteer Information Disclosure of Project Pre-concluded	Securities TimesB45, Shanghai Securities News 60 etc.
2019-35	12 April 2019	Announcement on the 2019 First Quarter Earnings Forecasts	Securities TimesB48, Shanghai Securities News 40 etc.
2019-36	12 April 2019	Announcement on Planned Listing to Transfer Partial Shares of Konka E-display	Securities TimesB48, Shanghai Securities News 40 etc.
2019-36	20 April 2019	Announcement on the Resolution of the 8 th Meeting of the 9 th Board of Directors	Securities TimesB64, Shanghai Securities News 84 etc.
2019-37	20 April 2019	Notice on Convening the 2018 Annual General Meeting	Securities TimesB64, Shanghai Securities News 84 etc.
2019-38	27 April 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB116, Shanghai Securities News 108 etc.
2019-39	30 April 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB233, Shanghai Securities News 616 etc.
2019-40	30 April 2019	2019 First Quarter Report	Securities TimesB233, Shanghai Securities News 616 etc.

2019-41	30 April 2019	Text of the 2019 First Quarter Report	Securities TimesB233, Shanghai Securities News 616 etc.
2019-42	30 April 2019	Announcement on the Resolution of the 9 th Meeting of the 9 th Board of Directors	Securities TimesB233, Shanghai Securities News 616 etc.
2019-43	30 April 2019	Announcement on Establishment of Haimen Headquarters for Eastern China through Investment	Securities TimesB233, Shanghai Securities News 616 etc.
2019-44	7 May 2019	Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance	Securities TimesB60, Shanghai Securities News 60 etc.
2019-45	7 May 2019	Announcement on Progress of Planned Listing to Transfer Shares of Konka E-display	Securities TimesB60, Shanghai Securities News 60 etc.
2019-46	14 May 2019	Announcement on the Resolution of the 2018 Annual General Meeting	Securities TimesB85, Shanghai Securities News 85 etc.
2019-47	17 May 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB85, Shanghai Securities News 85 etc.
2019-48	21 May 2019	Announcement on the Resolution of the 10 th Meeting of the 9 th Board of Directors	Securities TimesB64, Shanghai Securities News 60 etc.
2019-49	21 May 2019	Announcement on Establishment of Environmental Protection Business Industrial Park through Investment	Securities TimesB64, Shanghai Securities News 60 etc.
2019-50	23 May 2019	Announcement on CSRC's Acceptance for Application of Private Placement of Shares	Securities TimesB27, Shanghai Securities News 44 etc.
2019-51	28 May 2019	Announcement on Volunteer Information Disclosure of Pre-winning the Bid for Project	Securities TimesB88, Shanghai Securities News 69 etc.
2019-52	4 June 2019	Announcement on Information Disclosure of Voluntariness of Receiving Letter of Acceptance	Securities TimesB71, Shanghai Securities News 48 etc.
2019-53	5 June 2019	Announcement on Result of Private Placement of Corporate Bonds in 2019 (Phase II)	Securities TimesB44, Shanghai Securities News 44 etc.
2019-54	11 June 2019	Announcement on the Resolution of the 11 th Meeting of the 9 th Board of Directors	Securities TimesB42, Shanghai Securities News 49 etc.

2019-55	11 June 2019	Announcement on Transfer of 51% Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd. and Related-party Transactions	Securities TimesB42, Shanghai Securities News 49 etc.
2019-56	11 June 2019	Announcement on the Progress of Offering Guarantees to the Subsidiary	Securities TimesB42, Shanghai Securities News 49 etc.
2019-57	14 June 2019	Announcement on Cooperation Agreement Signed with Bishan Government of Chongqing Province	Securities TimesB4, Shanghai Securities News 120 etc.
2019-58	18 June 2019	Announcement on Listing to Transfer Partial Shares of Konka E-display	Securities TimesB61, Shanghai Securities News 33 etc.
2019-59	25 June 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities TimesB40, Shanghai Securities News 52 etc.
2019-60	25 June 2019	Announcement on Receipt of CSRC's Notice on the First Feedback for Review of Administrative Permission Projects	Securities TimesB40, Shanghai Securities News 52 etc.
2019-61	25 June 2019	Announcement on Completion of Registration Changing Procedures for Transfer of Partial Equity of Konka E-display	Securities TimesB43, Shanghai Securities News 52 etc.
2019-62	25 June 2019	Announcement on Completion of Registration Changing Procedures for Transfer of 51% Equity Interests of Chuzhou Konka Technology & Industry Development Co., Ltd.	Securities TimesB43, Shanghai Securities News 52 etc.
2019-63	25 June 2019	Announcement on Pending Lawsuits and Arbitrations with large amount	Securities TimesB102, Shanghai Securities News 76 etc.
2019-64	27 June 2019	Announcement on the Implementation of Dividend Plan of 2018	Securities TimesB91, Shanghai Securities News 29 etc.
2019-65	28 June 2019	Announcement on the Progress of Offering Guarantees to the Subsidiary	Securities TimesB128, Shanghai Securities News 36 etc.
2019-66	29 June 2019	Announcement on Wholly-owned Subsidiary' receiving of the Government Subsidies	Securities Times B95, Shanghai Securities News 80 etc.
2019-67	10 July 2019	Announcement on Volunteer Information Disclosure of Terminating Participating in the PPP Project of	Securities Times B32, Shanghai Securities News 76 etc.

		Taicheng Water Ecological Environment Management	
2019-68	10 July 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B32, Shanghai Securities News 76 etc.
2019-69	19 July 2019	Announcement on the Progress of Offering Guarantees to the Subsidiary	Securities Times B49, Shanghai Securities News 272 etc.
2019-70	24 July 2019	Announcement on the Issuance Result of the Private Placement of Corporate Bonds (Phase III) in 2019	Securities Times B31, Shanghai Securities News 40 etc.
2019-71	27 July 2019	Announcement on Offering Overseas Loan under Domestic Guarantee to Foreign Wholly-owned Subsidiary	Securities Times B12, Shanghai Securities News 44 etc.
2019-72	30 July 2019	Announcement on Receiving the Notice on Suspending the Review of the Application for Administration Permission of China Securities Regulatory Commission	Securities Times B21, Shanghai Securities News 52 etc.
2019-73	1 August 2019	Announcement on Applying for Resuming Review of Private Placement of A-stock to China Securities Regulatory Commission	Securities Times B32, Shanghai Securities News 41 etc.
2019-74	1 August 2019	Announcement on the Progress of Offering Guarantees to the Wholly-owned Subsidiary	Securities Times B32, Shanghai Securities News 41 etc.
2019-75	7 August 2019	Announcement on the Abstract of the 2019 Interim Report	Securities Times B62, Shanghai Securities News 28 etc.
2019-76	7 August 2019	Announcement on the 2019 Interim Report	
2019-77	7 August 2019	Announcement on Resolutions of the 14 th Meeting of the 9 th Board of Directors	Securities Times B62, Shanghai Securities News 28 etc.
2019-78	10 August 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B44, Shanghai Securities News 24 etc.
2019-79	27 August 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B70, Shanghai Securities News 501 etc.

2019-80	30 August 2019	Announcement on Participating in the 2019 Online Collective Reception Day for Investors of Shenzhen Listed Companies in 2019	Securities Times B107, Shanghai Securities News 104 etc.
2019-81	10 September 2019	Announcement on Receiving the Notice on Resuming Review of Application for Administration Permission of China Securities Regulatory Commission	Securities Times B39, Shanghai Securities News 60 etc.
2019-82	18 September 2019	Announcement on Resolutions of the 15 th Meeting of the 9 th Board of Directors	Securities Times B62, Shanghai Securities News 33 etc.
2019-83	18 September 2019	Announcement on Transfer of 51% of Equity in Chuzhou Kangjin Health Industry Development Co., Ltd. and Related-party Transactions	Securities Times B62, Shanghai Securities News 33 etc.
2019-84	18 September 2019	Announcement on Offering Financial Aid for Chuzhou Kangjin Company Based on the Shareholding Ratio and Related-party Transactions	Securities Times B62, Shanghai Securities News 33 etc.
2019-85	18 September 2019	Announcement on Offering Financial Aid for K-Star Company Based on the Shareholding Ratio	Securities Times B62, Shanghai Securities News 33 etc.
2019-86	18 September 2019	Announcement on the Project of Building the Konka Semiconductor Optoelectronics Research Institute through investment in Chongqing City	Securities Times B62, Shanghai Securities News 33 etc.
2019-87	18 September 2019	Announcement on the Private Placement of Corporate Bond Programming by the Company	Securities Times B62, Shanghai Securities News 33 etc.
2019-88	18 September 2019	Notice on Convening the 2 nd Extraordinary General Meeting of 2019	Securities Times B62, Shanghai Securities News 33 etc.
2019-89	27 September 2019	Announcement on Completing the Industrial and Commercial Registration of Changes for Transfer of 51% of Equity in Chuzhou Kangjin Health Industry Development Co., Ltd.	Securities Times B27, Shanghai Securities News 77 etc.
2019-90	8 October 2019	Announcement on Receiving Government Subsidies by the Wholly-owned Subsidiary	Securities Times B73, Shanghai Securities News 116 etc.

2019-91	9 October 2019	Announcement on Resolutions of the 2 nd Extraordinary General Meeting of 2019	Securities Times B72, Shanghai Securities News 84 etc.
2019-92	9 October 2019	Announcement on Progress of External Investments	Securities Times B72, Shanghai Securities News 84 etc.
2019-93	11 October 2019	Announcement on Progress of Guarantees	Securities Times B22, Shanghai Securities News 52 etc.
2019-94	23 October 2019	Announcement on Resolutions of the 17 th Meeting of the 9 th Board of Directors	Securities Times B30, Shanghai Securities News 85 etc.
2019-95	23 October 2019	Announcement on Change in Engagement of CPAs	Securities Times B30, Shanghai Securities News 85 etc.
2019-96	23 October 2019	Announcement on Conducting Financing Lease Business and Related-party Transactions	Securities Times B30, Shanghai Securities News 85 etc.
2019-97	23 October 2019	Announcement on Transfer of Partial Equity in Haimen Kangjian Company by Listing	Securities Times B30, Shanghai Securities News 85 etc.
2019-98	23 October 2019	Announcement on Offering Financial Aid for Haimen Kangjian Company Based on the Shareholding Ratio	Securities Times B30, Shanghai Securities News 85 etc.
2019-99	23 October 2019	Notice on Convening the 3 rd Extraordinary General Meeting of 2019	Securities Times B30, Shanghai Securities News 85 etc.
2019-100	23 October 2019	Announcement on Offering Guarantees to the Company as the Parent by the Wholly-owned Subsidiary	Securities Times B30, Shanghai Securities News 85 etc.
2019-101	31 October 2019	Text of the 2019 Third Quarter Report	Securities Times B71, Shanghai Securities News 84 etc.
2019-102	31 October 2019	2019 Third Quarter Report	
2019-103	2 November 2019	Announcement on Transfer of Partial Equity in Shenzhen Kangyue Company by Listing	Securities Times B27, Shanghai Securities News 41 etc.
2019-104	2 November 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B27, Shanghai Securities News 41 etc.
2019-105	8 November 2019	Announcement on Signing Strategic Cooperation Agreement by the Majority-owned Subsidiary	Securities Times B31, Shanghai Securities News 72 etc.

2019-106	8 November 2019	Announcement on Resolutions of the 3 rd Extraordinary General Meeting of 2019	Securities Times B31, Shanghai Securities News 72 etc.
2019-107	21 November 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B26, Shanghai Securities News 65 etc.
2019-108	26 November 2019	Announcement on Offering Financial Aid for Yantai Kangyue Company Based on the Shareholding Ratio	Securities Times B58, Shanghai Securities News 100 etc.
2019-109	26 November 2019	Announcement on Changes of Some Accounting Policies	Securities Times B58, Shanghai Securities News 100 etc.
2019-110	26 November 2019	Announcement on Offering Advertising Services for OCT Group and Related-party Transactions	Securities Times B58, Shanghai Securities News 100 etc.
2019-111	26 November 2019	Announcement on the Project of Building an Environmental Technology Town through Investment in Yantai City	Securities Times B58, Shanghai Securities News 100 etc.
2019-112	26 November 2019	Notice on Convening the 4 th Extraordinary General Meeting of 2019	Securities Times B58, Shanghai Securities News 100 etc.
2019-113	26 November 2019	Announcement on Resolutions of the 19 th Meeting of the 9 th Board of Directors	Securities Times B58, Shanghai Securities News 100 etc.
2019-114	26 November 2019	Announcement on Investment in the Project of Closed Beta of Memory Chips	Securities Times B63, Shanghai Securities News 100 etc.
2019-115	27 November 2019	Supplementary Notice on Convening the 4 th Extraordinary General Meeting of 2019	Securities Times B57, Shanghai Securities News 63 etc.
2019-116	28 November 2019	Announcement on Offering Overseas Loan under Domestic Guarantee to Foreign Wholly-owned Subsidiary	Securities Times B32, Shanghai Securities News 52 etc.
2019-117	3 December 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B100, Shanghai Securities News 80 etc.
2019-118	12 December 2019	Announcement on the Progress of Offering Guarantees to the Wholly-owned Subsidiary	Securities Times B26, Shanghai Securities News 84 etc.

2019-119	17 December 2019	Announcement on Resolutions of the 4 th Extraordinary General Meeting of 2019	Securities Times B58, Shanghai Securities News 96 etc.
2019-120	19 December 2019	Announcement on Progress of Transfer of Partial Equity in Haimen Kangjian Company by Listing	Securities Times B46, Shanghai Securities News 92 etc.
2019-121	26 December 2019	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B46, Shanghai Securities News 29 etc.
2019-122	27 December 2019	Announcement on Receiving Government Subsidies by the Majority-owned Subsidiary	Securities Times B43, Shanghai Securities News 52 etc.
2019-123	27 December 2019	Announcement on Progress of Transfer of Partial Equity in Shenzhen Kangque Company by Listing	Securities Times B43, Shanghai Securities News 52 etc.

XX Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	19,500	0.00%						19,500	0.00%
1.3 Shares held by other domestic investors	19,500	0.00%						19,500	0.00%
Shares held by domestic natural persons	19,500	0.00%						19,500	0.00%
2. Unrestricted shares	2,407,925,908	100.00%						2,407,925,908	100.00%
2.1 RMB-denominated ordinary shares	1,596,574,300	66.31%						1,596,574,300	66.31%
2.2 Domestically listed foreign shares	811,351,608	33.69%						811,351,608	33.69%
3. Total shares	2,407,945,408	100.00%						2,407,945,408	100.00%

Reasons for share changes:

 Applicable Not applicable

Approval of share changes:

 Applicable Not applicable

Transfer of share ownership:

 Applicable Not applicable

Progress on any share repurchases:

 Applicable Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

 Applicable Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

 Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II. Issuance and Listing of Securities

1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable Not applicable

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	91,244	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	162,694	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)	0	
	5% or greater shareholders or top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	State-owned legal person	21.75%	523,746,932	0	0	523,746,932		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.56%	182,100,202	0	0	182,100,202		
HOLY TIME GROUP LIMITED	Foreign legal person	2.33%	56,139,100	0	0	56,139,100		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.25%	54,203,779	0	0	54,203,779		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0	0	52,801,250		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.95%	22,994,024	518,900	0	22,994,024		

Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.89%	21,357,425	11,545,764	0	21,357,425		
NAM NGAI	Foreign natural person	0.88%	21,207,340	-504,800	0	21,207,340		
National Social Security Fund Portfolio 118	Other	0.88%	21,099,537	4,000,000	0	21,099,537		
Chen Weiqin	domestic natural person	0.69%	16,656,822	0	0	16,656,822		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 ordinary shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Happy Bloom Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	523,746,932	RMB-denominated ordinary stock	523,746,932					
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	182,100,202	Domestically listed foreign stock	182,100,202					
HOLY TIME GROUP LIMITED	56,139,100	Domestically listed foreign stock	56,139,100					
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	54,203,779	Domestically listed foreign stock	54,203,779					
GAOLING FUND,L.P.	52,801,250	Domestically listed foreign stock	52,801,250					
CHINA MERCHANTS SECURITIES (HK) LIMITED	22,994,024	Domestically listed foreign stock	22,994,024					

Hong Kong Securities Clearing Company Ltd.	21,357,425	RMB-denominated ordinary stock	21,357,425
NAM NGAI	21,207,340	Domestically listed foreign stock	21,207,340
National Social Security Fund Portfolio 118	21,099,537	RMB-denominated ordinary stock	21,099,537
Chen Weiqin	16,656,822	RMB-denominated ordinary stock	16,656,822
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 common shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Happy Bloom Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	Chen Weiqin holds 16,656,822 A-shares in the Company through his securities account for customer credit trading guarantee in CITIC Securities Company Limited.		

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

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a central state-owned legal person

Type of the controlling shareholder: legal person

Name of actual controller	Legal representative /person in charge	Date of establishment	Unified social credit code	Principal activity
Overseas Chinese Town Enterprises Co.	Duan Xiannian	11 November 1985	91440300190346175T	Export of textile, light industrial products, etc; import of self-used goods in Shenzhen, mechanical equipment, light industrial products, etc. as approved by the relevant authorities of Shenzhen (under Government Document JMB [92] WJMGTSZZ No. A19024); compensation trade; investment in tourism and relevant cultural industry (including art performance, entertainment and their services, etc), industry, real estate, commerce & trade, packaging, decoration and investment in printing industry. The convert of export commodities into domestic sale and the domestic sales of import commodities. Travelling, rental of warehouses, culture and art, bonded warehouse of car donation, convention and exhibition services (the projects involved in license management can be operated after getting the relevant license first); sales of automobile (sedan car included)

Controlling shareholder's holdings in other listed companies at home or abroad in the Reporting Period	As of 31 December 2019, Overseas Chinese Town Enterprises Co. held 47.01% equity of Shenzhen Overseas Chinese Town Co., Ltd. (a company listed on the main Board of Shenzhen Stock Exchange, SZ. 000069). Meanwhile, Shenzhen Overseas Chinese Town Co., Ltd. indirectly held 70.94% equity of OCT (Asia) Holdings Ltd. (a company listed on the main Board of Hong Kong Stock Exchange, 3366.HK). Overseas Chinese Town Enterprises Co. directly held 18.14% equity of Yunnan Tourism Co., Ltd. (a company listed on the SME Board of Shenzhen Stock Exchange, SZ.002059) and indirectly held 35.74% equity of Yunnan Tourism Co., Ltd through increasing capital to Yunnan Expo Tourism Group Holdings., Ltd. Overseas Chinese Town Enterprises Co. held 8% equity of China Everbright Bank Company Limited (a company listed on the main Board of Shanghai Stock Exchange (SH.601818) and the main Board of Hong Kong Stock Exchange (6818.HK). Overseas Chinese Town Enterprises Co. indirectly held 2.85% equity of Zhejiang Century Huatong Group Co., Ltd. (a company listed on the main Board of Shenzhen Stock Exchange, SZ.002602) through its subsidiary Shenzhen OCT Capital Investment Management Co., Ltd. Overseas Chinese Town Enterprises Co. indirectly held 35.60% equity of OCT Top-Sight Cultural Group Co., Ltd.(a company listed on National Equities Exchange and Quotations, 834548.OC) through its subsidiary Shenzhen OCT Cultural Group Co., Ltd. Overseas Chinese Town Enterprises Co. indirectly held 80.00% equity of Jianmenguan Oct Tourism Development Co., Ltd (a company listed on National Equities Exchange and Quotations, 871381.OC) though its subsidiary OCT West Investment Co., Ltd.
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Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Central institution for state-owned assets management

Type of the actual controller: legal person

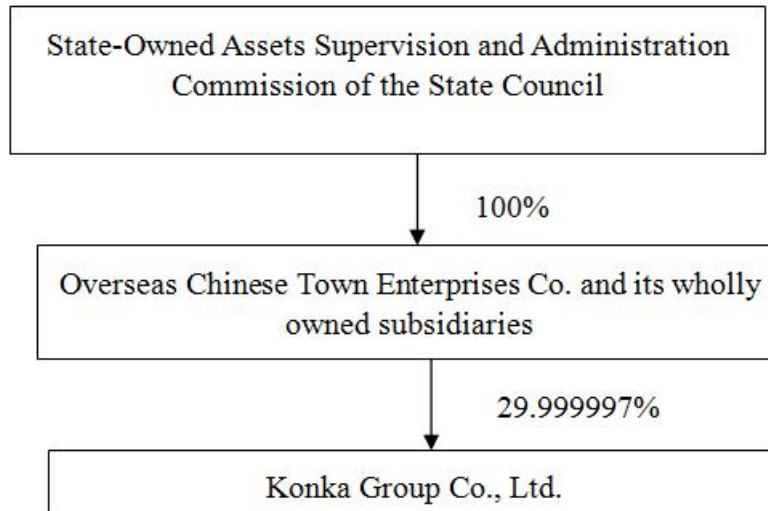
Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
State-owned Assets Supervision and Administration Commission of the State Council	Hao Peng		Not applicable	Not applicable
Actual controller's holdings in other listed companies at home or abroad in the Reporting Period	Not applicable			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

Part VII Preferred Shares

Applicable Not applicable

No preferred shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

Applicable Not applicable

No convertible corporate bonds in the Reporting Period.

Part IX Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incu mbe nt/Fo rmer	Ge nd er	Age	Start of tenure	End of tenure	Begin ning share holdi ng	Incre ase in the Repo rting Perio d	Decre ase in the Repo rting Perio d	Other incre ase/d ecrea se	Endi ng share holdi ng
Liu Fengxi	Director, Chairman of the Board	Incu mbe nt	Male	48	3 December 2018	3 December 2021	0	0	0	0	0
He Haibin	Director	Incu mbe nt	Male	46	3 December 2018	3 December 2021	0	0	0	0	0
Zhang Jing	Director	Incu mbe nt	Male	38	3 December 2018	3 December 2021	0	0	0	0	0
Zhou Bin	Director	Incu mbe nt	Male	41	3 December 2018	3 December 2021	0	0	0	0	0
Sun Shengd ian	Independent director	Incu mbe nt	Male	65	3 December 2018	3 December 2021	0	0	0	0	0
Wang Shugua ng	Independent director	Incu mbe nt	Male	49	3 December 2018	3 December 2021	0	0	0	0	0
Deng Chunh ua	Independent director	Incu mbe nt	Female	57	3 December 2018	3 December 2021	0	0	0	0	0
Wang Youlai	Supervisor, chairman of the Supervisory Committee	Incu mbe nt	Male	59	3 December 2018	3 December 2021	0	0	0	0	0
Yang Guobin	Supervisor	Incu mbe nt	Male	51	3 December 2018	3 December 2021	0	0	0	0	0

Li Jun	Supervisor	Incumbent	Male	49	29 November 2018	3 December 2021	0	0	0	0	0
Zhou Bin	President	Incumbent	Male	41	10 March 2017	27 March 2023	0	0	0	0	0
Li Hongtao	Vice president	Incumbent	Male	52	10 March 2017	27 March 2023	0	0	0	0	0
Wu Yongjun	Board Secretary	Incumbent	Male	45	10 March 2017	27 March 2023	0	0	0	0	0
Li Chunlei	CFO	Incumbent	Male	47	10 March 2017	27 March 2023	0	0	0	0	0
Yang Bo	Vice president	Incumbent	Male	50	10 March 2017	27 March 2023	0	0	0	0	0
Cao Shiping	Vice president	Incumbent	Male	42	10 March 2017	27 March 2023	0	0	0	0	0
Sun Qingyan	Vice president	Incumbent	Male	48	18 April 2017	27 March 2023	26,000	0	0	0	26,000
He Jianjun	Vice president	Former	Male	50	10 March 2017	13 January 2020	0	0	0	0	0
Total	--	--	--	--	--	--	26,000	0	0	0	26,000

II Change of Directors, Supervisors and Senior Management

√Applicable □ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
He Jianjun	Vice president	Expired	13 January 2020	Resign for job change

III Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

1. Director

Liu Fengxi, male, born in 1972, was the Chairman of the Board with a master degree. He once worked as the marketing GM for the multi-media division of Konka Group, Assistant GM and then

Vice GM of Shenzhen Konka Telecommunications Technology Co., Ltd., Chief of the Operation Management Center of Konka Group, Assistant to President and Vice President of Konka Group, etc. And now he is acting as the member of the Standing Committee and Deputy GM of OCT Group, Director and GM of Shenzhen Konka Holding Group Co., Ltd. as well as the Board Chairman and CEO of Konka Group.

He Haibin, male, born in 1974, a senior accountant, was a director of the Company with a master degree. He once worked as the Chief of Audit Department and Financial Department in Overseas Chinese Town Group Corporation, as Principal of Finance in Planning Department of the Crowne Plaza Shenzhen, as CFO in Shenzhen OCT Seaview Hotel Co., Ltd., as CFO in InterContinental Shenzhen, as Vice CFO in Overseas Chinese Town Group Corporation and as CFO in Overseas Chinese Town Hong Kong Limited, GM of OCT Capital Investment Management Co., Ltd., the Chief Accountant of Shenzhen OCT Co., Ltd., and Chief of Business Management Division in Overseas Chinese Town Enterprises Co. etc. Now he serves as the Standing Committee and Board Secretary the Chief Accountant of Overseas Chinese Town Group Corporation, and the Chairman of the Board of Shenzhen OCT Capital Investment Management Co., Ltd, director of OCT (Yunnan) Investment Co., Ltd, Executive Director of Overseas Chinese City (Asia) Holding Co., Ltd., the supervisor in Wuhan OCT Industrial Development Co., Ltd., Shenzhen OCT Culture Group Co., Ltd., OCT East China Investment Co., Ltd. and OCT West Investment Co., Ltd. as well as a director of Konka Group.

Zhang Jing, Director, male, was born in 1982, MBA. He served as Manager of the CEO's Office in OCT Group, Senior Manager of the Strategic Development Department in Shenzhen OCT Co., Ltd., a member of the Preparatory Work Group of Qingdao OCT, Director of the Administration Department (Deputy Director of the Party Committee Office) in Shenzhen OCT Properties Co., Ltd., Deputy Director and Director of the Strategic Development Department in Shenzhen OCT Co., Ltd., General Manager of the Strategic Planning Department in OCT Group, General Manager of the Corporate Management Department in OCT Group, and Director of the Corporate Management Department in Shenzhen OCT Co., Ltd.. Currently, he serves as Executive Deputy General Manager of OCT West Investment Co., Ltd., Chairman and General Manager of Xi'an OCT Industry Co., Ltd., Chairman and General Manager of Xi'an Qujiang OCT Investment Development Co., Ltd., General Manager of Xi'an OCT Land Co., Ltd., General Manager of Xi'an Fengdong OCT Development Co., Ltd., Director of OCT (HK) Co., Ltd., Non-Executive Director of OCT (Asia), Chairman of OCT (Beijing) Business Management Co., Ltd., Vice Chairman of Huawan Healthy Industry Development Co., Ltd., Director of OCT (Yunnan) Investment Co., Ltd. Director Yunnan ExpoTourism Holding Group Co., Ltd., Executive Director & GM of Xi'an Kangxing Real Estate Co., Ltd. and Director of Konka Group.

Zhou Bin, male, born in 1979, was the director and president of the Company with a bachelor degree. He once served as the director assistant, deputy director and director in Operating Management Center in Konka Group, assistant of the president in the Board of Directors & Director in Operating Management Center in Konka Group and President of Konka Group. Now, he acts as the director and president in Konka Group, director in Shenzhen Konka Holding Group Co., Ltd.

2. Independent Director

Sun Shengdian, a male senior economist, born in 1955, was the independent director of the Company with a doctor degree in engineering. Formerly vice GM, deputy secretary of the Party committee, GM and president of Shenzhen SEG, Hitachi Color Display Devices Co., Ltd., president, secretary of Party Committee of Shenzhen SEG Group Co., Ltd. director of Shenzhen China Star Optoelectronics Technology Co., Ltd., independent director of Skyworth Holding Ltd., the vice president of Shenzhen Huakong SEG Co., Ltd., and the head of Shenzhen Electronics Industries Association. Now, he serves as the director of China Vanke Co., Ltd, and independent director of Konka Group.

Wang Shuguang, Independent Director, male, was born in 1971, PhD in economics, professor and doctoral supervisor. He served as Independent Director of Yantai Rural Commercial Bank, Jinan Rural Commercial Bank, Ningbo Yuyao Rural Commercial Bank and SDIC Zhonglu, and External Supervisor and Convener of the Board of Supervisors of Industrial Bank Co., Ltd. Currently, he serves as Professor and Doctoral Supervisor in the School of Economics of Peking University, Executive Deputy Director of the Institute for Cultural Industries, Peking University and Independent Director of Konka Group.

Deng Chunhua, Independent Director, female, ethnic group of Han, born in 1963, MBA, professor and master's supervisor of accounting, Certified Public Accountant in China (non-practicing member). She served as Chief Accountant and Project Manager of WUYIGE Certified Public Accounts LLP, Zhongnan University of Economics and Law, Member of the Fifth Session of the Corporate Special Committee of the Chinese Association of Quantitative Economics and Member of the Professional Jury Committee of Hubei Administration of Sport. From July 1984 till now, she has been teaching in the School of Accounting of Zhongnan University of Economics and Law as Assistant Lecturer, Lecturer, Associate Professor and Professor. Currently, she serves as Independent Director of Jiangsu Pomlead Co., Ltd, Independent Director of Zhejiang Goldensea Environment Technology Co., Ltd and Independent Director of Konka Group.

3. Supervisor

Wang Youlai, a male engineer, born in 1961, was the chairman of the Supervisory Committee of the Company with a doctor degree. He formerly worked as the business manager of the Quality Department in Konka Group, assistant GM, vice GM, and vice president of Konka Group, Deputy Director and Director of the Administration Department of Overseas Chinese Town Enterprise Co., and joint party secretary of General Headquarters. He is currently the leader of the first inspection team of the OCT Group Co., Ltd., director of Shenzhen Bright Group Co., Ltd., director of OCT (Hainan) Group Co., Ltd., and supervisor of Konka Group.

Yang Guobin, Supervisor, male, was born in 1969, Bachelor's Degree, Certified Public Accountant. He served as Deputy Director of the Finance Department of OCT Group, CFO of Konka Group and Deputy Director of the Corporate Management Department of OCT Group. Currently, he serves as a full-time Director in OCT Group, Director of Shenzhen Guangming Group and Supervisor of Konka Group.

Li Jun, male, born in 1971, member of Communist Party, was an employee supervisor of the Company with a bachelor degree. Formerly worked as the financial manager of Nanchang Branch of Telecommunications Technology Co., Ltd., Senior Manager of the Financial Department in Telecommunications Technology Co., Ltd., the Senior Manager and assistant to the chief and deputy director of Auditing and Legal Affairs Department in Konka Group, leader of discipline inspection commission of Konka Group, and employee supervisor of the 8th Supervisory Committee of Konka Group. Presently working as the full-time deputy secretary of discipline inspection commission of Konka Group, the director of Discipline inspection and Supervision Center, Chief of the Auditing and Legal Affairs Department, GM of the Internal Control and Risk Management Department.

4. Senior Executive

Zhou Bin, male, born in 1979, was the director and president of the Company with a bachelor degree. He once served as the director assistant, deputy director and director in Operating Management Center in Konka Group, assistant of the president in the Board of Directors & Director in Operating Management Center in Konka Group and president of Konka Group. He is currently a director of Shenzhen Konka Holdings Group Co., Ltd., a director and president of Konka Group.

Li Hongtao, male, Han nationality, born in 1968, was the vice president of the Company with a bachelor degree. He successively took the post such as Assistant to GM, GM, Chairman of the Board and GM of Shenzhen Konka Telecommunication Technology Co., Ltd and Assistant to President and vice president of Konka Group etc. He now is acting as Vice President of Konka Group.

Wu Yongjun, male, Han nationality, born in 1975, was the Board Secretary with a master degree. Formerly he worked as the senior manager of Secretariat, assistant to the chief, vice chief, chief, Securities Affairs representative and Board Secretary in Konka Group. Presently he is working as the secretary of the board of directors of Konka Group.

Li Chunlei, male, Han nationality, born in 1973, was the CFO of the Company with a master degree. Once served as the director in Real Estate Business Division in Konka Group, vice GM and GM in Kunshan Kangsheng Investment Development Co., Ltd., deputy director (preside the work) and director in Strategic Development Center, GM in Financial Center and GM in Asset Settlement Center and CFO of Konka Group. now he acts as the CFO in Konka Group.

Yang Bo, male, Han nationality, born in 1970, was the vice president of the Company with a master degree. Once served as the director in Shenzhen Cable Television Education Financial Channel, director in the market sales and support region of US Tailiyang Communications Company, GM in Program Operating Department in Shenzhen Topway Video Communication Co., Ltd., director and GM in Shenzhen Tianhua Century Media Co., Ltd., GM in Market Sales Center in Shenzhen Topway Video Communication Co., Ltd. and vice president of Konka Group. Now he acts as the vice president in Konka Group.

Cao Shiping, male, Han nationality, born in 1978, was the vice president of the Company with a

master degree. Once served as the GM in Jinzhou Branch and Tianjin Branch of Konka Group Multi-media, GM in Multi-media Business Division Customer Cooperation Department, vice GM in Multi-media Marketing Business Division, vice GM in Multi-media Business Division and GM in Marketing Center, GM in Multi-media Business Division, GM in Internet Business Division and vice president of Konka Group. Now he acts as the vice president in Konka Group.

Sun Qingyan, a male senior economist, Han nationality, born in 1972, was the vice president of the Company with a doctor degree. Once served as the tutor in Northeast University of Finance and Economics, vice GM in Shenzhen Huaixin Enterprise Investment Consulting Co., Ltd., CEO in Shenzhen Xinheng Lida Capital Management Co., Ltd., vice GM in Shanying Investment Management Co., Ltd., GM in Shenzhen Shenwo Asset Management Co., Ltd. and vice president of Konka Group. He now acts as the vice president of Konka Group.

Offices held concurrently in shareholding entities:

√Applicable □Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Liu Fengxi	OCT Enterprises Co.	Party Committee Standing Committee and vice GM	22 February 2016		Yes
	Shenzhen Konka Holding Group Co., Ltd.	Director and GM	14 April 2020		
He Haibin	OCT Enterprises Co.	Party Committee Standing Committee, Board Secretary, and chief accountant	30 January 2018		Yes
	Shenzhen OCT Capital Investment Management Co., Ltd	Chairman of the Board	8 February 2018		
	OCT (Yunnan) Investment Co., Ltd	Director	18 December 2018		
	Overseas Chinese City (Asia) Holding Co., Ltd.	Executive director	4 May 2017		
	Wuhan OCT Industrial Development Co., Ltd.	Supervisor	27 December 2018		
	Shenzhen OCT Culture Group Co., Ltd.	Supervisor	11 August 2016		
	OCT East China Investment Co., Ltd.	Supervisor	20 January 2017		

	OCT West Investment Co., Ltd.	Supervisor	26 August 2016		
Zhang Jing	Overseas Chinese Town (Asia) Holdings Limited	Non-executive director	30 March 2017		
	OVERSEAS CHINESE TOWN (HK) COMPANY LIMITED	Director	30 March 2017		
	OCT (Beijing) Business Management Co., Ltd.	Chairman of the Board	31 March 2017		
	OCT (Yunnan) Investment Co., Ltd	Director	18 January 2018		
	OCT West Investment Co., Ltd.	Deputy General Manager	14 March 2019		Yes
	Xi'an OCT Industry Co., Ltd.	Chairman of the Board, GM	14 March 2019		
	Xi'an Qujiang OCT Investment Development Co., Ltd.	Chairman of the Board, GM	14 March 2019		
	Xi'an OCT Land Co., Ltd	GM	14 March 2019		
	Xi'an Fengdong OCT Development Co., Ltd	GM	14 March 2019		
	Huawan Health Industry Development Co., Ltd.	Vice Chairman	21 September 2018		
	Xi'an Kangxing Real Estate Co., Ltd.	Executive director & GM	4 April 2019		
	Yunnan Expo Tourism Holding Group Co., Ltd.	Director	26 November 2018		
Zhou Bin	Shenzhen Konka Holding Group Co., Ltd.	Director	14 April 2020		
Wang Youlai	OCT Group	Full-time director	7 March 2018		
	Shenzhen Guangming Group Co., Ltd	Director	25 April 2018		
	OCT (Hainan) Group Co., Ltd	Director	29 May 2018		
Yang Guobin	OCT Enterprises Co.	Full-time director in Board Office	7 March 2018		Yes
Notes	<p>1. Except the above situation, other directors, supervisors and senior management didn't hold any position in the shareholders' units.</p> <p>2. It is unknown the ending date of the posts of Mr. Liu Fengxi, Mr. He Haibin, Mr. Zhang Jing, Mr. Wang Youlai, Mr. Zhou Bin and Mr. yang Guobin held in the shareholders' units.</p>				

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Sun Shengdian	China Vanke Co., Ltd	Director	30 June 2017		Yes
Wang Shuguang	School of Economics of Peking University	Professor			Yes
Wang Shuguang	Institute for Cultural Industries of Peking University	Deputy director			
Deng Chunhua	Zhongnan University of Economics and Law	Professor			Yes
Deng Chunhua	Jiangsu Pomlead Co., Ltd	Independent director			
Deng Chunhua	Zhejiang Goldensea Environment Technology Co.,Ltd	Independent director	15 May 2019		

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

The salary of directors and supervisors of the Company should be submitted to the shareholders meeting for review after the approval and consent by the Board of directors. Referred to the salary level of the Directors and Supervisor of the domestic listed companies of same industry, the salary proposal of the Director and Supervisors of the Company which approved and reviewed by the 2nd Extraordinary General Meeting of 2015 were as follows: (1) the basic annual salary standard of the Board Chairman was of RMB1.2 million, the subsidy standard of other Directors (excluding the Directors serving in the Company) was of RMB0.3 million per person per year and the subsidy standard of the Supervisors (excluding the Employee Supervisors) was of RMB0.2 million per person per year; which was executed since June 2015. (2) the above standards were all pre-tax standard with the individual income tax burdened in person as well as the Company withheld and remitted tax.

Other treatment for independent directors: travel expense when they went to attend the Board sessions, Supervisory sessions or Shareholders' General Meetings and the expenses when they were performing their duties as stipulated in the relevant regulations and the Articles of Association and other relevant systems, all these could be reported for deletion.

The Board of Directors determined the remuneration of senior management staffs referring to the following factors: a. scope of jobs and responsibility shouldered; b. actual profit of the Company; c.

market remuneration level in the same industry and same area.

Remuneration of the directors, supervisors and senior management of the Company during the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent /Former	Total before-tax remuneration from the Company	Any remuneration from related party
Liu Fengxi	Chairman of the Board and CEO	Male	48	Incumbent	0	Yes
He Haibin	Director	Male	46	Incumbent	0	Yes
Zhang Jing	Director	Male	38	Incumbent	0	Yes
Zhou Bin	Director and president	Male	41	Incumbent	542.92	No
Sun Shengdian	Independent director	Male	65	Incumbent	57.5	No
Wang Shuguang	Independent director	Male	49	Incumbent	30	No
Deng Chunhua	Independent director	Female	57	Incumbent	30	No
Wang Youlai	Chairman of the Supervisory Committee	Male	59	Incumbent	0	Yes
Yang Guobin	Supervisor	Male	51	Incumbent	0	Yes
Li Jun	Employee supervisor	Male	49	Incumbent	157.74	No
Li Hongtao	Vice president	Male	52	Incumbent	294.71	No
Wu Yongjun	Board secretary	Male	45	Incumbent	300.95	No
Li Chunlei	CFO	Male	47	Incumbent	296.09	No
Yang Bo	Vice president	Male	50	Incumbent	287.68	No
Cao Shiping	Vice president	Male	42	Incumbent	300.97	No
Sun Qingyan	Vice president	Male	48	Incumbent	270.42	No
He Jianjun	Vice president	Male	50	Former	303.89	No
Total	--	--	--	--	2872.87	--

Note: The Company reissued Mr. Sun Shengdian's remuneration of prior year not issued in 2019.

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	1,746
Number of in-service employees of major subsidiaries	17,540

Total number of in-service employees	19,286
Total number of paid employees in the Reporting Period	19,286
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
Functions	
Function	Employees
Production	9,753
Sales	5,912
Technical	1,494
Financial	692
Administrative	1,435
Total	19,286
Educational backgrounds	
Educational background	Employees
Master and above	203
Bachelor	2,714
Junior college	6,744
High school and below	9,625
Total	19,286

2. Employee Remuneration Policy

The Company promulgated its remuneration system with the operating strategy of serving for the enterprise development and enhancement, and the principle of deciding the remuneration according to the post, business performance and capabilities, as well as the market competitiveness and internal fairness. And it decided the employee's remuneration level according to its business earnings, the posts and fulfillment of the business performance of the employee.

3. Employee Training Plans

The Company adhered to the people-oriented and paid special attention to cultivate the talents. Surrounded by the business development and the construction of talent team, the Company actively organized and carried out various training activities, and continuously perfected its talents cultivation system, as well as further enhanced the employee's professional skills and overall quality, so as to strengthen the construction of management talents, professional talents and technical talents teams.

In 2019, guided by closing to the business needs, the Company centralized the superior resources to promote the cultivation of key talents. And it organized and carried out the open class project for all the employees, and organized and carried out the new employee's training & cultivation projects

respectively for the graduates from campus recruiting and personnel from social recruitment. Meanwhile, it centralized to organize the pointed the training projects of general management skills and post professional knowledge, etc for the personnel from marketing, R&D, manufacturing, financial and human resources systems, so as to better complete its annual training plan.

4. Labor Outsourcing

Applicable Not applicable

Part X Corporate Governance

I General Information of Corporate Governance

In the Reporting Period, strictly in accordance with the Company Law, Securities Law of the PRC, Code of Corporate Governance for Listed Companies, Share Listing Rules of Shenzhen Stock Exchange and the relevant rules and regulations of the CSRC, the Company timely amended the internal control systems such as the Articles of Association and Administrative Method on Provision of External Financial Aids as well as Management System on Investors Relationship, continuously perfected the corporate governance structure and standardized the Company's operation. By the end of the Reporting Period, the actual conditions of corporate governance basically met the requirements of the regulatory documents in respect of corporate governance structure of listed companies issued by CSRC.

(I) Shareholders and the Shareholders' General Meeting

The Company drew up Articles of Association and Rules for Procedure of Shareholders' General Meeting, ensured that all shareholders, in particular medium and minor shareholders, enjoy legal rights and equal standard. In the Reporting Period, the Company was able to publish announcement on Shareholders' General Meetings in advance, convened Shareholders' General Meeting with strictly accordance to relevant requirements, so as to enable the shareholders have their rights of information to the Company's material issues and the participation rights. In 2019, the Company convened five Shareholders' General Meeting in total. The Company seriously did well the registration, arrangement and organization work for the Shareholders' General Meeting before the circular on convening the Shareholders' General Meeting being published at the designated media. The Company convened the Shareholders' General Meeting at the office address of the Company strictly in line with relevant stipulations, which was convenient in traffic, and the shareholders could attend the session in accordance with their actual situation. The Company's directors, supervisors and senior management staffs made explanations and description for the shareholders' questions and advices at the session.

(II) Controlling shareholder and the Company

In the Reporting Period, the controlling shareholders and actual controllers strictly regulated its behavior and complied with laws in exercising their rights and obligations, not bypassed the Shareholders' General Meeting to intervene in the Company's decisions and operations directly or indirectly. The Company was separated from the controlling shareholders and actual controllers in aspects of its business, personnel, assets, organ and finance, the Board of Directors, Supervisory Committee and the internal departments of the Company functioned independently.

(III) Directors and the Board of Directors

The number and structure of the Board Bureau of the Company were in compliance with laws and regulations. The Company drew up Rules for Procedures of the Board Bureau, so as to ensure a high efficient operation and scientific decision-making of the Board Bureau; the Company has set up Independent Director System and engaged three independent directors. In the Reporting Period, the number of directors and composition of the Board of Directors of the Company as well as the procedure of selection was in accordance with the requirements of the rules and laws as well as Articles of Association. The Company set up four special committees, which were Financial Audit Committee, Nomination Committee, Remuneration & Appraisal Committee, Strategy Committee to provide profession opinion for the decision of the Board of Directors. All the directors carried out their work, fulfilled their duties and scrupulously attended the Board sessions in accordance with Rules of Procedure for the Board of Directors, Rules for Independent Directors, etc. 19 Board sessions were convened by the Company during the Reporting Period, which brought the decision-making mechanism of the Board of Directors into full play.

(IV) Supervisors and supervisory committee

The Company has established Rules for Procedures of the Supervisory Committee, persons and structure of the Supervisory Committee was in line with relevant laws and statutes, supervisors can earnestly perform their responsibilities, independently and efficiently executed supervision and check responsibilities with a spirit of being responsible to shareholders. In the Reporting Period, the number of supervisors and composition of the Supervisory Committee of the Company as well as their selecting procedure complied with the laws, regulations. In accordance with the requirement of the Rules of Procedure for Supervisory Committee, the supervisors performed their duties in an earnest and responsible manner, and exercised their functions of supervision on the decision-making procedure of the Board of Directors, resolutions and the Company's operation by law, and took effective supervision over the Company's significant events, related transactions, financial position, as well as the legality and compliance on duty performance by the directors, president and other senior management members.

(V) Performance Appraisal and Incentive & Restrictive Mechanism

The senior management staffs of the Company were recruited on an open basis and in compliance with the laws and regulations. The Company has established and gradually improved the performance appraisal standards and incentive & restrictive mechanism for senior management staffs, so as to attract qualified personnel, and ensure the stability of senior management staffs.

(VI) Interested parties

During the Reporting Period, the Company fully respected and maintained the legal rights of the interested parties, and realized the balance of interest among the parties such as society, shareholders and employees, etc. Meanwhile, the Company protected the rights of the employees, promoted the environmental protection, and actively joined in the social benefit and charitable

cause so as to jointly promote sustainable and healthy development.

(VII) Information disclosure and transparency

The Company formulated the Management System for Investor Relations and the Management System for Information Disclosure and the Rules on Implementation for Information Disclosure Committee. And the Company designated specially-assigned person to take charge of the information disclosure, and designated specialized department to be responsible for the reception of shareholders and consultation, actively carrying out the work for investor relations management to ensure equal access to information for all shareholders. The Company strictly complied with the requirements of the laws, regulations and the Articles of Association to disclose its information as required by the relevant regulations on a timely, honest, complete and accurate basis, to ensure the accurate and timely information disclosure, while ensure equal access to information for all shareholders.

(VIII) Non-standard governance

1. Type of non-standard governance matter existed

There was a situation that the Company disclosed undisclosed information.

2. Types and cycle of undisclosed information provided to the principal shareholder

The Company provided monthly financial data to the principal shareholder.

3. Reasons for the related non-standard governance existed

The Company submitted the undisclosed information such as monthly financial data to the substantial shareholder directly administrated by the State-owned Assets Supervision and Administration Commission of State Council in accordance with the managerial demand of SASAC.

4. Impact on Company independence

After the self-inspection, the Company kept strictly to the requirements of “Notice on Strengthening the Supervision of Listed Company’s Provision of Non-public Information to Substantial Shareholders and Actual Controllers”, and “Supplementary Notice Concerning Strengthening the Supervision of the Non-standard Governance Behavior of Listed Company’s Provision of Non-public Information to Substantial Shareholders and Actual Controllers”, while stringently performed the necessary procedures. There existed no circumstances of substantial shareholder’s abuse of control and disclosure of undisclosed information for insider trading, and hence, it has no impact on the independence of the Company.

(IX) Development of company’s special governance activity, formulation and implementation of registration and management system for the insider of inside information

1. Establishment and perfection of management system for the insider of inside information

To further standardize the company’s inside information management behavior, strengthen the company’s inside information confidential work, and maintain the fair principle of information

disclosure, the Company established Inside Information and Insider Management System in Konka Group Co., Ltd. The Company strictly implements the system in the information disclosure work, meanwhile, carefully implements the Company's inside information and insider registration and management method, registers the insider of inside information, and report to Shenzhen Stock Exchange and Shenzhen Security Regulatory Bureau according to the provision.

The Company conducted the special inspection on the inside information management during the occurrence of major event in 2019 and the annual report in 2019. After the inspection, the Company actually realized that the insider of inside information strictly kept the confidential provision, did not disclose, divulge and spread the Company's inside information to the outside, the insider of inside information did not buy and sell the Company's share with the inside information before disclosing the major sensitive information influencing the Company's share price, there was no investigation and rectification from the regulatory department during the editing, review and disclosure of regular report and major event. Management Rules for Inside Information and Insider Management System was implemented in place and controlled effectively.

2. Establishment and implementation of external information user's management system

To strengthen the management on the reporting of Company's inside information, the Company establishes Inside Information Reporting Management System, and prescribes the inside information reporting range, reporting procedure, responsibility division and other matters according to Security Law in People's Republic of China, Information Disclosure Management Method in Listed Company, Inside Information and Insider Management System in Konka Group Co., Ltd. and other related provisions in the laws, regulations and regulatory documents.

The Company conducted the special inspection on the inside information reporting status during the occurrence of major event in 2019 and the annual report in 2019. After the inspection, the Company's inside information reporting status complies with the requirements in Inside Information Reporting Management System. Inside Information Reporting Management System was implemented in place and controlled effectively.

Indicate by tick market whether there is any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Yes No

No such cases in the Reporting Period.

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

During the Reporting Period, the company was fully separated from the controlling shareholders in terms of business, staff, assets, organs, and finance, which owned independent legal representative and main status in market competition and had independent accounting, as well as possessed complete business and the ability of independent operation to face the market.

(I) Business: the Company owned complete supply, R&D, production and sales system, possessed ability of independent operation to face the market by independent operation, independent accounting & decision-making, independent bearing responsibility & risks, didn't subject to the interference and control of the controlling shareholders, actual controller and its controlled enterprises.

(II) Staff: the Company was independent of the controlling shareholder with respect to labor, personnel and salaries management. The Company owned independent team of staffs, the senior management staff, financial personnel and business personnel received their remunerations in the Company, and they were full-time staffs of the Company without holding any post, except directors and supervisors, in shareholders' units or other related enterprises.

(III) Assets integrity: the Company had production and operation premises completely separated from the controlling shareholder, and the unaffiliated and integral assets structure, as well as the independent production system, ancillary production system, the ancillary facilities, house property right and other assets, which also possessed independent procurement and sales system.

(IV) Organ: the Company had its own functional organs adapting to the needs of self-development and market competitiveness, all the functional organs were separated from each other in aspects of personnel, office premises and management rules, etc., there existed no particulars about any shareholders, other units or individuals interfering the organ setting of the Company.

(V) Finance: the Company established an independent finance department with full-time financial personnel and an independent finance and accounting system, and independently carried out the financial work in line with requirements of relevant accounting rules; the Company promulgated sound financial management system to operate independently without sharing common accounts with the controlling shareholder, related enterprise, other units or individual; the Company independently declared and paid the tax by laws without particulars on paying taxes together with shareholders' units.

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The 1 st Extraordinary General Meeting of 2019	Extraordinary General Meeting	24.31%	20 February 2019	21 February 2019	http://www.cninfo.com.cn/new/index
The 2018 Annual General Meeting	Annual General Meeting	36.06%	13 May 2019	14 May 2019	

The 2 nd Extraordinary General Meeting of 2019	Extraordinary General Meeting	24.32%	8 October 2019	9 October 2019
The 3 rd Extraordinary General Meeting of 2019	Extraordinary General Meeting	24.29%	7 November 2019	8 November 2019
The 4 th Extraordinary General Meeting of 2019	Extraordinary General Meeting	24.29%	16 December 2019	17 December 2019

2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Sun Shengdian	19	4	15	0	0	No	1
Wang Shuguang	19	3	15	1	0	No	0
Deng Chunhua	19	4	15	0	0	No	1

Why any independent director failed to attend two consecutive board meetings:

Not applicable.

2. Objections Raised by Independent Directors on Matters of the Company

Indicate by tick mark whether any independent directors raised any objections on any matter of the Company.

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

Indicate by tick mark whether any suggestions from independent directors were adopted by the Company.

Yes No

Suggestions from independent directors adopted or not adopted by the Company:

During the Reporting Period, the Independent Directors of the Company vigorously attended the relevant meetings, carefully reviewed each proposal, objectively stated their own views and opinions, knew of the R&D progress and the operating situation of the Company, the execution situation of the internal control construction and the resolutions of the meetings of the Board of

Directors and as well as the Annual General Meeting.

As the expert of the involved each field, the Independent Directors put forward the constructive advices by use of their own professional knowledge towards the internal management, including: to actively promote the establishment and implementation of the Company's development strategy plan, provide advices on the expansion of new businesses, focus on risk control matters such as cash flow and accounts receivable management. The Company carefully adopted the advices from the Independent Directors and constantly improved and enhanced the management level of the Company.

VI Performance of Duties by Specialized Committees under the Board during this Reporting Period

(I) Summary Report on the Performance of the Audit Committee Subject to the Board of Directors

The Company had constituted the Work Rules for the Financial Audit Committee under the Board which was revised in 2019 and illustrated the exact personnel, obligations and rights and working process of annual report of the Financial Audit Committee under the Board. In 2019, based on the principle of faithfulness, the major execution situations of the Financial Audit Committee under the Board were as follows:

1. Reviewed financial statements of Annual Report 2018, First Quarter Report 2019, Interim Report 2019, and the Third Quarter Report 2019, and had no objection to the aforesaid financial statements.
2. Submitted the Proposal on Hiring CPA in 2019 to the Board on 28 March 2019 in which proposing to continue to hire Ruihua CPA as the audit institution of financial statements of the Company in 2019.
3. Submitted the Proposal on Change of CPA to the Board on 11 October 2019 in which proposing to hire Shine Wing Certified Public Accountants not Ruihua CPA as the audit institution of financial statements of the Company in 2019.
4. During the preparation of Annual Report 2018 of the Company, it fulfilled the following duties:
 - (1) Issued the Notes of the Events such as the Audit Work Arrangement of the Financial Audit Committee and approved the arrangement for 2019 annual auditing of the Company;
 - (2) Issued Audit Opinion of the Financial Audit Committee on Financial Accounting Statements Prepared by the Company before CPAs' entry of Audit;
 - (3) Communicated and exchanged ideas with the CPAs responsible for annual auditing on the problems occurring during the auditing;
 - (4) Issued Audit Opinion on Financial Accounting Statements of the Company after CPAs Issued the Preliminary Audit Opinion;
 - (5) Supervised and urged CPAs in writing to submit the audit report within the agreed time period for many times.
 - (6) Issued Summary Report on 2019 Annual Auditing by Ruihua Certified Public Accountants;
 - (7) Submitted the Resolution of the 2019 Annual Financial Statement of the Company to the Board;

(8) Submitted the Proposal on Engagement of the CPAs in 2020 to the Board;

5. In 2019, according to the authorization of the Board of Directors, the Financial Audit Committee accepted the report on the work of the Company's Internal Auditing Department and carried out management over the Internal Auditing Department of the Company and its work.

(II) Summary Report on the Performance of the Remuneration and Appraisal Committee Subject to the Board of Directors

The Company had constituted the Work Rules for the Remuneration and Appraisal Committee under the Board which illustrated the exact personnel, obligations and rights of the Remuneration and Appraisal Committee under the Board. In 2019, based on the principle of faithfulness, the major execution situations of the Remuneration and Appraisal Committee under the Board were as follows:

1. On 5 August 2019, the Remuneration and Appraisal Committee subject to the Board of Directors submitted the Audit Opinion on the Reward Planning for the Management of the Company in 2018 to the Board.

2. During the preparation of Annual Report 2019, the Remuneration and Appraisal Committee subject to the Board of Directors issued the Audit Opinion on the Disclosed Remuneration Situation of the Directors, Supervisors and Senior Executives of the Company, which considered the condition of the remuneration of the Directors, Supervisors and Senior Executives of the Company disclosed in the 2019 Annual Report was verified. The disclosed remuneration situation of the Directors, Supervisors and Senior Executives of the Company met with the remuneration management system without any situation that violated the remuneration management system of the Company.

VII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

In order to enable the senior management staffs of the Company give better performance of their duties, and clarify their rights and obligations, the Company established and improved a fair, transparent and efficient Performance Appraisal Standard and Incentive & Restraint Mechanism for the senior management staffs. The Company assessed the duty performance and completion of business of senior management staffs in terms of professional skills, management level and job performance; took the salary plus bonus as a main incentive way, to improve the incentive of senior management. The senior management staff was appraised by the Board of Directors, which was supervised by the Supervisory Committee.

IX Internal Control

1. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	20 April 2020	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn/new/index	
Evaluated entities' combined assets as % of consolidated total assets		90.00%
Evaluated entities' combined operating revenue as % of consolidated operating revenue		90.00%
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>Those with the following characteristics should be recognized as great defect: (1) found out there were malpractices of the Directors, Supervisors and Senior Executives of the Company that formed significant influences on the financial report; (2) the Company revised the published financial report and revised the great misstatements caused by the malpractices or the mistakes; (3) CPA found out there was great misstatement of the current financial report while didn't found during the operating process of the internal control; (4) the supervision of the internal control by the Finance Audit Committee and the internal audit institution of the Company was invalid; (5) not yet revised the great defect after the reasonable period as which was discovered among the internal control assessment; (6) the significant business lacked of systematic control or the systematic control was invalid.. Those with the following characteristics should be recognized as significant defect: (1) not yet chosen or applied the accounting polices according to the generally accepted accounting standards; (2) not yet constructed the anti-spam process or control measures; (3) as for the accounts disposal of the unconventional or special transactions, there was no corresponding control mechanism or execution or the existence of the corresponding supplement control; (4) there was one or multiple defects during the control of the compile of the financial report at the period-end and could not reasonable guarantee the statement of the compiled financial report reach the real and accurate target; (5) not yet revised the significant defect after the reasonable period as which was</p>	<p>The following signs indicated there may exist great defect among the internal control of the non-financial report; (1) the operating activities of the enterprises seriously violated the national laws and regulations; (2) negative news frequently disclosed by the media which caused significant harm to the Company's reputation; (3) the core management team left their positions one after another or the outflow of the key position personnel was serious; (4) significant business lacked of systematic control of the system was invalid; (5) great defect discovered among the internal control assessment not yet be revised in time. The following signs indicated there may exist significant defect among the internal control of the non-financial report: (1) negative news occurred rather frequently which caused rather big harm to the Company's reputation; (2) the outflow of the key position personnel was rather serious; (3) there was obvious defect among the control system of the significant business; (4) the significant defect found among the internal control assessment not yet be revised in time. 3. Other defects from the</p>

	discovered among the internal control assessment. 3. Other defects from the internal control hadn't reached the recognition standards of the great defect or significant defect should be recognized as general defect.	internal control hadn't reached the recognition standards of the great defect or significant defect, should be recognized as general defect.
Quantitative standard	Great defect: potential misstatement amount $\geq 1\%$ of the gross profit margin of the 2019 consolidated financial report of the Company; significant defect: 0.5% of the gross profit margin of the 2019 consolidated financial report of the Company \leq potential misstatement amount $< 1\%$ of the gross profit margin of the 2019 consolidated financial report of the Company; general defect: potential misstatement amount $< 0.5\%$ of the gross profit margin of the 2019 consolidated financial report of the Company.	Implement in accordance with the quantitative criteria of internal control defect evaluation in financial statements
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

X Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
We considered that, in all the significant aspects, Konka Group maintained efficient internal control of the financial report according to the C-SOX and the relevant regulations on 31 December 2019	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	22 April 2020
Index to such report disclosed	http://www.cninfo.com.cn/new/index
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part XI Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

Yes

I. Basic Information of the Corporate Bonds

Name	Abbr.	Code	Release date	Due date	Bonds balance (RMB'0,000)	Coupon rate	Way of redemption
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety I)	19 Konka 01	114418	14 January 2019	14 January 2022	100,000	5.00 %	Interests shall be paid every year and the principals shall be repaid when expired.
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety II)	19 Konka 02	114423	14 January 2019	14 January 2022	150,000	5.00 %	Interests shall be paid every year and the principals shall be repaid when expired.
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety I)	19 Konka 03	114488	3 June 2019	3 June 2022	50,000	4.50 %	Interests shall be paid every year and the principals shall be repaid when expired.
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety II)	19 Konka 04	114489	3 June 2019	3 June 2022	50,000	4.70 %	Interests shall be paid every year and the principals shall be repaid when expired.

Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety I)	19 Konka 05	114523	22 July 2019	22 July 2022	80,000	4.53 %	Interests shall be paid every year and the principals shall be repaid when expired.
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety II)	19 Konka 06	114524	22 July 2019	22 July 2022	70,000	4.70 %	Interests shall be paid every year and the principals shall be repaid when expired.
Listed or transferred trading place of the Company bonds	Shenzhen Stock Exchange						
Appropriate arrangement of the investors	“19 Konka 01”, ” 19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” were placed privately to qualified institutional investors (not exceeding 200) meeting the requirements of Management method for Investors Eligibility in Bonds Market of Shenzhen Stock Exchange.						
Interest payment during the Reporting Period	During the Reporting Period, “19 Konka 01”, ” 19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” the first interest payment date did not arrive.						
Execution of the relevant regulations during the Reporting Period such as the affiliated option clause of the issuers or investors, special clauses such as the exchangeable regulations of the Company bonds (if applicable)	1. Option for issuer to adjust coupon rate; 2. Put-backs option for investors; there was no implementation of relevant clauses.						

II. List of the Bond Trustee and the Rating Organization

Bond trustee:							
Name	Industrial Securities Co., Ltd	Office address	Room 601, No. 35 Jinshifang Street, Xicheng District, Beijing	Contact person	Pu Hang, and Zhang Huifang	Contact number	010-50911203
Rating organization executed the tracking rating of the corporate bonds of the Reporting Period:							
Name	United Ratings Co., Ltd.		Office address	No.2 Jianwai Street, Chaoyang District, Beijing			
Alternation reasons, execution process and influences on the investors' interests etc. if there was alternation of the bond trustees and the credit rating agencies engaged by the Company during the Reporting Period (if applicable)					No		

III. List of the Usage of the Raised Funds of the Corporate Bonds

List of the usage of the raised funds and the execution process of the Company bonds	The Company has used the raised funds and disclosed related information in a timely, authentic, accurate and complete manner strictly in accordance with the terms in the prospectus for current bonds, related provisions and requirements in the Measures for Issuance and Trading of Corporate Bonds, CSRC Releases No. 2 Guideline for the Supervision of Listed Companies-Administration of Funds Raised by Listed Companies and Applicable Supervision Requirements, the Stock Listing Rules of the Shenzhen Stock Exchange and the Rules of the Shenzhen Stock Exchange for Stock Listing on ChiNext. It has not engaged in any violations in respect of the use and management of the raised funds.
Ending balance (RMB'0,000)	0
Operating situation of the raised funds special account	The operation was in good condition without any violations for relevant regulations or capital supervision agreement
Whether the usage of the raised funds met with the usage, using plan and other agreements committed on the prospectus	Yes

IV. Rating Situation of the Corporate Bonds Information

In May 2019, United Credit Ratings Co., Ltd. made the tracking rating for the entity and relevant bonds (including “19 Konka 01” and “19 Konka 02”) of the Company. The entity of the Company was rated as Grade AA invariably and as “Stable” for its rating prospect; the bonds “19 Konka 01” and “19 Konka 02” issued by Konka Group Co., Ltd. were rated as Grade AAA invariably for their credit and as “Stable” for their rating prospect. The tracking rating result is consistent with that issued at the time of corporate bonds issuance. The related rating report has been published on the website of Shenzhen Stock Exchange in May 2019.

V. Credit-adding Mechanism, Repayment Plan and Other Repayment Guarantee Measures of the Corporate Bonds

OCT Group provided the unconditional and irrevocable joint liability guarantee in full amount for the bonds “19 Konka 01”, “19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” in the Reporting Period.

There was no change in the credit-adding mechanism of above corporate bonds during the Reporting Period.

VI. Convene Situation of the Bonds Holders Meeting during the Reporting Period

No bonds holders meeting was convened during the Reporting Period.

VII. List of the Duty Execution of the Bonds Trustee during the Reporting Period

During the Reporting Period, Industrial Securities Co., Ltd., the Company’s bond trustee manager, proactively performed its trusteeship, continued to be concerned with the Company’s routine production and operation and financial conditions, and endeavored to maintain the legitimate rights

and interests of the bond holder strictly in accordance with related laws, regulations, the Management Measures for the Issue and Trading of Corporate Bonds, the Prospectus and the Agreement for the Bond Trusteeship Management.

VIII. The Major Accounting Data and the Financial Indicators of the Recent 2 Years of the Company up the Period-end

Unit: RMB'0,000

Item	2019	2018	Change rate of the same period
EBITDA	164,356.08	125,522.52	30.94%
Current ratio	114.80%	96.33%	18.47%
Asset-liability ratio	76.69%	71.35%	5.34%
Quick ratio	90.78%	72.13%	18.65%
Total debt ratio of EBITDA	7.56%	8.18%	-0.626%
Times interest earned	1.39	1.86	-25.27%
Times interest earned of cash	-0.61	-3.06	80.18%
Times interest earned of EBITDA	1.86	2.39	-22.18%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage	100.00%	100.00%	0.00%

Main reason of the above accounting data and the financial indicators with the YoY change exceeded 30%

Applicable Not applicable

IX. List of the Interest Payment of Other Bonds and Debt Financing Instruments during the Reporting Period

No such cases in the Reporting Period.

X. List of the Acquired Bank Credit Lines, Usage and the Repayment of the Bank Loans

As of the end of the Reporting Period, the Company acquired bank credit lines of RMB15.35 billion, and used RMB7.762 billion. All bank loans can be repaid on schedule without any overdue situations.

XI. List of the Execution of the Agreements or the Commitments Related to the Company Bonds Raising Specification during the Reporting Period

During the Reporting Period, the Company strictly observed the agreements and performed the commitments related to the Company Bonds raising specification.

XII. Significant Events Occurring during the Reporting Period

During the Reporting Period, the Company has timely disclosed current announcements regarding significant events occurring the website of Shenzhen Stock Exchange (<http://www.szse.cn/>) and

cninfo (<http://www.cninfo.com.cn/new/index>). As of the disclosure date of this Report, related significant events have no subsequent progress yet.

XIII. Whether there Was Guarantor of the Corporate Bonds

Yes No

Whether the guarantor of the corporate bonds was legal person or other organizations

Yes No

Whether separately disclose the financial statements (including Balance Sheet, Income Statement, Cash Flow Statement, and Changes in owners' (shareholders') Equity, and notes for Financial Statements) of guarantor in the Reporting Period within 4 months from the ending date of every accounting year

Yes No

Part XII Financial Statements

I Independent Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	20 April 2020
Name of the independent auditor	ShineWing Certified Public Accountants (Special General Partnership)
Reference number of audit report	XYZH/2020GZA50009
Name of the certified public accountants	Guo Dongchao, Liu Lihong

Independent Auditor's Report

XYZH/2020GZA50009

All shareholders of Konka Group Co., Ltd.

I. Opinion

We have audited the accompanying financial statements of Konka Group Co., Ltd. (the "Company"), which comprise the Company's and consolidated balance sheets of the parent company as at 31 December 2019, the Company's and consolidated income statements of the parent company, the Company's and consolidated cash flow statements of the parent company, the Company's and consolidated statements of changes in shareholders' equity of the parent company for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements attached were prepared in line with the regulations of Accounting Standards for Business Enterprises in all significant aspects which gave a true and fair view of the consolidated and parent financial position of the Company as at 31 December 2019 and the consolidated and parent business performance and cash flow of the Company for 2019.

II. Basis for Opinion

We conducted our audit in accordance with Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. In accordance with professional ethics for certified public accountants, we are independent with Foshan Huaxin Packing Co., Ltd. and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Current Period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Recognition of operating revenues	
Key audit matters	Countermeasures of audit
<p>Please refer to the notes to the financial statements "six, notes to the consolidated financial statements" 43. In 2019, Konka Group's consolidated financial statements confirmed operating income of RMB 55,119,125,478.72, the mainly revenue comes from the electronic business, trading business, and environmental protection business, environmental protection business, etc. Due to the importance of revenue to the financial statements as a whole, and the inherent misstatement risk of management's manipulation of revenue recognition in order to achieve specific goals or expectations, we make revenue recognition a key audit matter.</p>	<p>(1) Evaluate and test income to confirm the effectiveness of key internal control design and operation;</p> <p>(2) Select samples to check supporting documents such as sales contracts, construction contracts, sales support documents, orders, invoices, delivery receipts, cargo rights transfer vouchers, bank transfer vouchers, invoices, customs declarations, etc. Accounting policies identify contract terms and conditions related to risks and reward transfers in commodity ownership, check whether the company is the main responsible person or agent in the sales business, and evaluate whether the company's revenue confirms that the accounting policies meet the requirements of the enterprise accounting standards;</p> <p>(3) Perform analytical procedures on revenue and costs, analyze the fluctuations and causes of sales prices this year, and evaluate the rationality of sales gross profit margin changes;</p> <p>(4) According to the characteristics and nature of the customer's transaction, select important customers to implement the letter and letter procedure for the transaction amount and the balance of the transaction, and strictly control the letter and letter procedure;</p> <p>(5) For environmental protection projects, check the estimated total cost of the project and review the calculation process of the percentage of completion of the project, assess the management's significant judgment and reasonableness of the estimated total cost; obtain engineering measurement payment certificates and other documents to confirm the completion amount and progress. Check whether the progress of the project and the amount of completion have been signed and sealed by the contractor and the supervisor; for major projects, check the progress of the image on the spot; check whether the actual completion of the project is consistent with the completion progress confirmed by the company.</p> <p>(6) Select samples of important customers and suppliers to check industrial and commercial information and background, and evaluate the commercial rationality of transactions with customers; entrust lawyers to check whether there is an association between important overseas customers and suppliers. Evaluate the professional competence and independence of lawyers and the availability of lawyers' work; visit customers and suppliers with large amounts on the spot, understand the background of the transaction and the basic situation of the counterparty, check whether there is</p>

	artificial increase in trade links, fiction The situation of the transaction; (7) Conduct a cut-off test on sales revenue.
2. Recognition of investment income	
Key audit matters	Countermeasures of audit
<p>Please refer to the notes to the financial statements "six, notes to the consolidated financial statements" 43. In 2019, Konka Group's consolidated financial statements confirmed investment income of 1,183.33811 million yuan.</p> <p>Mainly for the disposal of investment income generated by long-term equity investment, the gains from the remeasurement of the remaining equity after the loss of control rights at fair value. Since the amount of investment income has a significant impact on profits, professional judgment is required on the date of loss of control, so we confirm the confirmation of investment income as a key audit matter.</p>	<p>(1) Evaluate and test the effectiveness of management's key internal control design and operation related to investment;</p> <p>(2) Interview the company's management and the transferee to understand the business background of the equity transfer, whether the transfer is true, whether there are other agreements, and whether it constitutes a package transaction;</p> <p>(3) Understand the method of equity sale and check the setting of listing conditions;</p> <p>(4) Check the contract terms of the equity transfer, the equity structure of the subsidiary before and after the loss of control, the appointment of major directors and supervisors, changes in the board of directors, major resolutions, changes in the main management, and the main body of performance evaluation before and after the transfer</p> <p>(5) Check the recovery of equity transfer funds;</p> <p>(6) Review the fairness of the equity transaction consideration, review the judgment of loss of control and the remaining equity to be recognized at fair value measurement after loss of control;</p> <p>(7) Review the calculation process of the company's equity transfer investment income to check whether the investment income is calculated correctly.</p>

IV. Other Information

The management of the Company is responsible for the other information. The other information comprises all of the information included in the annual report for 2019 other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibility of Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Business Enterprises to make them a fair presentation and designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of the Company is responsible for assessing the

Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. CPA's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of major misstatement of financial statements due to fraud or errors, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. Since fraud may involve collusion, forgery, intentional omissions, misrepresentation, or overriding internal control, the risk of failing to detect a major misstatement due to fraud is higher than the risk of failing to detect a major misstatement due to error.
- (2) Understand the internal control related to auditing in order to design appropriate auditing procedures.
- (3) Evaluate the appropriateness of management's selection of accounting policies and the rationality of accounting estimates and related disclosures.
- (4) To draw conclusions on the appropriateness of the management's use of continuous operation assumptions. At the same time, based on the audit evidence obtained, a conclusion can be drawn on whether there is a material uncertainty that may cause significant doubts about Konka Group's ability to continue operations. If we conclude that there are significant uncertainties, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report; if the disclosures are insufficient, we should issue a non-reserved opinion. Our conclusion is based on the information available as of the date of the audit report. However, future events or circumstances may prevent Konka Group from continuing its operations.
- (5) Evaluate the overall presentation, structure, and content of the financial statements, and evaluate whether the financial statements fairly reflect related transactions and events.
- (6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities in Konka Group to express audit opinions on the financial statements. We are responsible for guiding, supervising and executing group audits, and assume full responsibility for audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Current Period and are therefore the key

audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants
(Special General Partnership)

Beijing·China

CPA (Engagement Partner):

CPA:

20 April 2020

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

31 December 2019

Unit: RMB

Item	31 December 2019	31 December 2018
Current assets:		
Monetary assets	6,599,360,051.61	4,348,144,129.53
Settlement reserve		
Interbank loans granted		
Held-for-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	2,838,041,432.89	3,329,711,954.15
Accounts receivable	4,416,179,657.87	4,458,053,586.42
Accounts receivable financing	143,174,271.82	
Prepayments	2,072,550,811.86	1,036,979,167.56
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	1,772,183,366.49	410,804,180.50
Including: Interest receivable	7,807,400.40	4,059,682.40
Dividends receivable	547,848.62	547,848.62
Financial assets purchased under resale agreements		
Inventories	5,318,503,044.69	5,487,605,227.05
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets	108,087,016.22	22,318,208.13
Other current assets	2,093,212,552.25	2,744,216,141.98
Total current assets	25,422,786,872.67	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	410,509,555.85	390,793,038.05
Long-term equity investments	3,465,541,196.89	2,637,780,825.53
Investments in other equity instruments	21,642,170.36	
Other non-current financial assets	1,753,121,727.83	
Investment property	400,197,374.07	210,824,355.72
Fixed assets	2,561,254,191.55	2,410,226,495.81
Construction in progress	4,291,544,368.52	2,176,871,530.80
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets	1,213,271,713.22	737,776,686.34
R&D expense		
Goodwill	779,260,296.41	855,691,423.75
Long-term prepaid expense	107,590,078.88	111,223,426.77
Deferred income tax assets	987,763,182.17	639,433,954.30
Other non-current assets	1,172,472,723.85	337,477,690.39
Total non-current assets	17,164,168,579.60	11,141,764,308.79
Total assets	42,586,955,452.27	32,985,061,889.03
Current liabilities:		
Short-term borrowings	10,332,687,239.63	13,884,132,931.63
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		2,459,603.25
Derivative financial liabilities		
Notes payable	1,319,396,374.37	862,330,689.47
Accounts payable	5,797,822,479.60	4,362,723,050.33
Advances from customers	1,076,856,387.08	723,227,529.20
Contractual liabilities		
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		

Payables for underwriting of securities		
Payroll payable	426,870,498.58	376,506,567.71
Taxes payable	607,845,294.99	288,004,192.44
Other payables	2,374,287,243.20	2,024,657,277.74
Including: Interest payable	227,831,108.53	27,230,631.41
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	210,066,077.13	151,792,404.13
Other current liabilities		
Total current liabilities	22,145,831,594.58	22,675,834,245.90
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	4,890,315,729.90	445,000,000.00
Bonds payable	4,987,709,643.64	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	383,287,104.62	128,374,597.41
Long-term payroll payable	5,565,646.72	8,792,614.98
Provisions	206,591.51	21,772,898.37
Deferred income	151,874,258.45	112,899,128.24
Deferred income tax liabilities	95,467,096.05	141,020,093.34
Other non-current liabilities		
Total non-current liabilities	10,514,426,070.89	857,859,332.34
Total liabilities	32,660,257,665.47	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	230,368,577.09	208,356,624.21

Less: Treasury stock		
Other comprehensive income	-21,293,103.52	-10,538,219.08
Specific reserve		
Surplus reserves	1,211,721,109.67	1,227,564,785.19
General reserve		
Retained earnings	4,239,763,606.89	4,271,408,192.21
Total equity attributable to owners of the Company as the parent	8,068,505,598.13	8,104,736,790.53
Non-controlling interests	1,858,192,188.67	1,346,631,520.26
Total owners' equity	9,926,697,786.80	9,451,368,310.79
Total liabilities and owners' equity	42,586,955,452.27	32,985,061,889.03

Legal representative: Liu Fengxi

CFO: Li Chunlei

Head of the financial department: Feng Junxiu

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	31 December 2018
Current assets:		
Monetary assets	2,498,077,198.12	2,124,335,536.69
Held-for-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	2,148,312,821.38	2,181,466,683.90
Accounts receivable	9,564,720,940.39	7,427,246,429.42
Accounts receivable financing	66,002,903.68	
Prepayments	911,315,168.95	1,019,335,571.49
Other receivables	10,552,820,915.47	6,667,463,126.57
Including: Interest receivable	7,431,353.86	5,769,663.24
Dividends receivable	518,580,871.02	
Inventories	218,644,308.47	254,225,716.41
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	1,096,689,897.40	77,249,216.99
Total current assets	27,118,078,820.83	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	7,712,084,967.88	6,182,962,034.71
Investments in other equity instruments	12,940,214.36	
Other non-current financial assets	250,230,000.00	
Investment property	400,197,374.07	210,824,355.72
Fixed assets	444,107,402.57	462,721,018.30
Construction in progress	40,933,270.51	157,356,696.30
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets	80,470,750.60	83,593,959.11
R&D expense		
Goodwill		
Long-term prepaid expense	39,047,325.68	80,388,949.97
Deferred income tax assets	883,234,085.45	516,879,201.66
Other non-current assets		20,000,000.00
Total non-current assets	9,863,245,391.12	8,040,891,097.10
Total assets	36,981,324,211.95	27,797,678,363.49
Current liabilities:		
Short-term borrowings	5,014,312,913.74	8,179,564,987.70
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		2,459,603.25
Derivative financial liabilities		
Notes payable	2,610,991,473.69	3,513,157,955.43
Accounts payable	11,078,648,690.19	6,477,055,955.65
Advances from customers	318,839,961.84	306,650,717.69
Contractual liabilities		
Payroll payable	125,402,307.95	146,199,496.44
Taxes payable	9,305,344.42	10,913,871.30
Other payables	3,193,392,734.69	2,011,494,378.65

Including: Interest payable	223,847,860.57	24,158,666.48
Dividends payable		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	130,512,375.00	40,000,000.00
Other current liabilities		
Total current liabilities	22,481,405,801.52	20,687,496,966.11
Non-current liabilities:		
Long-term borrowings	3,438,055,729.90	245,000,000.00
Bonds payable	4,987,709,643.64	
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	21,855,688.19	
Long-term payroll payable		
Provisions	206,591.51	206,591.51
Deferred income	59,545,839.30	75,705,476.93
Deferred income tax liabilities		751,345.42
Other non-current liabilities		
Total non-current liabilities	8,507,373,492.54	321,663,413.86
Total liabilities	30,988,779,294.06	21,009,160,379.97
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	114,018,066.79	114,018,066.79
Less: Treasury stock		
Other comprehensive income	-2,682,217.31	-1,182,217.31
Specific reserve		
Surplus reserves	1,227,564,785.19	1,227,564,785.19
Retained earnings	2,245,698,875.22	3,040,171,940.85
Total owners' equity	5,992,544,917.89	6,788,517,983.52
Total liabilities and owners' equity	36,981,324,211.95	27,797,678,363.49

3. Consolidated Income Statement

Unit: RMB

Item	2019	2018
1. Revenue	55,119,125,478.72	46,126,797,341.33
Including: Operating revenue	55,119,125,478.72	46,126,797,341.33
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	56,684,201,307.20	47,036,996,977.83
Including: Cost of sales	52,138,198,501.04	43,227,613,914.45
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	109,851,831.11	89,689,865.93
Selling expense	2,303,132,732.06	2,282,174,241.64
Administrative expense	856,529,327.62	641,892,996.18
R&D expense	500,600,102.23	396,460,145.24
Finance costs	775,888,813.14	399,165,814.39
Including: Interest expense	1,031,068,425.69	566,070,556.21
Interest income	247,559,600.76	43,630,012.41
Add: Other income	1,229,174,834.33	294,265,632.23
Return on investment (“-” for loss)	1,183,381,090.39	927,414,370.96
Including: Share of profit or loss of joint ventures and associates	141,264,035.96	19,139,381.20
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	50,191,052.64
Credit impairment loss (“-” for loss)	-531,879,268.76	
Asset impairment loss (“-” for loss)	-303,035,915.82	-226,869,220.67
Asset disposal income (“-” for loss)	293,706,640.64	-563,894.74

3. Operating profit (“-” for loss)	303,266,170.63	134,238,303.92
Add: Non-operating income	165,843,388.94	328,696,140.09
Less: Non-operating expense	18,533,352.41	8,037,851.90
4. Profit before tax (“-” for loss)	450,576,207.16	454,896,592.11
Less: Income tax expense	115,640,091.82	-213,721,829.46
5. Net profit (“-” for net loss)	334,936,115.34	668,618,421.57
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	334,936,115.34	668,618,421.57
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	212,034,210.08	411,289,744.68
5.2.1 Net profit attributable to non-controlling interests	122,901,905.26	257,328,676.89
6. Other comprehensive income, net of tax	-9,001,934.47	-12,585,647.54
Attributable to owners of the Company as the parent	-10,754,884.44	-14,235,678.03
6.1 Items that will not be reclassified to profit or loss	-9,652,181.00	
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	-9,652,181.00	
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	-1,102,703.44	-14,235,678.03
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		740,697.08
6.2.2 Changes in the fair value of investments in other debt obligations		-31,342.07
6.2.3 Gain/Loss on changes in the fair value of available-for-sale financial assets		
6.2.4 Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		

6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements	-1, 102, 703. 44	-14, 945, 033. 04
6.2.9 Other		
Attributable to non-controlling interests	1, 752, 949. 97	1, 650, 030. 49
7. Total comprehensive income	325, 934, 180. 87	656, 032, 774. 03
Attributable to owners of the Company as the parent	201, 279, 325. 64	397, 054, 066. 65
Attributable to non-controlling interests	124, 654, 855. 23	258, 978, 707. 38
8. Earnings per share		
8.1 Basic earnings per share	0. 0881	0. 1708
8.2 Diluted earnings per share	0. 0881	0. 1708

Legal representative: Liu Fengxi

CFO: Li Chunlei

Head of the financial department: Feng Junxiu

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2019	2018
1. Operating revenue	5, 686, 102, 146. 98	13, 377, 681, 886. 45
Less: Cost of sales	5, 413, 631, 784. 77	12, 572, 129, 164. 32
Taxes and surcharges	14, 547, 750. 43	25, 843, 072. 39
Selling expense	1, 210, 476, 107. 74	1, 511, 526, 663. 59
Administrative expense	387, 778, 068. 98	349, 794, 611. 61
R&D expense	47, 127, 013. 11	148, 115, 964. 90
Finance costs	414, 932, 824. 70	263, 729, 410. 33
Including: Interest expense	1, 553, 039, 361. 28	566, 070, 556. 21
Interest income	782, 721, 658. 41	43, 630, 012. 41
Add: Other income	51, 226, 732. 61	73, 925, 099. 14
Return on investment (“-” for loss)	999, 198, 310. 44	1, 247, 079, 039. 64
Including: Share of profit or loss of joint ventures and associates	5, 132, 712. 27	33, 783, 935. 14
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	50, 191, 052. 64
Credit impairment loss (“-” for loss)	-170, 077, 622. 68	
Asset impairment loss (“-” for loss)	-16, 347, 540. 36	-64, 312, 750. 93
Asset disposal income (“-” for loss)	1, 000. 00	-2, 560. 75

2. Operating profit (“-” for loss)	-941,395,904.41	-186,577,120.95
Add: Non-operating income	19,741,857.31	51,273,970.95
Less: Non-operating expense	3,088,072.47	2,556,804.31
3. Profit before tax (“-” for loss)	-924,742,119.57	-137,859,954.31
Less: Income tax expense	-365,219,888.18	-237,059,058.30
4. Net profit (“-” for net loss)	-559,522,231.39	99,199,103.99
4.1 Net profit from continuing operations (“-” for net loss)	-559,522,231.39	99,199,103.99
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-1,500,000.00	788,087.31
5.1 Items that will not be reclassified to profit or loss	-1,500,000.00	
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	-1,500,000.00	
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		788,087.31
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		788,087.31
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		
5.2.9 Other		
6. Total comprehensive income	-561,022,231.39	99,987,191.30

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

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2019	2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	55,023,730,960.29	46,363,698,743.08
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	697,787,485.21	475,610,439.41
Cash generated from other operating activities	4,011,016,045.28	3,714,670,493.13
Subtotal of cash generated from operating activities	59,732,534,490.78	50,553,979,675.62
Payments for commodities and services	54,686,521,084.34	45,867,095,178.07
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,808,972,838.78	1,659,612,131.21
Taxes paid	842,402,228.64	1,648,013,358.42
Cash used in other operating activities	3,938,585,623.61	4,609,082,880.58
Subtotal of cash used in operating activities	61,276,481,775.37	53,783,803,548.28
Net cash generated from/used in operating activities	-1,543,947,284.59	-3,229,823,872.66

2. Cash flows from investing activities:		
Proceeds from disinvestment	224,405,975.50	106,597,820.94
Return on investment	168,681,375.93	146,065,795.48
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	202,577,149.61	2,372,418.53
Net proceeds from the disposal of subsidiaries and other business units	270,821,233.18	252,468,488.60
Cash generated from other investing activities	2,085,669,168.69	2,393,028,228.96
Subtotal of cash generated from investing activities	2,952,154,902.91	2,900,532,752.51
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	3,928,377,181.52	486,058,229.18
Payments for investments	1,357,746,303.50	597,975,935.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		1,118,860,395.37
Cash used in other investing activities	1,528,640,757.47	2,949,519,200.00
Subtotal of cash used in investing activities	6,814,764,242.49	5,152,413,759.55
Net cash generated from/used in investing activities	-3,862,609,339.58	-2,251,881,007.04
3. Cash flows from financing activities:		
Capital contributions received	508,363,013.03	332,513,927.94
Including: Capital contributions by non-controlling interests to subsidiaries	508,363,013.03	203,580,594.60
Borrowings obtained	30,069,405,522.31	14,681,965,477.02
Cash generated from other financing activities	1,825,598,732.14	330,951,745.42
Subtotal of cash generated from financing activities	32,403,367,267.48	15,345,431,150.38
Repayments of borrowings	23,540,444,424.43	8,081,422,372.12
Payments for interest and dividends	774,763,008.11	709,581,026.62
Including: Dividends paid by subsidiaries to non-controlling interests	32,480,813.33	960,052.07
Cash used in other financing activities	1,623,142,762.86	757,534,424.92
Subtotal of cash used in financing activities	25,938,350,195.40	9,548,537,823.66
Net cash generated from/used in financing activities	6,465,017,072.08	5,796,893,326.72
4. Effect of foreign exchange rate changes on cash and cash equivalents	1,091,987.59	21,061,330.94
5. Net increase in cash and cash equivalents	1,059,552,435.50	336,249,777.96
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, 493, 701, 917. 22	3, 434, 149, 481. 72
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6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2019	2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	8, 005, 144, 873. 81	10, 411, 822, 006. 27
Tax rebates	66, 111, 058. 65	162, 545, 714. 88
Cash generated from other operating activities	13, 272, 585, 228. 21	3, 664, 490, 303. 85
Subtotal of cash generated from operating activities	21, 343, 841, 160. 67	14, 238, 858, 025. 00
Payments for commodities and services	7, 375, 766, 734. 52	8, 349, 385, 730. 39
Cash paid to and for employees	695, 358, 748. 25	917, 379, 288. 04
Taxes paid	49, 371, 867. 49	1, 163, 848, 413. 52
Cash used in other operating activities	16, 149, 678, 769. 81	8, 371, 093, 126. 27
Subtotal of cash used in operating activities	24, 270, 176, 120. 07	18, 801, 706, 558. 22
Net cash generated from/used in operating activities	-2, 926, 334, 959. 40	-4, 562, 848, 533. 22
2. Cash flows from investing activities:		
Proceeds from disinvestment	352, 345, 126. 34	545, 729, 039. 58
Return on investment	154, 536, 752. 58	229, 742, 943. 89
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	1, 248, 287. 86	585, 065. 19
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	1, 280, 395, 551. 82	2, 389, 727, 049. 76
Subtotal of cash generated from investing activities	1, 788, 525, 718. 60	3, 165, 784, 098. 42
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	90, 251, 903. 78	91, 684, 045. 40
Payments for investments	1, 628, 545, 610. 00	3, 064, 767, 387. 50
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	1, 021, 817, 610. 69	1, 178, 410, 798. 39
Subtotal of cash used in investing activities	2, 740, 615, 124. 47	4, 334, 862, 231. 29
Net cash generated from/used in investing activities	-952, 089, 405. 87	-1, 169, 078, 132. 87
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings obtained	25, 760, 260, 136. 81	14, 232, 230, 155. 56

Cash generated from other financing activities	30,700,000.00	181,269,884.31
Subtotal of cash generated from financing activities	25,790,960,136.81	14,413,500,039.87
Repayments of borrowings	21,231,768,458.85	7,474,353,929.91
Payments for interest and dividends	649,307,167.98	665,807,835.95
Cash used in other financing activities	177,215,911.37	758,694,935.20
Subtotal of cash used in financing activities	22,058,291,538.20	8,898,856,701.06
Net cash generated from/used in financing activities	3,732,668,598.61	5,514,643,338.81
4. Effect of foreign exchange rate changes on cash and cash equivalents	-14,696,602.27	-28,192,061.54
5. Net increase in cash and cash equivalents	-160,452,368.93	-245,475,388.82
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	1,337,342,186.92	1,497,794,555.85

7. Consolidated Statements of Changes in Owners' Equity

2019

Unit: RMB

Item	2019														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				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	9,451,368,310.79	
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	9,448,484,056.17
3. Increase/decrease in the period (“-” for decrease)					22,011,952.88		-10,754,884.44		-15,843,675.52		-28,760,330.70		-33,346,937.78	511,560,668.41	478,213,730.63
3.1 Total comprehensive income							-10,754,884.44				212,034,210.08		201,279,325.64	124,654,855.23	325,934,180.87
3.2 Capital increased and reduced by owners					-7,393,378.55				-15,843,675.52				-23,237,054.07	420,402,243.23	397,165,189.16
3.2.1 Ordinary shares increased by owners														437,269,412.06	437,269,412.06
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					-7,393,378.55				-15,843,675.52				-23,237,054.07	-16,867,168.83	-40,104,222.90
3.3 Profit distribution					-				-		-240,794,540.78		-240,794,540.78	-45,105,284.66	-285,899,825.44
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-240,794,540.78		-240,794,540.78	-33,496,430.05	-274,290,970.83
3.3.4 Other														-11,608,854.61	-11,608,854.61
3.4 Transfers within owners' equity														11,608,854.61	11,608,854.61
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													11,608,854.61	11,608,854.61	
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other					29,405,331.43								29,405,331.43	29,405,331.43	
4. Balances as at the end of the period	2,407,945,408.00				230,368,577.09		-21,293,103.52		1,211,721,109.67		4,239,763,606.89		8,068,505,598.13	1,858,192,188.67	9,926,697,786.80

Unit: RMB

Item	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					103,624,381.91		-14,235,678.03		9,919,910.40		11,282,699.64		110,591,313.92	1,142,587,189.48	1,253,178,503.40	

the period (“-” for decrease)																
3.1 Total comprehensive income																
3.2 Capital increased and reduced by owners																
3.2.1 Ordinary shares increased by owners																
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																
3.3.1 Appropriation to surplus reserves																
3.3.2 Appropriation to general reserve																
3.3.3 Appropriation to owners (or shareholders)																
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				103,624,381.91								103,624,381.91			103,624,381.91
4. Balances as at the end of the period	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	9,451,368,310.79

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

2019

Unit: RMB

Item	2019											
	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				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)							-1,500,000.00			-800,316,772.19		-801,816,772.19
3.1 Total comprehensive income							-1,500,000.00			-559,522,231.39		-561,022,231.39
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
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		-2,682,217.31		1,227,564,785.19	2,245,698,875.22		5,992,544,917.89

Unit: RMB

Item	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					8,575,762.89					13,352,205.34		21,927,968.23
2. Balances as at the beginning of the year	2,407,945,408.00				120,100,926.11		-1,970,304.62		1,217,644,874.79	3,340,979,881.90		7,084,700,786.18
3. Increase/ decrease in the period (“-” for decrease)					-6,082,859.32		788,087.31		9,919,910.40	-300,807,941.05		-296,182,802.66
3.1 Total comprehensive							788,087.31			99,199,103.99		99,987,191.30

income												
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
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									9,919,910.40	-400,007,045.04		-390,087,134.64
3.3.1 Appropriation to surplus reserves									9,919,910.40	-9,919,910.40		
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					-6,082,859.32							-6,082,859.32
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	3,040,171,940.85		6,788,517,983.52

Konka Group Co., Ltd.

Notes to Financial Statements 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

After the distribution of bonus shares, allotments, increased share capital and new shares issued over the years, as of December 31, 2019, the company has issued a total of 2,407,945,408.00 shares (denomination of 1 yuan per share) with a registered capital of 2,407,945,408.00 yuan.

3. The nature of the company's business and main operating activities

The Company and its subsidiaries are mainly engaged in the production and sales of colour TVs, white goods, mobile phones, etc.; trade business, environmental protection, etc.

4. The financial statements contained herein have been approved for issue by the Board of Directors of the Company on 20 April 2020.

II. Consolidation scope

1. As of December 31, 2019, the company has a total of 146 subsidiaries included in the consolidation scope. For details, please refer to Note 8 "Equity in Other Entities". The consolidation scope of the company this year increased by 56 households and decreased by 18 households compared to the previous year. For details, please refer to Note 7 “Changes in the consolidation scope”.

Corporate name	Abbreviation
Konka Ventures Development (Shenzhen) Co., Ltd.	Konka Ventures
Yantai Konka Healthcare Enterprise Service Co., Ltd.	Yantai Konka
Chengdu Konka Incubator Management Co., Ltd.	Chengdu Konka Incubator
Chengdu Anren Konka Cultural and Creative Incubator Management Co., Ltd.	Chengdu Anren
Guiyang Konka Enterprise Service Co., Ltd.	Konka Enterprise Service
Nanjing Chuanghui Smart Technology Co., Ltd.	Chuanghui Smart
Shenzhen Konka Cross-Border Technological Innovation Service Co., Ltd.	Cross-Border Technological Innovation
Guizhou Konka Enterprise Management Service Co., Ltd.	Konka Enterprise Management
Yibin Konka Incubator Management Co., Ltd.	Yibin Konka Incubator
Anhui Konka Electronic Co., Ltd.	Anhui Konka
Anhui Kangzhi Trade Co., Ltd.	Kangzhi Trade
Konka Factoring (Shenzhen) Co., Ltd.	Konka Factoring

Youshi Kangrong Culture Communication Co., Ltd.	Youshi Kangrong
Shenzhen Konka Unifortune Technology Co., Ltd.	Konka Unifortune
Jiali International (Hong Kong) Limited	Jiali International
Shenzhen Wankaida Science and Technology Co., Ltd.	Wankaida
Dongguan Konka Electronic Co., Ltd.	Dongguan Konka
Shenzhen Konka Telecommunications Technology Co., Ltd.	Telecommunication Technology
Konka Mobility Co., Limited	Konka Mobility
Shenzhen Konka Life Electric Appliance Co., Ltd.	Life Electric Appliance
Mudanjiang Arctic Ocean Appliances Co., Ltd.	Mudanjiang Appliances
Konka (Europe) Co., Ltd.	Konka Europe
Shenzhen Konka Commercial System Technology Co., Ltd.	Commercial System Technology
Shenzhen Konka Electrical Appliances Co., Ltd.	Konka Electrical Appliances
Hainan Konka Material Technology Co., Ltd.	Konka Material
Shenzhen Konka Mobile Interconnection Technology Co., Ltd.	Mobile Interconnection
Sichuan Konka Smart Terminal Technology Co., Ltd.	Sichuan Konka
Yibin Konka Smart Technology Co., Ltd.	Yibin Smart
Anhui Konka Tongchuang Electrical Appliances Co., Ltd.	Anhui Tongchuang
Anhui Konka Electrical Appliance Technology Co., Ltd.	Anhui Electrical Appliance
Henan Frestec Refrigeration Appliance Co., Ltd.	Frestec Refrigeration
Henan Frestec Smart Ecological Electrical Appliances Co., Ltd.	Frestec Smart
Henan Frestec Electrical Appliances Co., Ltd.	Frestec Electrical Appliances
Henan Frestec Household Appliances Co., Ltd.	Frestec Household Appliances
Shenzhen Konka Pengrun Technology & Industry Co., Ltd.	Konka Pengrun
Jiaxin Technology Co., Ltd.	Jiaxin Technology
E3info (Hainan) Technology Co., Ltd.	E3info
Shenzhen Konka Yifang Technology Co., Ltd.	Yifang Technology
Dongguan Konka Packing Materials Co., Ltd.	Dongguan Packing
Shenzhen E2info Network Technology Co., Ltd.	E2info
E2info (Hainan) Network Technology Co., Ltd.	E2info (Hainan)
Beijing Konka Electronic Co., Ltd.	Beijing Konka Electronic
Konka Financial Leasing (Tianjin) Co., Ltd.	Konka Leasing
Shenzhen Konka Electronic Fittings Technology Co., Ltd.	Fittings Technology
Boluo Konka Precision Technology Co., Ltd.	Boluo Konka Precision
Xiamen Dalong Trading Co., Ltd.	Xiamen Dalong
Boluo Konka PCB Co., Ltd.	Boluo Konka

Hong Kong Konka Limited	Hong Kong Konka
Konka Electrical Appliances Investment & Development Co., Ltd.	Konka Electrical Appliances Investment
Chain Kingdom Memory Technologies Co., Limited	Chain Kingdom Memory Technologies
Chain Kingdom Memory Technologies (Shenzhen) Co., Ltd.	Chain Kingdom Memory Technologies (Shenzhen)
Hefei Chain Kingdom Memory Technologies Co., Ltd.	Hefei Chain Kingdom Memory Technologies
Konka SmartTech Limited	Konka SmartTech
Kangjietong (Hong Kong) Limited	Kangjietong
Konka Electrical Appliances International Trading Co., Ltd.	Konka Electrical Appliances International Trading
Kanghao Technology Co., Ltd.	Kanghao Technology
Yuekang Semiconductor Technology (Yantai) Co., Ltd.	Yuekang Semiconductor
Konka North America LLC	Konka North America
Shenzhen Konka Investment Holding Co., Ltd.	Konka Investment
Yibin Konka Technology Park Operation Co., Ltd.	Yibin Konka Technology Park
Sichuan Konka Industrial New Town Development Co., Ltd.	Industrial New Town
Shenzhen Konka Capital Equity Investment Management Co., Ltd.	Konka Capital
Konka Suiyong Investment (Shenzhen) Co., Ltd.	Konka Suiyong
Shenzhen Konka Kangxin Technology Co., Ltd.	Kangxin Technology
Shenzhen Kangquan Enterprise Management Consulting Co., Ltd.	Kangquan Enterprise
Shenzhen Konka Suyuan Investment Industrial Co., Ltd.	Konka Suyuan
Hainan Konka Technology Industry Development Co., Ltd.	Hainan Technology
Shenzhen Konka Shengxing Industrial Co., Ltd.	Shengxing Industrial
Shenzhen Konka Industrial Park Development Co., Ltd.	Industrial Park Development
Shenzhen Konka Zhitong Technology Co., Ltd.	Zhitong Technology
Sichuan Kangjietong Technology Co., Ltd.	Kangjietong
Shenzhen Konka Electronics Technology Co., Ltd.	Electronics Technology
GuangDong XingDa HongYe Electronic Co., Ltd.	XingDa HongYe
Shanghai Xinfeng Zhuoqun PCB Co., Ltd.	Shanghai Xinfeng
Anhui Konka Zhilian E-Commerce Co., Ltd.	Anhui Zhilian
Nanjing Konka Smart Technology Co., Ltd.	Nanjing Konka
Shenzhen Youzhihui Technology Co., Ltd.	Youzhihui
Shenzhen Xiaojia Technology Co., Ltd.	Xiaojia Technology
Haimen Konka Smart Technology Co., Ltd.	Haimen Konka
Chengdu Konka Smart Technology Co., Ltd.	Chengdu Konka Smart
Chengdu Konka Electronics Co., Ltd.	Chengdu Konka Electronics

Shandong Econ Technology Co., Ltd.	Econ Technology
Beijing Econ Runfeng Technology Co., Ltd.	Beijing Econ
Shanghai Jiye Environmental Technology Co., Ltd.	Shanghai Jiye
Binzhou Econ Zhongke Environmental Protection Technology Co., Ltd.	Binzhou Econ Zhongke
Laizhou Lairun Holding Co., Ltd.	Lairun Holding
Laizhou Lairun Environmental Protection Co., Ltd.	Lairun Environmental Protection
Laizhou Lairun Sewage Treatment Co., Ltd.	Lairun Sewage
Laizhou Binhai Sewage Treatment Co., Ltd.	Binhai Sewage
Laizhou Lairun Heating Co., Ltd.	Lairun Heating
Laizhou Lairun Environmental Energy Co., Ltd.	Lairun Environmental Energy
Econ Environmental Engineering Co., Ltd.	Econ Environmental Engineering
Rushan Yike Water Environment Management Co., Ltd.	Rushan Yike
Binzhou Weiyijie Environmental Technology Co., Ltd.	Binzhou Weiyijie
Binzhou Beihai Jingmai Industrial Development Co., Ltd.	Binzhou Beihai Jingmai
Yantai Chunzhiran Environmental Technology Co., Ltd.	Chunzhiran
Laizhou Lairun Huayang Heating Co., Ltd.	Lairun Huayang Heating
Donggang Kangrun Environment Management Co., Ltd.	Donggang Kangrun
Yantai Kangrun Honghui Photovoltaic Power Generation Co., Ltd.	Yantai Kangrun
Qingdao Kangrun Honghui Photovoltaic Power Generation Co., Ltd.	Qingdao Kangrun
Dayi Kangrun Water Co., Ltd.	Dayi Kangrun Water
Suining Pengxi Kangrun Environment Management Co., Ltd.	Suining Pengxi Kangrun
Subei Mongolian Autonomous County Kangrun Water Co., Ltd.	Subei Kangrun Water
Weifang Sihai Kangrun Investment and Operation Co., Ltd.	Weifang Sihai Kangrun
Funan Qingyuan Water Construction and Operation Co., Ltd.	Funan Qingyuan Water
Lushan Kangrun Environment Management Co., Ltd.	Lushan Kangrun Environment
Funan Kangrun Water Co., Ltd.	Funan Kangrun Water
Wuhan Runyuan Sewage Treatment Co., Ltd.	Wuhan Runyuan Sewage
Tongchuan Kangrun Honghui Environment Management Co., Ltd.	Tongchuan Kangrun Honghui
Boxing Xingkang Environmental Technology Co., Ltd.	Boxing Xingkang Environmental
Tingyuan Environmental Technology (Shanghai) Co., Ltd.	Tingyuan Environmental
Yantai Kangyun Industry Development Co., Ltd.	Yantai Kangyun
Yantai Laikang Industry Development Co., Ltd.	Yantai Laikang
Konka Huanjia (Dalian) Environmental Technology Co., Ltd.	Konka Huanjia
Konka Huanjia (Henan) Environmental Technology Co., Ltd.	Konka Huanjia (Henan)

Shanghai Konka Industrial Co., Ltd.	Shanghai Konka
Chuzhou Kangyong Health Industry Development Co., Ltd.	Chuzhou Kangyong
Yantai Konka Industrial Co., Ltd.	Yantai Konka Industrial
Yantai Kangjin Technology Development Co., Ltd.	Yantai Kangjin
Shandong Kangxin Industrial Development Co., Ltd.	Shandong Kangxin
Jiangxi Konka New Material Technology Co., Ltd.	Jiangxi Konka
Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.	Xinfeng Microcrystalline
Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.	Nano Crystallized Glass
Shenzhen Nianhua Enterprise Management Co., Ltd.	Shenzhen Nianhua
Shenzhen KONSEMI Co., Ltd.	Shenzhen KONSEMI
Shenzhen Meixin Semiconductor Technology Co., Ltd.	Shenzhen Meixin
Chongqing Zhengmao Semiconductor Co., Ltd.	Zhengmao Semiconductor
Hefei KONSEMI Storage Technology Co., Ltd.	Hefei KONSEMI
Hefei Yihe Electronic Co., Ltd.	Yihe Electronic
Chongqing Konka Technology Development Co., Ltd.	Chongqing Konka
Shenzhen Konka Huiying Technology Co., Ltd.	Shenzhen Huiying Technology
Chongqing Konka Huiying Technology Co., Ltd.	Chongqing Huiying Technology
Shenzhen Konka Eco-Development Investment Co., Ltd.	Konka Eco-Development
Suining Konka Industrial Park Development Co., Ltd.	Suining Konka Industrial Park
Konka Ronghe Industrial Technology (Foshan) Co., Ltd.	Konka Ronghe
Suining Konka Electronic Technological Innovation Co., Ltd.	Suining Electronic Technological Innovation
Dongguan Konka Investment Co., Ltd.	Dongguan Konka Investment
Shenzhen Konka Chuangzhi Electrical Appliances Co., Ltd.	Shenzhen Chuangzhi Electrical Appliances
Kanghong (Yantai) Environmental Protection Technology Co., Ltd.	Kanghong (Yantai) Environmental Protection
Kanghong (Yantai) Environmental Protection Technology Industrial Park Co., Ltd.	Kanghong (Yantai) Environmental Protection Industrial Park
Chongqing Kangxingrui Environmental Protection Technology Co., Ltd.	Chongqing Kangxingrui
Chongqing Konka Optoelectronic Technology Institute Co., Ltd.	Chongqing Optoelectronic Institute
Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.	Xinying Semiconductor
Jiangkang (Shanghai) Technology Co., Ltd.	Jiangkang (Shanghai) Technology
Chongqing Konka Real Estate Development Co., Ltd.	Chongqing Real Estate Development
Chongqing Konka Xingyi Real Estate Co., Ltd.	Chongqing Xingyi Real Estate
Chongqing Konka Fuze Real Estate Co., Ltd.	Chongqing Fuze Real Estate
Ningbo Kanghanrui Electrical Appliances Co., Ltd.	Ningbo Kanghanrui Electrical Appliances
Shenzhen Konka Zhizao Technology Co., Ltd.	Konka Zhizao

Anhui Konka Debao New Material Technology Co., Ltd.	Debao New Material Technology
Suining Jiarun Real Estate Co., Ltd.	Suining Jiarun Real Estate
Chuzhou Kangxin Health Industry Development Co., Ltd.	Chuzhou Kangxin Health Industry
Hubei Kangxinglong Environmental Protection Co., Ltd.	Kangxinglong Environmental Protection
Rushan Econ Shell Technology Incubator Co., Ltd.	Rushan Econ Shell
Yantai Huanhai Xinze Enterprise Management Co., Ltd.	Yantai Huanhai Xinze

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

III. Basis for the Preparation of Financial Statements

1. Basic for the preparation

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 issued by the Ministry of Finance and other regulations as well as the accounting policies and estimations stipulated in the Note IV “Significant Accounting Policies and Estimations”.

2. Going-concern

The Company has the operation history with profits and financial support. Thus, it is reasonable to prepare the financial statements based on going-concern.

IV. Important Accounting Policies and Estimations

The specific accounting policies and accounting estimates formulated by the company based on the actual production and operation characteristics include the recognition and measurement of bad debt provision for receivables, the measurement of issued inventories, the classification of fixed assets and depreciation methods, amortization of intangible assets, revenue recognition and measurement, etc.

1. 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, business results and cash flows, and other relevant information.

2. Fiscal Period

The Company’s fiscal year starts on January 1 and ends on December 31 of every year according to the Gregorian calendar.

3. Operating Cycle

An operating cycle for the Company is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

4. Recording Currency

The Company adopted Renminbi as the bookkeeping base currency.

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

As the combining party, the assets and liabilities obtained by the Company in a business combination under the same control shall be measured on the basis of their carrying value in the final controlling party on the combining date. As for the balance between the carrying value of the net assets obtained and the carrying value of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted. The direct costs

incurred by the merging party for the business combination shall be included in the current profit and loss when incurred.

The identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the business combination under different control shall be measured at fair value on the acquisition date. The merger cost is the sum of the fair value of cash or non-cash assets, liabilities issued or assumed, equity securities issued, etc. paid by the Company on the purchase date to gain control over the purchased party and all directly related expenses incurred in the business combination (The merge cost of business combination realized step by step through multiple transactions is the sum of every single transaction's cost). The balance that the combined cost greater than the fair value share of the identifiable net assets of the purchased party obtained in the combination shall be recognized as goodwill; When the merger cost is less than the fair value share of the identifiable net assets of the acquiree acquired in the merger, the fair value of all identifiable assets, liabilities and contingent liabilities acquired in the merger, and non-cash assets of the merger consideration or equity securities issued, etc. shall be reviewed first. After review, if the merger cost is still less than the fair value share of the identifiable net assets of the acquiree acquired in the merger, the difference shall be included in the non-operating income of the merger period. Intermediary expenses such as auditing, legal services, evaluation and consulting and other management expenses incurred for a business combination are included in the current profit and loss when incurred.

6. Methods for Preparing Consolidated Financial Statements

The scope of consolidation includes the Company and its all subsidiaries.

The financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Group during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Group and subsidiaries.

All significant internal transactions, current balances and unrealized profits within the scope of consolidation shall be offset when preparing the consolidated statement. The shares of the subsidiary's owner's equity that do not belong to the parent company and the shares of minority shareholders' equity in current net profit and loss, other comprehensive income and total comprehensive income shall be respectively listed in the consolidated financial statement "Minority shareholders' equity, minority shareholders' profit and loss, other comprehensive income that belongs to minority shareholders and total comprehensive income that belongs to minority shareholders".

For subsidiaries acquired through merger of enterprises under the same control, their operating results and cash flows are included in the consolidated financial statements from the beginning of the current merger period. When preparing the comparative consolidated financial statements, the relevant items in the financial statements of the previous year shall be adjusted as if the consolidated reporting entity had existed since the final controlling party began to control it.

At the occasion of the equity of the investee under the same control is acquired step by step through multiple transactions, and finally form the business combination, when preparing the consolidated statement, it shall be deemed as the adjustment is made in the current state when the final controlling party starts to control. And when compiling the comparative report, the assets and liabilities of the merged party shall be merged into the comparative statement of the consolidated financial statements of the consolidated Company without any earlier than the time when the Company and the merged party are under the control of the ultimate controlling party, and the combined net increased assets shall be adjusted to the relevant items under owners' equity in the comparative statements. In order to avoid the re-calculation of the net assets value of the merged party, the long-term equity investment held by the Company before the merger, the confirmed relevant profit and loss on the same party with the Company and the merged party on the date of acquisition of the original equity from the final control date to the merger date, and changes of other comprehensive income and other net assets shall offset the beginning retained earnings and current profits and losses of the comparative statement period respectively.

For subsidiaries acquired through business combination under the different control, the operating results and cash flow shall be included in the consolidated financial statements from the date when

the Company obtains the control right. When preparing the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

At the occasion of the equity of the investee under different control is acquired step by step through multiple transactions and eventually form the business combination, when preparing the consolidated statement, the equity of the investee held before the purchase date is re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income. The equity of the acquiree held before the relevant purchase date involves other comprehensive income under the equity method and other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution, which are converted into investment profit and loss in the current period of the purchase date, except for other comprehensive income arising from the remeasurement of defined benefit plans's net liabilities or changes in net assets by the investee.

The Company partially disposes of long-term equity investments in subsidiaries without losing control, when preparing the consolidated financial statements, the difference between the disposal price and the share of net assets that the subsidiaries have continuously calculated since the date of purchase or the date of consolidation is corresponding to the disposal of long-term equity investments. The capital premium or equity premium is adjusted. If the capital reserve is insufficient to offset, the retained earnings are adjusted.

If the Company loses control over the investee due to the disposal of some equity investments and other reasons, the remaining equity shall be re-measured at its fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, minus the share of the net assets of the original subsidiary calculated on the basis of the original shareholding ratio and continuously calculated from the date of purchase or merger, is included in the investment profit and loss of the current period when the control right is lost, and goodwill is offset. Other comprehensive income related to the original subsidiary's equity investment, etc., will be transferred to the current investment profit and loss when the control right is lost.

If the Company disposes of the equity investment in a subsidiary company step by step through multiple transactions until the loss of control right, if the transactions of the disposal of the equity investment in a subsidiary company until the loss of control right belong to a package transaction, the transactions shall be treated as transactions of the disposal of the subsidiary company and the loss of control right for accounting. However, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposal investment before the loss of control right is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the investment profit and loss of the current period when the control right is lost.

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

The Company classifies joint arrangements into joint operations and joint ventures. 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 relevant income and expense according to the Company's stake in the joint operation. When the Company purchases or sells the assets not constituting business with the joint operation, the Company only recognizes the share of the other joint operators in the gains and losses arising from the transaction.

8. Cash and Cash Equivalents

In the Company's understanding, the cash in the cash flow statement includes cash on hand and deposits that can be used for cover, the cash equivalents in the cash flow statement include high circulating investments held within three months which are easily convertible into known amount of cash and whose risks in change of value are minimal.

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

(1) Conversion method for foreign currency transactions

The foreign currency transactions that occurred in the company are converted into the amount of the bookkeeping standard currency according to the exchange rate at the beginning of the transaction day (usually refer to the middle price of the foreign exchange price of the day announced by the People's Bank of China), but the company's foreign currency exchange business occurs Or transactions involving foreign currency exchange shall be converted into the amount of the recording currency in accordance with the exchange rate actually adopted.

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date. The resulting exchange differences, except for: ① The exchange differences arising from foreign currency special borrowings related to the acquisition and construction of assets that meet the capitalization requirements are based on The principle of capitalization of borrowing costs; ② Exchange difference of hedging instruments used for effective hedge of net investment in overseas operations (the difference is included in other comprehensive income, and it is not recognized as current profit or loss until the net investment is disposed of); and ③ Foreign currency monetary items for sale, except for amortized costs, the exchange differences arising from changes in other book balances are included in other comprehensive income, and are included in the current profit and loss.

If the preparation of consolidated financial statements involves overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange difference due to exchange rate changes is included in other comprehensive income; when disposing of overseas operations, it is transferred to the current profit and loss. .

Non-monetary items denominated in foreign currencies that are measured at historical cost are still measured using the amount of the recording currency converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined, and the difference between the amount of the recording standard currency after conversion and the amount of the original recording standard currency is treated as a change in fair value (including exchange rate changes) , Included in the current profit or loss or recognized as other comprehensive income.

(3) Conversion method of foreign currency financial statements

If the preparation of consolidated financial statements involves overseas operations, if there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, the exchange difference arising from changes in exchange rates is recognized as "foreign currency statement translation difference" as other comprehensive income; disposal of overseas operations At the time, it is included in the current profit and loss of disposal.

Foreign currency financial statements for overseas operations are converted into RMB statements in the following ways: Assets and liabilities items in the balance sheet are converted at the spot exchange rate on the balance sheet date; shareholders 'equity items other than“ undistributed profits ”items Use the spot exchange rate at the time of conversion. The income and expense items in the profit statement are translated at the current average exchange rate on the transaction date. The undistributed profit at the beginning of the period is the undistributed profit at the end of the period after the previous year's conversion; the undistributed profit at the end of the period is calculated and presented according to the converted profit distribution items; the total difference between the assets and liabilities and shareholders' equity items after conversion , As a translation difference in foreign currency statements, is recognized as other comprehensive income. When disposing of overseas operations and losing control, the translation differences of foreign currency statements related to the overseas operations listed in the shareholders 'equity items in the balance sheet shall be transferred to the current profit or loss in full or in proportion to the disposal of the overseas operations.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated at the current

average exchange rate on the cash flow date. The impact of exchange rate changes on cash is used as an adjustment item and is presented separately in the cash flow statement.

The opening amount and the actual number of the previous period are listed based on the amount converted from the financial statements of the previous period.

When disposing of all the owner's equity of the company's overseas operations or losing control of overseas operations due to the disposal of part of the equity investment or other reasons, the shareholders' equity items listed in the balance sheet, related to the overseas operations, are attributed to the mother. The foreign currency statement translation differences of the company's owner's equity are all transferred to the current profit and loss disposal.

When the disposal of part of the equity investment or other reasons leads to a reduction in the proportion of overseas operating equity held but without loss of control over overseas operations, the foreign currency statement translation difference related to the overseas operating disposal portion will be vested in minority shareholders' equity and not transferred to current profit or loss. When disposing of part of the equity of an overseas operation as an associate or joint venture, the foreign currency statement translation difference related to the overseas operation is transferred to the current profit or loss in proportion to the disposal of the overseas operation.

10. Financial Assets and Financial Liabilities

The Company recognizes a financial asset or liability when it becomes a party of the relevant financial instrument contract.

(1) Financial assets

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

The Company classified the financial assets meeting the following conditions at the same time as financial assets at amortized cost: ①The business mode of the Company to manage the financial assets targets at collecting the contractual cash flow. ②The contract of the financial assets stipulates that the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. These financial assets initially measured at fair value and relevant transaction cost shall be included into the initial recognized amount and subsequently measured at amortized cost. Except for those designated to be hedge items, the difference between the initial recognized amount and the amount due shall be amortized at actual interest rate and their amortization, impairment and exchange gain and loss as well as gains or losses arising from derecognition shall be recorded into the current profit or loss.

The Company classified the financial assets meeting the following conditions at the same time as financial assets at fair value through other comprehensive income: ①The Business mode for managing financial assets of the Company takes contract cash flow collected as target and selling as target. ②The contract of the financial assets stipulates that the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. These financial assets initially measured at fair value and relevant transaction cost shall be included into the initial recognized amount. Except for those designated as hedged items, as for these financial assets, except for gains or losses on credit impairment, exchange gain and loss and interest of financial assets measured at actual interest rate, other gains or losses generated shall be recorded into other comprehensive income. When derecognized, the accumulated gains and losses originally recorded into other comprehensive income shall be transferred out into the current profit or loss.

The Company recognizes interest income according to the effective interest rate method. Interest income is calculated and determined according to the book balance of the financial asset multiplied by the actual interest rate, except for the following circumstances: ① For the financial asset with credit impairment that has been purchased or originated, from the initial recognition, the interest income is calculated and determined according to the amortized cost of the financial asset and the

actual interest rate adjusted by credit. ② For financial assets purchased or originated that have not suffered credit impairment but have suffered credit impairment in subsequent periods, the interest income shall be calculated and determined according to the amortized cost and actual interest rate of the financial assets in subsequent periods.

The Company designates non-transactional investment in equity instruments as financial assets at fair value through other comprehensive income. Those designated non-transactional investment in equity instruments by the Company is initially measured at fair value and relevant transaction cost shall be recorded into the initial recognized amount. Except for dividends (excluding those belonging to recovery of investment cost) which shall be recorded into the current profit or loss, other relevant gains and losses (including exchange gains and losses) shall be recorded into other comprehensive income and cannot be transferred into the current profit or loss subsequently. When derecognized, the accumulated gains or losses originally recorded into other comprehensive income shall be transferred out into retained earnings.

The Company classifies financial assets not belonging to above two as financial assets at fair value through profit or loss which shall be initially measured at fair value and relevant transaction cost shall be directly recorded into the current profit or loss. Gains or losses arising from these financial assets shall be recorded into the current profit or loss.

The contingent consideration recognized by the Company in the business combination not under the same control which constitutes a financial asset shall be classified as the financial asset at fair value through profit or loss.

2) 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 overall transfer of financial assets fulfills the requirements for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the corresponding derecognition part of the accumulated amount of fair value changes originally directly included in other comprehensive income (the contract terms involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the unpaid principal amount) shall be included in the current profits and losses.

If the partial transfer of financial assets satisfies the conditions for termination confirmation, the entire book value of the transferred financial assets will be apportioned between the termination confirmation portion and the non-termination confirmation portion according to their relative fair values, and the consideration received for the transfer And the amount corresponding to the termination of the recognition of the cumulative amount of changes in fair value originally included in other comprehensive income that should be apportioned to the derecognition part And the payment of interest based on the outstanding principal amount), and the difference between the total book value of the aforesaid financial assets allocated is included in the current profit and loss.

(2) Financial liabilities

1) 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.

Financial liabilities at fair value through profit or loss include held-for-trading 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 (the relevant classification basis shall be disclosed referring to the classification basis for financial assets). The subsequent measurement shall be at fair value and gains or losses arising from changes in fair value and the dividends and interest expense related to the financial liability shall be the current profit or loss.

Other financial liabilities (disclose relevant details based on actual situation) shall be subsequently

measured at amortized cost with actual interest rate. The Company classifies financial liabilities except for the following items as financial liabilities at amortized cost: ①Financial liabilities at fair value through profit or loss including held-for-trading financial liabilities (including the derivative instruments belonging to financial liabilities) and designated financial liabilities at fair value through profit or loss. ②Financial liabilities arising from the transfer of financial assets not meeting the derecognition conditions or continuous involvement in the transferred financial assets. ③Financial guarantee contract not belonging to cases of above ① or ② and loan commitments at interest rate lower than the market rate not belonging to the case in ①.

The Company treats the financial liability arising from contingent consideration recognized as the purchase party in the business combination not under the same control at fair value and changes thereof shall be recorded into the current profit or loss.

2) 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 existing financial liabilities with new ones and contract terms of new financial liabilities are different from those of existing financial liabilities, derecognition of existing financial liabilities and recognition of new financial liabilities shall be conducted. In case of material alteration of contract terms of existing financial liabilities (partial financial liabilities) by the Company, derecognition of existing 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 into the current profit or loss.

(3) 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.

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.

(4) Offsetting financial assets and financial liabilities

The Company's financial assets and liabilities shall be separately presented in the balance sheet and not set off each other. But when meeting the following conditions at the same time, the net amount after offset shall be presented in the balance sheet: (1) The Company has the statutory right to set off recognized amount which is currently executable; (2) The Company plans to settle with the net amount or realize the financial asset and pay off the financial liability simultaneously.

(5) The Distinction Between Financial Liabilities and Equity Instruments and Related Treatment Methods

The Company distinguishes the financial liabilities and equity instruments according to the following principles: (1) If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation meets the definition of financial liabilities. Although some financial instruments do not explicitly include the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument must be settled with or can be settled with the Company's own equity instrument, it is necessary to consider whether the Company's own equity instrument used to settle the instrument is used as a substitute for cash or other financial assets, or to enable the holder of the instrument to enjoy the residual equity in the assets of the issuer after deducting all liabilities. If it belongs to the former condition, the instrument is the financial liability of the issuer; if it belong to the latter condition, the instrument is the equity instrument of the issuer. In some cases, a financial instrument contract requires the Company to use or use its own equity instrument to settle the financial instrument, in which the amount of contractual rights or contractual obligations is equal to the number of its own equity instruments available or to be delivered multiplied by its fair value at the time of settlement, regardless of whether the amount of contractual rights or obligations is fixed, whether it is entirely or partially based on changes in variables other than the market price of the Company's own equity instruments, the contract shall be classified as a financial liability.

In classifying financial instruments (or their components) in the consolidated statement, the Company has taken into account all terms and conditions reached between the Company members and the holders of financial instruments. If the Company as a whole undertakes the obligation to deliver cash, other financial assets or settle accounts in other ways that cause the instrument to become a financial liability due to the instrument, the instrument shall be classified as a financial liability.

If financial instruments or their components are financial liabilities, the Company will include interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing, etc. in the current profits and losses.

If financial instruments or their components are equity instruments, when they are issued (including refinancing), repurchased, sold or cancelled, the Company will treat them as changes in equity and will not recognize changes in the fair value of equity instruments.

11. 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
Bank Acceptance	The Acceptor shall be the bank with high credit level and low risks
Trade Acceptance	Classified by credit risk of acceptors (the same as accounts receivable)

② Account 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 portfolio is accounts receivable with aging as the credit risk feature.
Project Funds Combination	This portfolio is the project-related receivables.
Related party combination	The accounts receivable within the scope of consolidation

③ Other 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 portfolio is accounts receivable with aging as the 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.
Related party combination	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

12. Inventory

(1) Classification

The Company's inventories mainly include raw materials, goods in process; merchandise on hand, goods delivered, circulating materials, consigned processing 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.

13. Long-term Equity Investments

Some of the long-term equity investments referred to by the Company are mainly for subsidiaries. They refer to the long-term equity investments and joint ventures that the Company has control, joint control or significant influence over the invested, affiliated enterprises. For long-term equity investments that the company does not have control, joint control or significant influence on the invested units, they are accounted for as available-for-sale financial assets or financial assets measured at fair value and whose changes are included in the profits and losses of the current period from January 1, 2019. If they are non-tradable, the company may choose to designate them as financial assets measured at fair value and whose changes are included in other comprehensive income during initial recognition. please refer to notes 4 and 10 "financial assets and financial liabilities" for accounting policies.

Joint control refers to the common control of the company over an arrangement according to relevant agreements, and the relevant activities of the arrangement can only be decided after the participants sharing the control rights have agreed unanimously. Significant influence refers to the fact that the company has the power to participate in the decision-making of the financial and operating policies of the invested entity, but cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For the long-term equity investment obtained from the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the book value of the shareholders' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The difference between the initial investment cost of long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debts undertaken, and the adjustment of capital reserve; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If equity securities are issued as merger consideration, the capital reserve shall be adjusted on the merger date according to the share of the book value of the merged party's owner's equity in the final controlling party's consolidated financial statements as the initial investment cost of the long-term equity investment, and according to the total nominal value of the issued shares as equity, and the difference between the initial investment cost of the long-term equity investment and the total nominal value of the issued shares. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

For the long-term equity investment obtained from the merger of enterprises not under the same control, the initial investment cost of the long-term equity investment shall be taken as the merger

cost on the purchase date. The merger cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the equity securities issued.

Intermediary expenses such as auditing, legal services, evaluation and consultation and other related management expenses incurred by the merging party or the purchaser for the enterprise merger shall be included in the current profits and losses when incurred.

Other equity investments other than the long-term equity investments formed by the merger of enterprises are initially measured according to the cost, which is determined according to the actual cash purchase price paid by the company, the fair value of equity securities issued by the company, the value agreed in investment contracts or agreements, the fair value or original book value of assets exchanged in non-monetary asset exchange transactions, and the fair value of the long-term equity investments themselves, depending on the way the long-term equity investments are obtained. Expenses, taxes and other necessary expenses directly related to obtaining long-term equity investment are also included in the investment cost.

(2) Subsequent Measurement and Profit and Loss Recognition Methods

For long-term equity investments that are jointly controlled by the invested units (except those that constitute joint operators) or have significant impact, the equity method shall be adopted for accounting. In addition, the company's financial statements use the cost method to account for long-term equity investments that can control the invested units.

① long-term equity investment accounted for by cost method

When the cost method is used for accounting, the long-term equity investment is priced according to the initial investment cost, and the cost of the long-term equity investment is adjusted by adding or recovering the investment. In addition to the actual price paid at the time of obtaining the investment or the declared but undistributed cash dividends or profits included in the consideration, the current investment income shall be recognized according to the cash dividends or profits declared and distributed by the invested entity.

② long-term equity investment accounted for by equity method

If the initial investment cost of the long-term equity investment is greater than the fair value share of the identifiable net assets of the invested entity when the equity method is used for accounting, the initial investment cost of the long-term equity investment shall not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted at the same time. The book value of long-term equity investment shall be reduced correspondingly according to the portion of profits or cash dividends declared and distributed by the invested entity. The book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's equity of the invested entity other than net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be confirmed after adjustment based on the fair value of the identifiable assets of the investee at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the Company's accounting policies and accounting periods, and the investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company, associated enterprises and joint ventures, if the assets invested or sold do not constitute business, the unrealized gains and losses on internal transactions shall be offset by the portion attributable to the Company according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Company and the investee shall not be offset if they are impairment losses of the transferred assets.

When the net loss of the investee is confirmed to be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the investee shall be reduced to zero. In addition, if the company has the obligation to bear additional losses to the investee, the estimated liabilities shall be recognized according to the estimated obligations and included in the current investment losses. If the invested entity realizes net profit in the following period, the company will resume the recognition of the profit sharing amount after the profit sharing amount makes up for the unrecognized loss sharing amount.

③ Acquisition of minority shares

In the preparation of consolidated financial statements, if the capital reserve (equity premium) is adjusted due to the difference between the long-term equity investment added by the purchase of minority equity and the net asset share that the subsidiary company is entitled to continuously calculate from the date of purchase (or the date of consolidation) according to the added shareholding ratio, and the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.

④ Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary company without losing control. The difference between the disposal price and the net assets of the subsidiary company corresponding to the disposal of the long-term equity investment is included in the shareholders' equity. If the parent company partially disposes of the long-term equity investment in the subsidiary company, resulting in the loss of control over the subsidiary company, it shall be handled according to the relevant accounting policies mentioned in notes 4 and 6 "methods for preparing consolidated financial statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual purchase price shall be included in the current profits and losses.

For long-term equity investments that are accounted for by the equity method and the remaining equity after disposal are still accounted for by the equity method, other comprehensive income originally included in shareholders' equity shall be accounted for on the same basis as the direct disposal of relevant assets or liabilities by the invested entity according to the corresponding proportion. Owners' equity recognized due to changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss in proportion.

For long-term equity investments that are accounted for by the cost method and the remaining equity is still accounted for by the cost method after disposal, other comprehensive income recognized by the equity method accounting or financial instrument recognition and measurement standards accounting before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and shall be carried forward to the current profits and losses in proportion. Changes in other owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to the current profit and loss in proportion.

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

For incurred borrowing costs, which can be directly attributed to fixed assets, investment real estate and inventory that need more than one year of purchasing, construction or production activities to reach the preset usable or sellable status, shall be capitalized when the asset expenditure has occurred, the borrowing costs have occurred, and the purchasing, construction or production activities necessary for the asset to reach the preset usable or sellable status have begun; When the acquisition, construction or production of assets that meet the capitalization conditions reach the intended usable or sellable status, capitalization is stopped, and the borrowing costs incurred thereafter are included in the profits and losses of the current period. If there is an abnormal interruption in the acquisition, construction or production of assets that meet the capitalization conditions and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs will be suspended until the acquisition, construction or production of assets starts again.

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 capitalization period, the exchange differences of foreign currency special loans are fully capitalized; the exchange differences of foreign currency general loans are included in the current profit and loss.

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 expenses 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 dismissal welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service termination date to normal retirement date into current profits and losses (dismissal 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. Recognition and Measurement of 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; ② the economic benefits related to the contract are likely to flow into the enterprise; ③ The 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 Grants

(1) Types of government grants

Government grants refer to monetary or non-monetary assets obtained by the company from the government for free (but excluding the capital invested by the government as the owner), which are mainly divided into government grants related to assets and government grants related to income. If the government grants is a monetary asset, it shall be measured according to the amount received or receivable. If the government grants is a non-monetary asset, it shall be measured at its fair value; if its fair value cannot be obtained reliably, it shall be measured at its nominal amount. Government grants measured in nominal amounts are directly included in the current profit and loss.

(2) Accounting treatment method of government grants

The government grants related to assets refer to the government grants obtained by the company for

the purchase or construction or other forms of long-term assets. The company's asset-related government grants, offsetting the book value of related assets or recognized as deferred income, and recognized as deferred income, shall be included in the current profit and loss in installments according to a reasonable and systematic method within the useful life of the relevant assets; government grants related to income refer to government grants obtained by the company in addition to government grants related to assets. The company's government grants related to income used to compensate the company's related costs or losses in subsequent periods are recognized as deferred income, and during the period when the related costs or losses are recognized, they are included in the current profit or loss or offset related Cost expense or loss; if it is used to compensate the relevant cost expense or loss incurred by the company, it is directly included in the current profit and loss or offset the relevant cost expense or loss.

(3) Confirmation timing of government grants

government grants measured in accordance with the amount receivable are confirmed when there is solid evidence at the end of the period that they can meet the relevant conditions stipulated by the financial support policy and it is expected that the financial support funds can be received.

Except for government grants measured in accordance with the receivable amount, the company will recognize the subsidies when they actually receive the subsidies.

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.

(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. 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.

(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

1) Changes of accounting policies due to implementing the new standards governing financial instruments

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
Financial assets at fair value through profit or loss	Measured at fair value and changes thereof recorded into the current profit of loss	5,464,984.92	Held-for-trading financial assets	Measured at fair value and changes thereof recorded into the current profit of loss	5,464,984.92
Notes receivable	Amortized cost	3,329,711,954.15	Notes receivable	Amortized cost	3,136,050,327.88
			Accounts receivable financing	Measured at fair value and changes thereof recorded into other	193,661,626.27

				comprehensive income	
Accounts receivable	Amortized cost	4,458,053,586.42	Accounts receivable	Amortized cost	4,457,458,904.32
Other receivables	amortized cost	<u>406,196,649.48</u>	Other receivables	amortized cost	<u>403,907,076.96</u>
Available-for-sale financial assets	Amortized cost	633,664,881.33	Held-for-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	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
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	Held-for-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
Financial assets measured at fair value and whose changes are included in current profits and losses	Measured at fair value and its changes are included in current profits and losses	<u>5,464,984.92</u>	Transactional financial assets	Measured at fair value and its changes are included in current profits and losses	<u>5,464,984.92</u>
Notes receivable	Amortized cost	2,181,466,683.90	Notes receivable	Amortized cost	2,181,166,683.90
			Accounts receivable financing	Measured at fair value and changes thereof recorded into other comprehensive income	300,000.00
Accounts	Amortized cost	7,427,246,429.42	Accounts	Amortized cost	7,426,742,836.53

receivable			receivable		
Other receivables	amortized cost	6,661,693,463.33	Other receivables	amortized cost	6,660,069,55
Available-for-sale financial assets	Amortized cost	326,164,881.33	Held-for-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	Held-for-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)
Amortized cost:				
Notes receivable	3,329,711,954.15	-	-	-
Less: transferred to accounts receivable financing	-	193,661,626.27	-	-
Remeasurement: provisions for expected credit loss	-	-	-	-
Balance presented according to new financial instruments standards	-	-	-	3,136,050,327.88
Accounts receivable	4,458,053,586.42	-	-	-
Less: transferred to accounts receivable financing	-	-	-	-
Remeasurement: provision for expected credit losses	-	-	594,682.10	-
Balance presented according to new financial instruments standards	-	-	-	4,457,458,904.32

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
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
At fair value through profit or loss:				
Held-for-trading financial assets	-	-	-	-
Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)	-	5,464,984.92	-	-
Add: transferred from available-for-sale financial assets (original standards)	-	61,494,666.97	-	-
Balance presented according to new financial instruments standards	-	-	-	66,959,651.89
Available-for-sale financial assets	633,664,881.33	-	-	-
Less: held-for-trading financial assets	-	61,494,666.97	-	-
Less: other equity instrument investments	-	23,940,214.36	-	-
Less: other non-current financial assets	-	548,230,000.00	-	-
Remeasurement: provisions for expected credit loss	-	-	-	-
Balance presented according to new financial instruments standards	-	-	-	-
Other non-current financial assets	-	-	-	-
Transferred from available-for-sale financial assets	-	548,230,000.00	-	-
Balance presented according to new financial instruments standards	-	-	-	548,230,000.00
Held-for-trading financial liabilities	-	-	-	-
Add: transferred from financial liabilities at fair value through profit or loss (classified according to	-	2,459,603.25	-	-

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
original standards)				
Balance presented according to new financial instruments standards	-		-	2,459,603.25
At fair value through comprehensive income:				
Accounts receivable financing	-	-	-	-
Transferred from notes receivable	-	193,661,626.27	-	-
Balance presented according to new financial instruments standards	-		-	193,661,626.27
Other equity instrument investments	-		-	
Transferred from available-for-sale financial assets	-	23,940,214.36	-	-
Balance presented according to new financial instruments standards	-	-	-	23,940,214.36

B. Influence on the Company's Financial Statements

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
Amortized cost:				
Notes receivable	2,181,466,683.90	-	-	-
Less: transferred to accounts receivable financing	-	300,000.00	-	-
Remeasurement: provisions for expected credit loss	-	-	-	-
Balance presented according to new financial instruments standards	-	-	-	2,181,166,683.90
Accounts receivable	7,427,246,429.42	-	-	-
Less: transferred to accounts receivable financing	-	-	-	-
Remeasurement: provisions for expected credit loss	-	-	503,592.89	-
Balance presented according to new financial instruments standards	-	-	-	7,426,742,836.53
Other receivables	6,661,693,463.33	-	-	-
Less: transferred to	-	-	-	-

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
accounts receivable financing				
Remeasurement: provision for expected credit losses	-	-	1,623,912.27	-
Balance presented according to new financial instruments standards	-	-	-	6,660,069,551.06
At fair value through profit or loss:				
Held-for-trading financial assets	-	-	-	-
Add: transferred from financial assets at fair value through profit or loss (classified according to original standards)	-	5,464,984.92	-	-
Add: transferred from available-for-sale financial assets (original standards)	-	61,494,666.97	-	-
Balance presented according to new financial instruments standards	-	-	-	66,959,651.89
Available-for-sale financial assets	326,164,881.33	-	-	-
Less: held-for-trading financial assets	-	61,494,666.97	-	-
Less: other equity instrument investments	-	14,440,214.36	-	-
Less: other non-current financial assets	-	250,230,000.00	-	-
Remeasurement: provisions for expected credit loss	-	-	-	-
Balance presented according to new financial instruments standards	-	-	-	-
Other non-current financial assets	-	-	-	-
Transferred from available-for-sale financial assets	-	250,230,000.00	-	-
Balance presented according to new financial instruments standards	-	-	-	250,230,000.00
Held-for-trading financial liabilities	-	-	-	-
Add: transferred from financial liabilities at fair value through	-	2,459,603.25	-	-

Item	31 December 2018 (before adjustment)	Reclassified	Remeasured	1 January 2019 (after adjustment)
profit or loss (classified according to original standards)				
Balance presented according to new financial instruments standards	-	-	-	2,459,603.25
At fair value through comprehensive income:				
Accounts receivable financing	-	-	-	-
Transferred from notes receivable	-	300,000.00		-
Transferred from accounts receivable	-	-	-	-
Remeasurement: at fair value	-	-	-	-
Remeasurement: provisions for expected credit loss	-	-	-	-
Balance presented according to new financial instruments standards	-	-	-	300,000.00
Other equity instrument investments	-	-	-	-
Transferred from available-for-sale financial assets	-	14,440,214.36	-	-
Balance presented according to new financial instruments standards	-		-	14,440,214.36

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 notes receivable	-	-	-	-
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	-	-

C. Influence on retained earnings in consolidated financial statements on 1 January 2019

Remeasurement category	Consolidated retained earnings	Consolidated surplus reserves
31 December 2018	4,271,408,192.21	1,227,564,785.19
Remeasurement on impairment of accounts receivable	-2,884,254.62	-
1 January 2019	4,268,523,937.59	1,227,564,785.19

2) Changes in formats of financial statements

On April 30, 2019, the Ministry of Finance issued the "Notice on Revising and Printing the Format of General Enterprise Financial Statements for 2019" (Caihui [2019] No. 6), revising the format of general enterprise financial statements, requiring the preparation of the mid-term and post-2019 Implementation of financial statements. On September 19, 2019, the Ministry of Finance issued the "Notice on Revising and Printing the Format of Consolidated Financial Statements (2019 Version)" (Caihui [2019] No. 16) (hereinafter referred to as "Caihui [2019] No. 16"), revising the format of consolidated financial report that requires the preparation of consolidated financial statements for 2019 and beyond. The company began to implement the above standards in accordance with the requirements of the Ministry of Finance. Some of the comparative statement data in the current financial statements have been rearranged to meet the reporting format of the year. The implementation of the above notice will only affect the presentation of the financial statements and will not affect the company's profit or loss, Total assets, net assets have an impact.

(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	Basis	Specific situation of the taxes rate
VAT	Calculated the output tax at the tax rate 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.	3%、5%、6%、9%、10%、13%、16%
Urban maintenance and construction tax	The circulating tax actually paid	Paid at 7% of the circulating tax actually paid, of which Dongguan Packing, Dongguan Konka, Boluo Konka, Boluo Konka Precision, Chengdu Anren, XingDa HongYe, Dongguan Konka Investment, Xinfeng Microcrystalline, Binzhou Weiyijie, Beihai Jingmai, Binzhou Econ, Suining Pengxi Kangrun Environment Management Co., Ltd., Dayi Kangrun Water Co., Ltd. of 5% of actually paid turnover. Subei Mongol Autonomous County Kangrun Water Co., Ltd. paid by half after paid of 5%, and Jiangxi Konka and Nano Crystallized Glass of 1%.
Education surtax	The circulating tax actually paid	3%
Local education surtax	The circulating tax actually paid	The subsidiary Shanghai Konka:1% and other companies: 2%
Enterprise income tax	Taxable income	25%/ see note (3) for details

Note: (1) The original tax rate applied by the Company on VAT taxable sales or imported goods was 16%/10%. According to the Announcement on Policies Governing Deepening VAT Reform from the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (CGHGG [2019] No. 39), the applicable tax rate is adjusted to 13%/9%, being effective from 1 April 2019.

(2) 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.

(3) The main taxpayers of different corporate income tax rates are explained as follows:

Name of entity	Income tax rate
Electronics Technology, Anhui Konka, Dongguan Konka, Econ Technology, XingDa HongYe, Wankaida, E2info, Jiangxi Konka, Xinfeng Microcrystalline, Nano Crystallized Glass, Telecommunication Technology, Sichuan Konka, Boluo Konka Precision	15%
Hong Kong Konka, Konka Electrical Appliances International Trading, Jiali International, Kangjietong, Jiixin Technology, Jiixin Technology, Konka Electrical Appliances Investment, Konka SmartTech, Konka Mobility	16.5%
Chain Kingdom Memory Technologies	8.25%/16.5%
Konka Europe	16.8%
Kanghao Technology	22.5%

2. Tax Preference and Approved Documents

(1) According to Caishui [2019] No. 13: Notice on the implementation of the inclusive tax reduction and exemption policy for small and micro enterprises, from January 1, 2019 to December 31, 2021, the annual taxable income of small and profitable enterprises is not The portion exceeding 1 million yuan will be reduced to 25% of the taxable income, and the corporate income tax will be paid at the rate of 20%; the portion of the annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan will be reduced by 50% Include the taxable income and pay corporate income tax at a rate of 20%.

(2) On November 30, 2016, Bokang Precision, a subsidiary of the company, obtained the high-tech enterprise certificate jointly issued by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, the Guangdong State Taxation Bureau, and the Guangdong Local Taxation Bureau. The certificate number is GR201644001388, valid for three years, according to relevant tax regulations, Bokang Precision has enjoyed relevant preferential tax policies for high-tech enterprises for three consecutive years from 2016 to 2018, and is subject to corporate income tax at a preferential tax rate of 15%.

On February 19, 2020, Bokang Precision was listed in the reply letter (Guokehuozi [2020] No. 54) of the third batch of high-tech enterprises in Guangdong Province, which was announced by the Office of the National Leading Group for High-tech Enterprise Certification and Management The certificate number is GR201944007820. The company estimates that there are no obstacles in the high-tech review, and collects and pays corporate income tax at a preferential tax rate of 15%.

(3) On 15 August 2017, Shenzhen Konka Telecommunications Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: GR201744201722) 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%.

(4) 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%.

(5) On 23 August 2017, Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd., the subsidiary of the Company 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%.

(6) 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%.

(7) On 9 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%.

(8) 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%.

(9) 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%.

(10) 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%.

(11) On September 9, 2019, Anhui Konka, the subsidiary of the Company, obtained a certificate of high-tech enterprise jointly issued by Anhui Science and Technology Department, Anhui Provincial Department of Finance and Anhui Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR201934000966 and is valid for three years. According to relevant tax regulations, Anhui Konka shall enjoy relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021 and pay the enterprise income tax at a preferential tax rate

of 15%.

(12) On September 16, 2019, Xinfeng Microcrystalline, the subsidiary of the Company, obtained a high-tech enterprise certificate jointly issued by Jiangxi Science and Technology Department, Jiangxi Provincial Department of Finance and Jiangxi Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR201936000744 and is valid for three years. According to relevant tax regulations, Xinfeng Microcrystalline shall enjoy relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021 and pay the enterprise income tax at a preferential tax rate of 15%.

(13) On November 28, 2019, Sichuan Konka, a subsidiary of the Company, obtained a certificate of high-tech enterprise jointly issued by Sichuan Science and Technology Department, Sichuan Provincial Department of Finance and Sichuan Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR201951002096 and is valid for three years. According to relevant tax regulations, Sichuan Konka shall enjoy relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021 and pay the enterprise income tax at a preferential tax rate of 15%.

(14) On December 9, 2019, Electronics Technology, the subsidiary of the Company, obtained a *Certificate Of High-tech Enterprise* jointly issued by Shenzhen Science and Technology Department, Shenzhen Provincial Department of Finance and Shenzhen Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR201944204287 and is valid for three years. According to relevant tax regulations, Electronics Technology shall enjoy relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021 and pay the enterprise income tax at a preferential tax rate of 15%.

(15) According to the Notice on Issues Concerning the Promotion of Energy-Saving Service Industry Development VAT Business Tax and Corporate Income Tax Policy Issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2010] No. 110) For the income, the enterprise enjoys the "three exemptions and three halves" preferential treatment of corporate income tax since the tax year in which the first production and operation income of the project is obtained. Binhai Sewage and Lairun Holdings, subsidiaries of the company, enjoy this tax incentive. Coastal sewage will be exempt from corporate income tax from March 1, 2017 to February 29, 2020, and corporate income tax will be levied at half the 25% legal tax rate from March 1, 2020 to February 28, 2023; Run Holdings is exempt from corporate income tax from September 1, 2017 to August 31, 2020. From September 1, 2020 to August 31, 2023, corporate income tax is levied in half at the legal tax rate of 25%.

(16) 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.

(17) 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 the Company, belongs to the this catalogue. Then after it has been levied the VAT at a rate of 16 %, 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%.

(18) According to the document Caishui [2013] No.37 issued by the Ministry of Finance and the State Administration of Taxation, the general taxpayers among the pilot taxpayers approved by the People's Bank of China, the CBRC and the Ministry of Commerce to operate financial leasing business shall provide tangible movable property financial leasing services, and the VAT refund policy shall be applied to the part where the actual VAT tax burden exceeds 3%. Konka Leasing, the subsidiary of the Company, shall be qualified to enjoyed the tax concession.

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

Unless otherwise noted, the following annotation project (including the main projects, annotation of the financial statement of the Company), the period-begin refers to 1 January 2019, the period-end refers to 31 December 2019, this period refers to Y2019 and the last period refers to the period from 1 January 2018 to 31 December 2018. The monetary unit is renminbi.

1. Monetary Assets

Item	Ending balance	Beginning balance
Cash on hand	18,699.99	130,105.31
Bank deposits	4,493,683,217.23	3,434,019,376.41
Other monetary assets	2,105,658,134.39	913,994,647.81
Total	6,599,360,051.61	4,348,144,129.53
Of which: total amount deposited in overseas	378,330,661.32	518,005,414.06

Notes: ① The ending balance of other monetary assets was the deposits of each margin deposit not withdrawn at any time. Refer to Note VI-60 Assets with restricted ownership or use right for details.

② As of 31 December 2019, the monetary assets deposited in overseas by the Company was RMB378,330,661.32 (RMB518,005,414.06 on 31 December 2018)

2. Held-for-trading Financial Assets

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss		
Including: debt instrument investment		
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

3. Notes Receivable

(1) Notes Receivable Listed by Category

Item	Ending balance	Beginning balance
Bank acceptance bill	2,638,629,011.87	2,313,409,006.75
Commercial acceptance bill	199,412,421.02	822,641,321.13
Total	2,838,041,432.89	3,136,050,327.88

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

Item	Amount
Bank acceptance bill	1,446,285,041.78
Total	1,446,285,041.78

(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 of not terminated recognition at the period-end
Bank acceptance bill	1,090,403,349.36	
Commercial acceptance bill	3,103,650.87	
Total	1,093,507,000.23	

(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
Bank acceptance bill	200,000,000.00
Commercial acceptance bill	744,149,880.08
Total	944,149,880.08

Note: At the end of the year, the bills transferred to the accounts receivable due to the issuer's failure to perform were the overdue bills of the company's factoring business.

(5) Listed by Withdrawal Methods for Bad Debt Provision

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Notes receivable with significant individual amount and make independent provision for expected credit loss					
Notes receivable withdrawn expected credit loss according to credit risks characteristics	2,842,347,510.24	100.00	4,306,077.35	0.15	2,838,041,432.89
Of which: Bank acceptance bill	2,638,629,011.87	92.83			2,638,629,011.87
Commercial acceptance bill	203,718,498.37	7.17	4,306,077.35	2.11	199,412,421.02
Notes receivable with					

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
insignificant single amount for which expected credit loss provision separately accrued					
Total	2,842,347,510.24	100.00	4,306,077.35	0.15	2,838,041,432.89

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Notes receivable with significant individual amount and make independent provision for expected credit loss					
Notes receivable withdrawn expected credit loss according to credit risks characteristics	3,136,050,327.88	100.00			3,136,050,327.88
Of which: Bank acceptance bill	2,313,409,006.75	73.77			2,313,409,006.75
Commercial acceptance bill	822,641,321.13	26.23			822,641,321.13
Notes receivable with insignificant single amount for which expected credit loss provision separately accrued					
Total	3,136,050,327.88	100.00			3,136,050,327.88

(6) Bad debt provision for notes receivable withdrawn, collected or reversed during the Reporting Period

Category	Beginning balance	Changed amount			Ending balance
		Withdrawn	Collected or reversed	Write-off or verified	
Commercial acceptance bill	—	4,306,077.35			4,306,077.35
Total	—	4,306,077.35			4,306,077.35

4. Accounts Receivable

(1) Listed by Withdrawal Methods for Expected Credit Loss

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable, for which the independent provision for expected credit losses	1,093,505,612.71	21.25	384,089,197.98	35.12	709,416,414.73
Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups					
Including: aging group	2,816,974,901.34	54.75	237,184,763.28	8.42	2,579,790,138.06
Project payment group	1,234,413,460.00	23.99	107,440,354.92	8.70	1,126,973,105.08
Subtotal of groups	4,051,388,361.34	78.75	344,625,118.20	8.51	3,706,763,243.14
Total	5,144,893,974.05	100.00	728,714,316.18	14.16	4,416,179,657.87

(Continued)

Category	Beginning balance				Carrying value
	Carrying amount		Bad debt provision		
	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
Subtotal of groups	3,844,871,953.80	78.90	276,868,446.10	7.20	3,568,003,507.70
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 expected credit loss is made at the period-end

Name	Ending balance
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	Carrying amount	Bad debt provision	Withdrawal percentage (%)	Withdrawal reason
Shanghai International Co., Ltd	300,027,889.84	150,013,944.92	50.00	Debt default
Tewoo Finance Company Limited	200,000,000.00	30,000,000.00	15.00	Difficulty in working capital turnover and debt default
Hongtu High-tech Co., Ltd.	200,000,000.00	32,000,000.00	16.00	Difficulty in working capital turnover
China Engineering Construction Co., Ltd	78,900,690.24	7,890,069.02	10.00	Difficulty in working capital turnover
No.1 Engineering Company Limited of CCC First Harbor Engineering Company Limited	65,221,300.00	9,783,195.00	15.00	Difficulty in working capital turnover
Tahoe Group Co. Ltd	50,000,000.00	5,000,000.00	10.00	Difficulty in working capital turnover
China Energy Electric Fuel Co., Ltd	50,000,000.00	7,500,000.00	15.00	Difficulty in working capital turnover
Empire Electronic Corp	45,410,618.58	45,410,618.58	100.00	Difficulty in working capital turnover
H-BUSTER DO BRASIL INDUSTRIA	19,187,169.03	19,187,169.03	100.00	Difficult to recover for bankruptcy
Treeview Business Registration	12,454,452.83	12,454,452.83	100.00	Difficulty in working capital turnover
Other	72,303,492.19	64,849,748.60	89.69	
Total	1,093,505,612.71	384,089,197.98	35.12	—

2) Withdrawing expected credit loss by groups

① In the group, accounts receivable, for which, the provision for expected credit loss was made according to aging groups

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	2,543,535,887.25	63,213,519.04	2.49
1 to 2 years	103,511,707.72	7,628,812.84	7.37
2 to 3 years	4,092,462.55	906,480.45	22.15

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
3 to 4 years	1,097,971.02	699,078.15	63.67
Over 4 years	164,736,872.80	164,736,872.80	100.00
Total	2,816,974,901.34	237,184,763.28	8.42

② In the group, accounts receivable, for which, the provision for expected credit loss was made according to project payment groups

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	952,667,901.08	47,633,395.05	5.00
1 to 2 years	159,006,119.43	15,900,611.95	10.00
2 to 3 years	107,643,110.15	32,292,934.05	30.00
3 to 4 years	1,548,202.43	774,101.22	50.00
Over 4 years	13,548,126.91	10,839,312.65	80.01
Total	1,234,413,460.00	107,440,354.92	8.70

(2) Accounts Receivable Listed by Aging

Aging	Ending balance
Within 1 year	3,807,374,058.89
1 to 2 years	949,161,562.29
2 to 3 years	164,074,121.16
3 to 4 years	4,987,110.88
Over 4 years	219,297,120.83
Subtotal	5,144,893,974.05
Less: bad debt provision	728,714,316.18
Total	4,416,179,657.87

3) Bad debt provision for accounts receivable during the Reporting Period

In this year, the actual provision for bad debts amounted to RMB 339,398,520.50, the amount for bad debt write-offs was RMB 24,926,223.99, the amount of bad debts increased by RMB 2,460,005.29 due to exchange rate fluctuations, and the amount of bad debts was reduced by RMB 3,738,595.60 due to loss of control.

(4) Accounts receivable actually verified during the Reporting Period

Item	Verified amount
DSCHOLDINGSLIMITED	24,823,474.04
Other	102,749.95
Total	24,926,223.99

(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 RMB1,282,258,307.10, accounting for 24.92% of total closing balance of account receivable, the relevant ending balance of bad debt provision withdrawn was RMB241,125,465.78.

(6) There was no accounts receivable derecognized for transfer of financial assets.

(7) There is no amount of assets and liabilities formed due to the transfer of accounts receivable and continued involvement in this year.

5. Accounts Receivable Financing

Item	Ending amount			Beginning balance		
	Cost	Change in fair value	Fair value at period-end	Cost	Change in fair value	Fair value at period-end
Notes receivable	143,174,271.82	-	143,174,271.82	193,661,626.27	-	193,661,626.27
Total	143,174,271.82	-	143,174,271.82	193,661,626.27	-	193,661,626.27

6. Prepayments

Aging	Ending amount			Beginning amount		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	2,064,712,215.34	99.23	4,772,745.02	1,029,600,745.72	98.97	57,459.57
1 to 2 years	8,325,251.63	0.40	268,252.73	7,171,926.78	0.69	435,914.85
2 to 3 years	4,074,992.31	0.20	-	543,662.41	0.05	-
Over 3 years	3,470,588.53	0.17	2,991,238.20	3,034,224.15	0.29	2,878,017.08
Total	2,080,583,047.81	100.00	8,032,235.95	1,040,350,559.06	100.00	3,371,391.50

Note: ① The total amount of the top five prepaid accounts of the company according to the year-end balance collected by the prepaid objects is 1,484,872,782.94 yuan, accounting for 71.37% of the total pre-paid account year-end balance.

②The increase in the company's prepayments was mainly due to the increase in business scale and the deployment of upstream high-quality supplier resources.

③The amount of provision for bad debts this year was 4,649,595.56 yuan; there was no amount of bad debt provision written off; an increase of 11,248.89 yuan due to exchange rate changes.

7. Other Receivables

Item	Ending balance	Beginning balance
Interest receivable	7,807,400.40	4,059,682.40
Dividends receivable	547,848.62	547,848.62
Other receivables	1,763,828,117.47	403,907,076.96
Total	1,772,183,366.49	408,514,607.98

7.1 Interest Receivable

Item	Ending balance	Beginning balance
Fix time deposit	4,807,630.04	3,440,237.63
Entrusted loans	2,623,723.82	48,888.89
Factoring income	376,046.54	570,555.88
Total	7,807,400.40	4,059,682.40

7.2 Dividends Receivable

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

7.3 Other Receivables

(1) Classified by Account Nature

Nature	Ending balance	Beginning balance
Deposit and margin	1,307,226,302.83	59,252,474.98
Intercourse funds among minority shareholders in the business consolidation not under the same control and related parties	178,968,748.99	165,912,605.30
Energy-saving subsidies	152,402,680.00	152,402,680.00
Disposal of non-current assets	147,256,700.00	-
Other	376,824,887.60	241,757,956.96
Total	2,162,679,319.42	619,325,717.24

Note: The increase in other receivables was mainly due to the increase in the company's prepaid deposits, security deposits and deposits.

(2) 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	5,202,035.68	36,709,651.41	173,506,953.19	215,418,640.28
In the Reporting	—	—	—	—

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)	
Period, Carrying amount of other receivables on 1 January 2019:				
— Transferred to the Phase II	-2,188,502.04	2,188,502.04	-	-
— Transferred to the Phase III	-	-761,057.78	761,057.78	-
— Transferred back to the Phase II	-	-	-	-
— Transferred back to the Phase I				-
Withdrawal or recovery	12,308,029.13	-12,687,154.36	183,904,200.58	183,525,075.35
Write-off				-
Verification				-
Other changes	-92,513.68			-92,513.68
Balance on 31 December 2019	15,229,049.09	25,449,941.31	358,172,211.55	398,851,201.95

Note: The first stage is that credit risk has not increased significantly since initial recognition. For other receivables with an aging portfolio and a low-risk portfolio within 1 year, the loss provision is measured according to the expected credit losses in the next 12 months.

The second stage is that credit risk has increased significantly since initial recognition but credit impairment has not yet occurred. For other receivables with an aging portfolio and a low-risk portfolio that exceed 1 year, the loss provision is measured based on the expected credit losses for the entire duration.

The third stage is the credit impairment after initial confirmation. For other receivables of credit impairment that have occurred, the loss provision is measured according to the credit losses that have occurred throughout the duration.

(3) Withdrawing bad debt provision for other receivables according to group

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion	Amount	Withdrawal proportion	
Other receivables	1,093,025,247.42	50.54	358,172,211.55	32.77	734,853,035.87

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
with significant individual amount and make independent provision for expected credit loss					
Other receivables withdrawn bad debt provision according to credit risks characteristics					
Aging group	598,266,705.02	27.66	30,392,763.59	5.08	567,873,941.43
Low-risk group	471,387,366.98	21.80	10,286,226.81	2.18	461,101,140.17
Subtotal of groups	1,069,654,072.00	49.46	40,678,990.40	3.80	1,028,975,081.60
Total	2,162,679,319.42	100	398,851,201.95	18.44	1,763,828,117.47

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
Other receivables with significant individual amount and make independent provision for expected credit loss	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					
Aging group	388,967,784.28	62.81	41,436,970.43	10.65	347,530,813.85
Low-risk group	45,738,925.63	7.39	474,716.66	1.04	45,264,208.97
Subtotal of groups	434,706,709.91	70.20	41,911,687.09	9.64	392,795,022.82
Total	619,325,717.24	100.00	215,418,640.28	34.78	403,907,076.96

(4) Listed by aging

Aging	Ending balance
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Within 1 year	1,830,131,764.01
1 to 2 years	100,586,597.78
2 to 3 years	4,360,845.69
3 to 4 years	5,594,005.22
4 to 5 years	80,270,577.43
Over 5 years	141,735,529.29
Subtotal	2,162,679,319.42
Less: bad debt provision	398,851,201.95
Total	1,763,828,117.47

(5) Bad Debt Provision for Other Receivables

The amount of bad debt provision for this year was 196,212,229.72 yuan, which was mainly due to the abnormal operation of the supplier of the subsidiary Konka Huanjia, which could not be delivered normally or refunded the prepaid deposit in the short term. Withdrawal of expected credit losses; the amount of bad debt reserves recovered or transferred back this year was RMB 12,687,154.37, which was reduced by RMB 97,499.66 due to loss of control of the subsidiary and increased by RMB 4,985.98 due to exchange rate changes. There were 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 receivables	Ending balance of bad debt provision
Suining Development Zone Administration of Finance and State-owned Assets	Cash deposit	200,000,000.00	With 1 year	9.25	2,000,000.00
National energy-saving and benefiting people (Energy-saving subsidies)	Subsidies	152,402,680.00	4 to 5 years, over 5 years	7.05	152,402,680.00
Suining Guangli Industry	Cash deposit	150,000,000.00	With 1 year	6.94	1,500,000.00

Name of units	Nature	Ending balance	Aging	Proportion of ending balance of the total other receivables	Ending balance of bad debt provision
Development Co.,Ltd.					
Administrative Committee of Chuzhou Development Zone	Asset disposal money	147,256,700.00	With 1 year	6.81	3,254,373.07
Haimen Ronghui Real Estate Co.,Ltd.	Equity transfer money	100,000,000.00	With 1 year	4.62	2,210,000.00
Total	—	749,659,380.00	—	34.66	161,367,053.07

(7) There were no other receivables derecognized due to transfer of financial assets during the Reporting Period.

(8) There were no assets and liabilities formed by transferring other receivables and continuing to be involved in this period.

8. 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	1,275,228,321.83	-	27,122,457.46	1,248,105,864.37
Consigned processing materials	3,117,408.28	-	-	3,117,408.28

Item	Ending balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Semi-finished product	85,821,719.87	-	12,822,030.37	72,999,689.50
Inventory goods	4,187,195,240.20	-	206,509,288.73	3,980,685,951.47
Finished but unsettled assets from construction contract	13,594,131.07	-	-	13,594,131.07
Subtotal	5,564,956,821.25	-	246,453,776.56	5,318,503,044.69
Total	5,564,956,821.25	-	246,453,776.56	5,318,503,044.69

(Continued)

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

Item	Beginning balance	Increased amount	Decreased amount			Ending balance
			Withdrawal	other	Write-off	
Raw materials	73,754,748.97	20,532,333.79		66,640,670.20	523,955.10	27,122,457.46
Goods in process	10,260,152.74	6,046,944.03		2,763,833.41	721,232.99	12,822,030.37
Inventory goods	330,081,328.25	170,997,210.09		292,215,422.32	2,353,827.29	206,509,288.73
Total	414,096,229.96	197,576,487.91		361,619,925.93	3,599,015.38	246,453,776.56

(3) 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

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

(5) Finished but Unsettled Assets from Construction Contract

Item	Amount
Accumulatively incurred costs	582,772,639.63
Accumulatively recognized gross margin	150,432,679.05
Less: estimated loss	
Settled amounts	719,611,187.61
Finished but Unsettled Assets from Construction Contract	13,594,131.07

9. Current Portion of Non-current Assets

Item	Ending balance	Beginning balance
Entrusted loans for associated enterprises	60,000,000.00	
Current portion of long-term receivable	48,087,016.22	22,318,208.13

Item	Ending balance	Beginning balance
Total	108,087,016.22	22,318,208.13

10. Other Current Assets

Item	Ending balance	Beginning balance
Principal and interest of entrusted loans to joint ventures	1,323,295,500.40	1,824,523,111.11
Prepayments and deductible taxes, and refund of tax for export receivable	598,034,887.02	794,991,256.00
Temporary difference of input tax	134,571,124.94	
Prepayment of land purchase		75,450,000.00
Trust investment	18,331,817.52	30,000,000.00
Others	18,979,222.37	19,251,774.87
Total	2,093,212,552.25	2,744,216,141.98

11. Long-term Receivables

(1) List of Long-term Receivables

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value	
Finance leasing amount	77,783,250.17	-	77,783,250.17	55,893,266.81	-	55,893,266.81	4.35%-8.78%
Of which: unrealized financing income	9,635,891.82	-	9,635,891.82	4,975,887.40	-	4,975,887.40	4.35%-8.78%
Cash deposits of long-term receivables	28,951,495.81	-	28,951,495.81	7,801,495.81	-	7,801,495.81	
Long-term receivables of projects with franchise rights	351,861,826.09	-	351,861,826.09	349,416,483.56	-	349,416,483.56	
Less: Current portion of long-term receivables (for details, see Note VI. 9)	48,087,016.22	-	48,087,016.22	22,318,208.13	-	22,318,208.13	
Total	410,509,555.85	-	410,509,555.85	390,793,038.05	-	390,793,038.05	—

(2) List of Projects with Franchise Rights

Item	Type	Project scale	Franchise right	Date of contract	Operation
PPP Project of water supply and sewage Rushan Silver Beach	PPP	452,802,100.00	Right of charge for sewage disposal	July 2016	Partial trial operation

(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

			Merger increase in the Reporting Period	Newly increased investment amount	Interest income	Principal recover	Interest recover	Other decrease		
PPP Project of water supply and sewage of Rushan Silver Beach	349,416,483.56	349,416,483.56	-	2,445,342.53	-	-	-	-	351,861,826.09	-
Total	349,416,483.56	349,416,483.56	-	2,445,342.53	-	-	-	-	351,861,826.09	-

12. Long-term Equity Investment

Investee	Beginning balance	Change in the Current Period					Adjustment to other comprehensive income
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method		
Konka Ventures Development (Shenzhen) Co., Ltd.	2,359,048.04	-	-	-	-4,906.24	-	
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.	1,605,469.87	-	-	-	-158,501.46	-	
Shenzhen Jielunte Technology Co., Ltd.	83,329,443.68	-	-	-	2,335,680.09	-	
Panxu Intelligence Co., Ltd.	49,170,159.29	-	-	-	2,250,289.28	-335,456.79	
Beijing Konka Jingyuan Technology Co., Ltd.	759,258.94	-	-	-	4,233.90	-	
Dongfang Jiahui (Zhuhai) Asset Management Co., Ltd.	2,757,557.31	-	-	-	221,118.96	-	
Dongfang Konka No. 1 (Zhuhai) Private Equity Fund (Limited Partnership)	-	106,705,750.00	-	-	44,507,901.20	-	

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Shenzhen Xiaorui Technology Co., Ltd.	100,277,552.55	-	-	-	-3,600,730.72	-
Guoguang Ruilian (Shenzhen) Network Technology Co., Ltd.	777,956.58	-	-	-	-585,633.38	-
Puchuang Jiakang Technology Co., Ltd.	-	400,000.00	-	-	-400,000.00	-
Weihai Water Environmental Protection Technology Co., Ltd.	2,440,433.26	-	-	-	52,778.70	-
Weihai Yiheng Environmental Technology Co., Ltd.	4,571,472.70	-	-	-	96,820.19	-
Huoqiu Kangrun Kaitian Water Environmental Protection Co., Ltd.	-	32,434,987.50	-	-	-	-
Huarun Environmental Protection Water Treatment Co., Ltd.	-	15,819,210.00	-	-	199,660.31	-
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.	59,671,933.63	-	-	-	98,461,156.32	-
Shandong Bishuiyuan Environmental Technology Co., Ltd.	24,745,069.48	-	-	-	1,429,552.18	-
Shandong Konka Zhijia Electrical Appliances Co., Ltd.	-	4,000,000.00	-	-	52,660.23	-
Henan Konka Zhijia Electrical Appliances Co., Ltd.	-	1,600,000.00	-	-	-890,365.18	-
Anhui Kaikaishijie E-commerce Co., Ltd.	436,685,064.57	-	-	-	-11,834,755.90	-
Kunshan Konka Electronic Co., Ltd.	200,694,466.80	-	-	-	-18,280,700.29	-

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Kunshan Kangsheng Investment Development Co., Ltd.	269,673,264.00	-	-	-	-	-
Chutianlong Co., Ltd.	624,845,604.93	-	-	-	22,304,031.77	-
Heilongjiang Longkang Zhijia Technology Co., Ltd.	6,400,480.52	-	-	-	-1,550,082.49	-
Konka Green, Konka Technology	78,409,903.14	-	-	-	-1,067,483.78	-
Shaanxi Silu Yunqi Smart Technology Co., Ltd.	4,522,509.33	12,350,000.00	-	-	329,806.10	-
Shenzhen Konka Information Network Co., Ltd.	26,656,667.58	-	-	-	-13,996,444.85	-
Shenzhen Zhongbing Konka Technology Co., Ltd.	10,617,873.79	-	-	-	-3,344,645.38	-
Shenzhen Konka Smart Electrical Appliance Technology Co., Ltd.	2,287,478.52	-	-	-	594,671.20	-
Zhuhai Jinsu Plastic Co., Ltd.	11,040,246.82	-	-	-	1,196,157.32	-
Shenzhen Qiaochenghui Network Technology Co., Ltd.	3,592,514.06	-	3,592,514.06	-	-	-
Shenzhen Fusheng New Material Co., Ltd.	79,859,338.44	-	-	-	-1,038,480.46	-
Shenzhen Yaode Technology Co., Ltd.	222,210,835.18	-	-	-	7,529,410.29	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	252,270,255.47	-	-	-	23,307,076.74	-

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Shenzhen Konka Yishijie Commercial Display Co., Ltd.	-	-	-	86,760,000.00	40,425.67	-
Chuzhou Konka Technology Industry Development Co., Ltd.	-	-	-	61,029,500.00	-	-
Chuzhou Kangjin Healthcare Industry Development Co., Ltd.	-	-	-	117,460,056.00	-	-
Haimen Kangjian Technology Industrial Park Operation and Management Co., Ltd.	-	-	-	131,273,550.00	-	-
Shenzhen Kangyue Industrial Co., Ltd.	-	-	-	33,856,942.00	-	-
Feide Technology (Shenzhen) Co., Ltd.	4,868,798.36	12,000,000.00	-	-	-2,554,176.68	-
Chongqing Qingjia Electronic Co., Ltd.	19,750,739.24	-	-	-	-582,038.16	-
Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd.	50,929,429.45	-	17,000,000.00	-	-1,623,757.77	-
Total	2,637,780,825.53	185,309,947.50	20,592,514.06	430,380,048.00	143,400,727.72	-335,456.79

(Continued)

Investee	Change in the Current Period				Ending balance (carrying amount)	Balance of asset impairment allowance
	Other equity changes	Cash dividend or profit distribution declared	Impairment allowance	Other		
Konka Ventures Development (Shenzhen) Co., Ltd.	-	-	-	-	2,354,141.80	-

Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.	-	-	-	-	1,446,968.41	-
Shenzhen Jielunte Technology Co., Ltd.	-	-	-	-	85,665,123.77	-
Panxu Intelligence Co., Ltd.	-	-	-	-	51,084,991.78	-
Beijing Konka Jingyuan Technology Co., Ltd.	-	-	-	-	763,492.84	-
Dongfang Jiahui (Zhuhai) Asset Management Co., Ltd.	-	-	-	-	2,978,676.27	-
Dongfang Konka No. 1 (Zhuhai) Private Equity Fund (Limited Partnership)	-	-	-	158,810,750.31	310,024,401.51	-
Shenzhen Xiaorui Technology Co., Ltd.	-	-	8,676,821.83	-	88,000,000.00	8,676,821.83
Guoguang Ruilian (Shenzhen) Network Technology Co., Ltd.	-	-	-	-	192,323.20	-
Puchuang Jiakang Technology Co., Ltd.	-	-	-	-	-	-
Weihai Water Environmental Protection Technology Co., Ltd.	-	-	-	-	2,493,211.96	-
Weihai Yiheng Environmental Technology Co., Ltd.	-	-	-	-	4,668,292.89	-
Huoqiu Kangrun Kaitian Water Environmental Protection Co., Ltd.	-	-	-	-	32,434,987.50	-
Huarun Environmental Protection Water Treatment Co., Ltd.	-	-	-	-	16,018,870.31	-
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.	-	24,500,000.00	-	-	133,633,089.95	-
Shandong Bishuiyuan Environmental Technology Co., Ltd.	-	-	-	-	26,174,621.66	-
Shandong Konka Zhijia Electrical Appliances Co., Ltd.	-	-	-	-	4,052,660.23	-

Henan Konka Zhijia Electrical Appliances Co., Ltd.	-	-	-	-	709,634.82	-
Anhui Kaikaishijie E-commerce Co., Ltd.	-	-	-	-	424,850,308.67	-
Kunshan Konka Electronic Co., Ltd.	-	-	-	-	182,413,766.51	-
Kunshan Kangsheng Investment Development Co., Ltd.	-	-	-	-	269,673,264.00	-
Chutianlong Co., Ltd.	-	11,088,000.00	-	-	636,061,636.70	-
Heilongjiang Longkang Zhijia Technology Co., Ltd.	-	-	2,470,398.03	-	2,380,000.00	2,470,398.03
Konka Green, Konka Technology	-	-	-	-	77,342,419.36	-
Shaanxi Silu Yunqi Smart Technology Co., Ltd.	-	-	-	-	17,202,315.43	-
Shenzhen Konka Information Network Co., Ltd.	-	-	12,660,222.73	-	-	12,660,222.73
Shenzhen Zhongbing Konka Technology Co., Ltd.	-	-	-	-	7,273,228.41	-
Shenzhen Konka Smart Electrical Appliance Technology Co., Ltd.	-	-	-	-	2,882,149.72	-
Zhuhai Jinsu Plastic Co., Ltd.	-	2,070,000.00	-	-	10,166,404.14	-
Shenzhen Qiaochenghui Network Technology Co., Ltd.	-	-	-	-	-	-
Shenzhen Fusheng New Material Co., Ltd.	-	-	5,220,857.98	-	78,820,857.98	-
Shenzhen Yaode Technology Co., Ltd.	-	-	-	-	229,740,245.47	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	-	-	-	-	275,577,332.21	-

Shenzhen Konka Yishijie Commercial Display Co., Ltd.	-	2,526,830.75	-	-	84,273,594.93	-
Chuzhou Konka Technology Industry Development Co., Ltd.	-	-	-	-	61,029,500.00	-
Chuzhou Kangjin Healthcare Industry Development Co., Ltd.	-	-	-	-	117,460,056.00	-
Haimen Kangjian Technology Industrial Park Operation and Management Co., Ltd.	-	-	-	-	131,273,550.00	-
Shenzhen Kangyue Industrial Co., Ltd.	-	-	-	-	33,856,942.00	-
Feide Technology (Shenzhen) Co., Ltd.	-	-	-	-	14,314,621.68	-
Chongqing Qingjia Electronic Co., Ltd.	-	-	-	-	19,168,701.08	-
Nanjing Kangxing Technology Industrial Park Operation and Management Co., Ltd.	-	-	-	-	32,305,671.68	-
Total	-	40,184,830.75	29,028,300.57	158,810,750.31	3,465,541,196.89	29,028,300.57

13. Other Equity Instrument Investment

(1) Investment in non-trading equity instruments

Item	Ending balance	Beginning balance
Shenzhen Tianyilian Science & Technology Co., Ltd.	-	4,800,000.00
Shenzhen Adopt Network Co., Ltd.	-	-
Beijing Konka Technology Co., Ltd.	1,200,000.00	4,700,000.00
AVO	6,000,000.00	-
Shaoyang Haishang Ecological Agricultural Technology Co., Ltd.	1,501,956.00	-
Feihong Electronics Co., Ltd.	-	-
ZAEFI	-	-
Shenzhen Chuangce Investment Development Co., Ltd.	-	-
Shanlian Information Technology Engineering Center	1,860,809.20	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
Total	21,642,170.36	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 being designated to be measured 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	-
Shenzhen Adopt Network Co., Ltd.	-	-	5,750,000.00	-	Long-term holding based on strategic purpose	-
Beijing Konka Technology Co., Ltd.	-	-	3,500,000.00	-	Long-term holding based on strategic purpose	-
AVO	-	-	-	-	Long-term holding based on strategic purpose	-
Shaoyang Haishang Ecological Agricultural Technology Co., Ltd.	-	-	-	-	Long-term holding based on strategic purpose	-
Feihong	-	-	1,300,000.00	-	Long-term holding based on strategic purpose	-

Item	Dividend income recognized in the current period	Accumulative gain	Accumulative loss	Amount of retained earnings transferred from other comprehensive income	Reason for being designated to be measured at fair value of which recorded in other comprehensive income	Reason for retained earnings transferred from other comprehensive income
Electronics Co., Ltd.						
ZAEFI	-	-	100,000.00	-	Long-term holding based on strategic purpose	-
Shenzhen Chuangce Investment Development Co., Ltd.	-	-	485,000.00	-	Long-term holding based on strategic purpose	-
Shanlian Information Technology Engineering Center	-	-	3,139,190.80	-	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	-
Total	-	-	20,547,785.64	-	-	-

14. Other Non-current Financial Assets

Item	Ending balance	Beginning balance
Equity investments	540,230,000.00	450,230,000.00
Investments in debt obligations	1,212,891,727.83	98,000,000.00
Total	1,753,121,727.83	548,230,000.00

Note: The debt investment at the end of the year was mainly the company's debt fund of 1,049,891,727.83 yuan invested in Chuzhou Huike Intelligent Home Appliances Industry Investment Partnership (Limited Partnership).

15. Investment Property

Item	Houses and buildings
I. Original carrying value	

Item	Houses and buildings
1. Beginning balance	249,923,047.75
2. Increased amount of the period	197,503,199.41
3. Decreased amount of the period	13,016.37
4. Ending balance	447,413,230.79
II. The accumulative depreciation and accumulative amortization	
1. Beginning balance	39,098,692.03
2. Increased amount of the period	8,117,164.69
3. Decreased amount of the period	-
4. Ending balance	47,215,856.72
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	400,197,374.07
2. Beginning carrying value	210,824,355.72

Note: The increase in investment real estate in this period is the first phase of Konka Bright Technology Center.

16. Fixed Assets

Item	Ending carrying value	Beginning carrying value
Fixed assets	2,561,254,191.55	2,410,226,495.81
Disposal of fixed assets	-	-
Total	2,561,254,191.55	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	88,242,082.07	508,848,382.57	20,203,321.30	6,584,588.25	56,807,949.38	680,686,323.57
(1) Purchase	43,869,311.81	81,613,727.17	18,749,734.78	6,584,588.25	55,076,899.43	205,894,261.44
(2) Transfer of construction in progress	44,372,770.26	427,234,655.40	1,453,586.52	-	1,731,049.95	474,792,062.13
(3) Increase for	-	-	-	-	-	-

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
business combination						
3. Decreased amount of the period	213,105,378.31	339,265,571.20	8,932,082.70	7,180,972.77	13,635,422.35	582,119,427.33
(1) Disposal or Scrap	213,105,378.31	151,570,971.76	8,812,826.05	6,829,654.19	11,760,674.01	392,079,504.32
(2) Decrease for loss of controlling right	-	5,273,753.80	119,256.65	351,318.58	1,874,748.34	7,619,077.37
(3) Decrease for other reasons	-	182,420,845.64	-	-	-	182,420,845.64
4. Ending balance	2,035,218,106.99	2,017,148,345.41	184,064,655.85	58,063,867.63	241,613,861.33	4,536,108,837.21
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	67,969,604.47	149,634,296.46	11,145,490.75	5,133,774.40	22,774,219.28	256,657,385.35
(1) Withdrawal	67,969,604.47	149,634,296.46	11,145,490.75	5,133,774.40	22,774,219.28	256,657,385.35
(2) Increase for business merger	-	-	-	-	-	-

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
3. Decreased amount of the period	68,920,961.75	211,807,236.79	7,073,727.55	5,445,916.17	11,119,928.64	304,367,770.90
(1) Disposal or Scrap	68,920,961.75	117,776,230.87	6,989,970.96	5,430,106.83	10,086,249.00	209,203,519.41
(2) Decrease for loss of controlling right	-	2,423,669.35	83,756.59	15,809.34	1,033,679.64	3,556,914.92
(3) Decrease for other reasons	-	91,607,336.57	-	-	-	91,607,336.57
4. Ending balance	633,844,572.99	939,156,102.95	139,979,797.13	39,874,403.17	153,386,011.73	1,906,240,887.96
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 for business merger	-	-	-	-	-	-
3. Decreased amount	-	4,586,246.47	58,874.37	-	105,293.11	4,750,413.95

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
of the period						
(1) Disposal or Scrap	-	4,586,246.47	58,874.37	-	105,293.11	4,750,413.95
(2) Decrease of loss of controlling right						
4. Ending balance	1,247,805.91	64,023,905.57	1,156,577.28	820,215.24	1,365,253.70	68,613,757.70
IV. Carrying value						
1. Ending carrying value	1,400,125,728.09	1,013,968,336.89	42,928,281.44	17,369,249.22	86,862,595.90	2,561,254,191.55
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

Note: Other decrease in fixed assets during the Reporting Period referred to the transfer from fixed assets to construction in progress mainly due to the technological reform of production line of the Company's subsidiary Xinfeng Microcrystalline.

(2) List of Temporarily Idle Fixed Assets

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Mechanical equipment	25,555,607.08	10,551,245.11	7,520,691.10	7,483,670.87
Electronic equipment	1,172,847.32	1,051,643.98		121,203.34
Other equipment	1,140,919.39	939,150.69	112,105.43	89,663.27
Total	27,869,373.79	12,542,039.78	7,632,796.53	7,694,537.48

(3) Fixed Assets Leased in from Financing Lease

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Houses and buildings	4,442,018.00	2,941,383.95		1,500,634.05
Mechanical equipment	625,001,021.48	335,137,305.54		289,863,715.94
Transportation equipment	10,138,161.44	8,112,013.20		2,026,148.24
Electronic equipment	47,763,794.72	39,021,990.91		8,741,803.81
Other equipment	45,068,146.82	31,603,334.31		13,464,812.51
Total	732,413,142.46	416,816,027.91		315,597,114.55

(4) Fixed Assets Leased out from Operation Lease

Item	Ending carrying value
Mechanical equipment	9,731,084.22
Total	9,731,084.22

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

Item	Original carrying value	Accumulative depreciation	Impairment provision	Net carrying value	Reason
Yikang Building property	76,610,752.33	35,181,074.70	-	41,429,677.63	Historical reasons
Jingyuan Building property	20,018,497.00	9,094,934.74	-	10,923,562.26	Historical reasons
26-1 Longzhimeng, Pangjiang Street Property in Dadong District, Shenyang	10,189,892.23	1,325,119.48	-	8,864,772.75	The problems of developers
Huaguoyuan Project in Huaguoyuan Road, Guiyang	3,628,629.00	292,558.24	-	3,336,070.76	Under processing
Purification tank for liquid waste of XingDa HongYe	2,653,000.00	1,362,978.75	-	1,290,021.25	Under processing

(6) Fixed Assets with Restricted Ownership or Use Right

Item	Ending carrying value	Reason
Property and machinery equipment of Jiangxi Konka	158,053,900.84	Finance lease mortgage /mortgage loans
Real estate such as workshops of Frestec Household Appliances and Frestec Refrigeration	142,619,430.72	Mortgage loans
Machinery equipment of Xinfeng Microcrystalline	85,640,430.38	Finance lease mortgage
Workshops and lands of XingDa HongYe	54,146,085.60	Mortgage loans
Machinery equipment of Nano Crystallized Glass	49,500,342.18	Finance lease mortgage
Fixed assets of XingDa HongYe	41,411,646.57	Finance lease mortgage
Real estate such as workshops of Boluo Konka Precision	10,159,362.39	Mortgage loans
Total	541,531,198.68	-

17. Construction in Progress

Item	Ending balance	Beginning balance
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Construction in Progress	4,291,544,368.52	2,176,871,530.80
Total	4,291,544,368.52	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	715,838,346.63		715,838,346.63	451,789,427.70		451,789,427.70
PPP Project of Funan Sewage Treatment	592,295,248.19		592,295,248.19			
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	571,112,712.15		571,112,712.15	552,055,516.50		552,055,516.50
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	511,792,398.90		511,792,398.90			
Integrated PPP Project of Huangpi Sewage Treatment	385,214,225.65		385,214,225.65			
The second line of Jiangxi Nano Crystallized Glass	336,485,492.44		336,485,492.44	303,533,244.21		303,533,244.21
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	329,745,585.38		329,745,585.38	261,826,586.30		261,826,586.30
Ankang Smart Plant	143,320,357.80		143,320,357.80			
Tongchuan Project	99,720,949.28		99,720,949.28			
The second sewage plant of Laizhou	90,971,785.34		90,971,785.34			
Yibin Konka Hi-Tech Industrial Park	86,183,539.65		86,183,539.65			
Dayi Project	79,258,722.98		79,258,722.98	400,000.00		400,000.00
Guangming Project	39,753,607.36		39,753,607.36	153,577,240.57		153,577,240.57
The second line of Xinfeng Microcrystalline Jade	39,066,165.62		39,066,165.62	365,069,872.84		365,069,872.84

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Other small projects	270,785,231.15		270,785,231.15	88,619,642.68		88,619,642.68
Total	4,291,544,368.52		4,291,544,368.52	2,176,871,530.80		2,176,871,530.80

(2) Changes of Significant Construction in Progress

Name of item	Estimated number	Beginning balance	Increase Amount	Decrease amount		Ending balance
				Transferred to long-term assets	Other decrease	
Comprehensive improvement engineering project of drainage basins in the city of Donggang	RMB1,299 million	451,789,427.70	264,048,918.93			715,838,346.63
PPP Project of Funan Sewage Treatment	RMB972 million		592,295,248.19			592,295,248.19
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	RMB970 million	552,055,516.50	19,057,195.65			571,112,712.15
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	RMB1,268 million		511,792,398.90			511,792,398.90
Integrated PPP Project of Huangpi Sewage Treatment	RMB738 million		385,214,225.65			385,214,225.65
The second line of Jiangxi Nano Crystallized Glass	RMB434 million	303,533,244.21	92,535,341.03	59,583,092.80		336,485,492.44
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	RMB2,850 million	261,826,586.30	67,918,999.08			329,745,585.38
Ankang Smart Plant	RMB697 million		143,320,357.80			143,320,357.80
Tongchuan Project	RMB393 million		99,720,949.28			99,720,949.28
The second sewage plant of Laizhou	RMB256 million		90,971,785.34			90,971,785.34

Name of item	Estimated number	Beginning balance	Increase Amount	Decrease amount		Ending balance
				Transferred to long-term assets	Other decrease	
Yibin Konka Hi-Tech Industrial Park	RMB350 million	4,805,746.86	81,377,792.79			86,183,539.65
Dayi Project	RMB392 million	400,000.00	78,858,722.98			79,258,722.98
Guangming Project	RMB241 million	153,577,240.57	83,827,690.00	197,651,323.21		39,753,607.36
The second line of Xinfeng Microcrystalline Jade	RMB381 million	365,069,872.84	6,033,682.90	332,037,390.12		39,066,165.62
Other small projects		83,813,895.82	278,839,089.50	91,578,424.96	289,329.21	270,785,231.15
Total		2,176,871,530.80	2,795,812,398.02	680,850,231.09	289,329.21	4,291,544,368.52

(Continued)

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progresses	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	RMB1,299 million	55.1	55.1	32,649,995.61	32,649,995.61	12.37	Self-owned fund and bank financing
PPP Project of Funan Sewage Treatment	RMB972 million	60.92	60.92	3,923,218.75	3,923,218.75	0.66	Self-owned fund and bank financing
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	RMB970 million	58.87	58.87				Self-owned fund

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progresses	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
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	RMB1,268 million	40.37	40.37				Self-owned fund
Integrated PPP Project of Huangpi Sewage Treatment	RMB738 million	52.17	52.17				Self-owned fund
The second line of Jiangxi Nano Crystallized Glass	RMB434 million	77.53	77.53	32,249,994.16	5,403,293.13	5.84	Self-owned fund and finance leasing
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	RMB2,850 million	11.39	11.39	5,685,669.94	5,685,669.94	8.37	Self-owned fund and bank financing
Ankang Smart Plant	RMB697 million	20.56	20.56	-	-	-	Self-owned fund
Tongchuan Project	RMB393 million	25.37	25.37	-	-	-	Self-owned fund
The second sewage plant of Laizhou	RMB256 million	35.49	35.49	-	-	-	Self-owned fund
Yibin Konka Hi-Tech Industrial Park	RMB350 million	24.62	24.62	-	-	-	Self-owned fund
Dayi Project	RMB392 million	20.21	20.21	-	-	-	Self-owned fund

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progresses	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
Guangming Project	RMB241 million	16.5	16.5	-	-	-	Self-owned fund and project loans
The second line of Xinfeng Microcrystalline Jade	RMB381 million	10.25	10.25	37,940,324.62	15,171,886.64	38.84	Self-owned fund, mortgage loans and finance leasing
Other small projects	-	-	-	39,229,802.86	39,229,802.86	-	-
Total	-	-	-	151,679,005.94	102,063,866.93		-

Note: For the financing channel and amount of Donggang City Inland River Basin Comprehensive Improvement Project, Funan County Global Sewage Treatment Project PPP Project, Weifang Binhai Economic and Technological Development Zone Central City Comprehensive Upgrade Project, and Guangming Project, please see Note VI. 32 the Long-term loan financing. With Xinfeng Microcrystalline Jade Second-line Project, please refer to Note VI, 23 Short-Term Loan.

18. Intangible Assets

(1) List of intangible assets

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others		

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others		
I. Original carrying value							
1. Beginning balance	548,540,757.52	47,490,161.70	87,491,851.74	111,050,625.01	80,373,189.03	326,405,827.48	874,946,585.00
2. Increased amount of the period	485,250,292.69	28,084,905.75	15,040,566.04		19,498,611.74	62,624,083.53	547,874,376.22
(1) Purchase	449,220,316.79	28,084,905.75	15,040,566.04		13,221,185.35	56,346,657.14	505,566,973.93
(2) Transfer of construction in progress					6,277,426.39	6,277,426.39	6,277,426.39
(3) Increase for business combination							
(4) Increase for other reasons	36,029,975.90						36,029,975.90
3. Decreased amount of the period	7,367,983.02	92,450.02		4,479,280.91	181,795.53	4,753,526.46	12,121,509.48
(1) Disposal	7,367,983.02	92,450.02			181,795.53	274,245.55	7,642,228.57
(2) Decrease for losing controlling right							
(3) Decrease for other				4,479,280.91		4,479,280.91	4,479,280.91

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others		
reasons							
4. Ending balance	1,026,423,067.19	75,482,617.43	102,532,417.78	106,571,344.10	99,690,005.24	384,276,384.55	1,410,699,451.74
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	41,340,908.53		10,123,516.22	4,442,025.00	7,871,162.33	22,436,703.55	63,777,612.08
(1) Withdrawal	41,340,908.53		10,123,516.22	4,442,025.00	7,871,162.33	22,436,703.55	63,777,612.08
(2) Increase for business combination							
3. Decreased amount of the period	3,245,526.66	92,450.02			181,795.53	274,245.55	3,519,772.21
(1) Disposal	3,245,526.66	92,450.02			181,795.53	274,245.55	3,519,772.21
(2) Decrease for losing controlling right							
4. Ending balance	78,757,617.42	5,272,221.47	56,417,825.66	11,105,062.50	42,973,928.87	115,769,038.50	194,526,655.91

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others		
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 for business combination							
3. Decreased amount of the period							
(1) Disposal							
(2) Decrease for losing controlling right							
4. Ending balance			2,901,082.61			2,901,082.61	2,901,082.61
IV. Carrying value							
1. Ending carrying value	947,665,449.77	70,210,395.96	43,213,509.51	95,466,281.60	56,716,076.37	265,606,263.44	1,213,271,713.22
2. Beginning carrying	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

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and know-how	Franchise rights	Right to use software and others		
value							

Note: The other increase in intangible assets in this period was mainly due to the deed tax and stamp tax paid by the subsidiary Dongguan Konka to transfer the land use rights to the subsidiary Dongguan Investment.

(2) Land Use Right with Certificate of Title Uncompleted

Item	Carrying value	Reason
Land usage right of the subsidiary Nanocrystalline	5,346,467.73	Under processing
Suining PCB Industrial Park-120 mu of land	12,010,752.00	Under processing for land certificate
Suining Sewage Treatment Plant Phase I-land	18,968,768.00	Under processing for land certificate

(3) Significant Intangible Assets

Item	Ending carrying value	Remaining amortization period
Land usage right of Fenggang Konka Intelligent Industrial Park	202,109,758.67	49.67
Land usage right of Dongguan Investment	156,408,716.63	49.92
Franchise rights of sewage treatment in Laizhou	99,945,562.51	22.50
Land usage right of XGY (2006) No. 04049	71,637,705.79	36.75
Land usage right of Huanjia (Henan)	67,253,472.02	49.50
Land usage right of Chongqing Konka	63,026,688.87	49.67
Land reserve center Ankang Smart Plant 2 # land	57,120,578.66	48.83
Land reserve center Ankang Smart Plant 3 # land	19,613,810.67	48.92

(4) Intangible Assets with restricted ownership or using right

Item	Ending carrying value	Reasons
Land usage right of XingDa HongYe	36,888,224.24	Mortgage loan of land
Land usage right of Jiangxi Konka	10,832,457.31	Mortgage loan of land
Land usage right of Yinbin Konka	13,680,576.00	Land mortgage guarantee
Land usage right of Frestec	44,965,810.97	Mortgage loan of land

19. Goodwill

(1) Original Carrying Value of Goodwill

Name of the investees	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	Beginning balance	Increased		Decreased		Ending balance
		Withdrawal	Other	Dispose	Other	
Anhui Konka						
Econ Technology						
Jiangxi Konka		76,431,127.34				76,431,127.34
XingDa HongYe						
Total		76,431,127.34				76,431,127.34

(3) Relevant information on the asset group or combination of asset groups where goodwill is located

This year, the company hired an appraisal agency to assess the recoverable amount of the asset group or combination of asset groups where the goodwill is located. The asset group composed of identifiable intangible assets (excluding working capital and non-operating assets) is related to goodwill. The confirmation of the asset group at the time of goodwill impairment test is consistent with the asset group or combination of asset groups determined at the date of purchase and the previous year's goodwill impairment test.

(4) The key assumptions and basis for calculating the recoverable amount of the asset group are as follows:

① Assuming that the assessed unit continues to operate, and there are no major changes in the key aspects of the business scope, sales model and channels, management, etc. that affect production and operation from the current situation;

②Assume that the social and economic environment of the assessed unit does not change significantly, and the relevant laws, regulations, and policies of the country and the region where the company is located have no major changes;

③Assume that the business scope, operation mode, management mode, etc. of the assessed unit are continuously improved and improved on the basis of maintaining consistency, and can make timely adjustments and innovations as the economy develops;

④Assume that the various products provided by the assessed unit can adapt to market demand, the formulated goals and measures can be achieved as scheduled and at the scheduled time, and the expected benefits are obtained;

⑤Assuming that interest rates, exchange rates, tax bases and tax rates do not change significantly within the normal range prescribed by the state.

⑥ The recoverable amount of the asset group and asset group combination is based on the five-year budget approved by the management and calculated using the cash flow forecast method.

(5) The goodwill impairment of each asset group of the company is as follows:

The recoverable amount of Jiangxi Konka is determined according to the present value of the expected future cash flow. The future cash flow is determined based on the financial budget approved by management from 2020 to 2024, and uses a discount rate of 12.07%. Jiangxi Konka's cash flow for more than 5 years is calculated based on a growth rate of 6.31%. The company hired an appraisal agency, Shenzhen Pengxin Asset Appraisal Land and Real Estate Appraisal Co., Ltd., to evaluate the company's subsidiary Jiangxi Konka Company using the income method, using the present value of the asset group's estimated future cash flows as its recoverable amount. On April 20, a Pengxin Asset Evaluation Report [2020] No. S032, 《Konka Group Co., Ltd.'s Asset Evaluation Report of Konka New Materials Asset Group for Financial Reporting Purposes》, was issued based on December 31, 2019. The current value of Jiangxi Konka Assets Group on the assessment base date is RMB 1,742.8 million, and the book value of the asset group after fair value adjustment is RMB 18,862,113, of which the book value of goodwill (converted minority shareholders) is RMB 666,886.1 thousand. The recoverable amount of the asset group is less than the book value of the asset group containing goodwill. Therefore, Jiangxi Konka Company's goodwill provision for asset impairment is RMB 76,431.1 thousand in this period.

Yikang Technology and Xingda Hongye have passed the goodwill impairment test, and there is no impairment provision.

20. Long-term Deferred Expenses

Item	Beginning balance	Increased amount	Amortization amount	Other decreased amount	Ending amount
Renovation costs	34,904,540.12	19,371,132.42	14,160,642.76	4,273,194.46	35,841,835.32
Shop expense	61,368,072.24	43,863,895.04	57,021,219.89	4,070,144.77	44,140,602.62
Other	14,950,814.41	30,515,778.07	17,858,951.54		27,607,640.94
Total	111,223,426.77	93,750,805.53	89,040,814.19	8,343,339.23	107,590,078.88

21. 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	2,855,624,412.76	706,342,740.49	1,358,336,470.51	336,401,597.67
Assets impairment provision	1,079,890,030.44	231,517,239.58	936,009,764.81	226,316,093.63
Deferred income	66,778,170.56	15,971,309.52	85,456,786.55	20,389,065.68
Accrued expenses	70,273,842.14	12,047,558.72	72,865,789.50	17,320,299.04
Unrealized internal sales profits	18,570,975.99	4,642,744.00	35,916,413.76	8,979,103.44
Others	75,254,629.43	17,241,589.86	123,082,867.34	30,027,794.84
Total	4,166,392,061.32	987,763,182.17	2,611,668,092.47	639,433,954.30

(2) Lists of Deferred Income Tax Liabilities without Offset

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Estimated added value not under the same control	406,494,736.72	76,293,954.88	597,961,840.34	119,325,356.84
Prepaid interest	68,199,141.94	16,489,202.46	71,719,199.88	17,929,799.97
Accelerated depreciation of fixed assets	3,732,276.80	559,841.52	5,929,959.47	889,493.92
Change in fair value of held-for-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	486,922,544.22	95,467,096.05	687,112,770.12	141,020,093.34

(3) List of Unrecognized Deferred Income Tax Assets

Item	Ending balance	Beginning balance
Deductible losses	2,693,777,327.44	2,688,310,555.91
Deductible temporary difference	407,628,243.69	294,734,548.10
Total	3,101,405,571.13	2,983,045,104.01

22. Other Non-current Assets

Item	Ending balance	Beginning balance
Prepayment for land-purchase	820,340,528.30	10,099,279.84
Prepayment for equipment	277,656,830.39	6,497,317.32
Entrusted loans	40,000,000.00	120,000,000.00
Construction of government projects	34,475,365.16	41,410,334.97
Orient Konka no.1 (zhuhai) private equity investment fund (limited partnership)		158,810,750.31
Other		660,007.95
Total	1,172,472,723.85	337,477,690.39

23. Short-term Borrowings

Item	Ending balance	Beginning balance
Credit loan		
Guaranteed loan (note ①)	23,666,915.46	
Pledged loan (note ②③)	155,000,000.00	30,000,000.00
Mortgage loan	1,445,320,018.29	1,113,964,731.70
Mortgaged pledged loan (note ④)	8,643,683,405.88	12,471,968,199.93
Mortgaged guaranteed loan (note ⑤⑥)	65,016,900.00	
A loan secured, pledged, or pledged		268,200,000.00
Total	10,332,687,239.63	13,884,132,931.63

Note: ① Konka Group provides joint liability guarantees for its subsidiary Anhui Konka, Sichuan Konka, Pengrun Technology, Hong Kong Konka, Xingda Hongye, Yikang Technology, Jiangxi Konka, and Xinfeng Microcrystalline for a total of RMB 1,505,320,018.29.

② Konka Group pledged RMB 1 billion bank acceptance draft as pledge to obtain short-term loans of RMB 1,167,675,585.65 from Bank of China Futian Sub-branch.

③ Subsidiary Yikang Technology pledged RMB100 million as a short-term loan of RMB194,394,169.69 from the Industrial Bank Co., Ltd. Yantai Development Zone Sub-branch.

④ Subsidiary Xingda Hongye obtained a short-term loan of RMB 95,000,000.00 from the Fusha Sub-branch of Zhongshan Rural Commercial Bank with a plant valued at RMB 44,211,667.78, a land use right mortgage of RMB 14,985,923.42, and a pledge of RMB 19,800,000.00.

⑤ Subsidiary Xingda Hongye obtained a short-term loan of RMB 60,000,000.00 from Industrial Bank Zhongshan Branch by mortgage of a dormitory with a book value of RMB 9,934,417.82 and land use rights of RMB 21,902,300.82. Konka Group provides joint liability guarantee.

⑥ Subsidiary Boro Precision obtained a short-term loan of RMB 5,016,900.00 from Guangzhou Bank Co., Ltd. Huizhou Branch with the real estate of Boro Konka's book value of RMB 10,159,362.39 as collateral. Konka Group provides joint liability guarantee.

24. Held-for-trading Financial Liabilities

Item	Ending balance	Beginning balance
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Item	Ending balance	Beginning balance
Forward foreign exchange contract loss		2,459,603.25
Total		2,459,603.25

25. Notes Payable

Category	Ending balance	Beginning balance
Trade acceptance	1,136,168,273.60	730,422,780.31
Bank's acceptance bill	183,228,100.77	131,907,909.16
Total	1,319,396,374.37	862,330,689.47

26. Accounts Payable

(1) List of Accounts Payable

Item	Ending balance	Beginning balance
Within 1 year	4,589,056,681.97	4,041,645,573.26
1 to 2 years	1,000,925,754.57	262,217,987.99
2 to 3 years	165,360,015.84	12,677,653.94
Over 3 years	42,480,027.22	46,181,835.14
Total	5,797,822,479.60	4,362,723,050.33

(2) Significant Accounts Payable Aging over One Year

Item	Ending balance	Unpaid/ Un-carry-over reason
Project funds	639,448,614.65	Settlement conditions not met
Total	639,448,614.65	—

27. Advances from Customers

(1) List of Advances from Customers

Item	Ending balance	Beginning balance
Within 1 year	959,538,151.80	654,982,234.51
1 to 2 years	51,536,115.55	32,910,085.56
2 to 3 years	27,958,032.82	13,172,633.37
Over 3 years	37,824,086.91	22,162,575.76

Item	Ending balance	Beginning balance
Total	1,076,856,387.08	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	—

28. 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	1,751,113,773.38		1,698,595,354.78	5,441,418.52	422,361,193.20
II. Post-employment benefit-defined contribution plans	1,222,374.59	136,728,868.13		134,511,511.85	31,692.30	3,408,038.57
III. Termination benefits		29,671,275.91		28,570,009.11		1,101,266.80
IV. Current portion of other benefits						
Total	376,506,567.71	1,917,513,917.42		1,861,676,875.74	5,473,110.82	426,870,498.57

(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	1,548,674,817.36		1,495,852,780.27	5,144,280.24	407,335,502.77
2. Employee welfare	5,620,738.67	65,176,408.54		65,444,848.61	205,004.94	5,147,293.66
3. Social insurance	3,138,171.50	60,192,530.93		60,100,091.86	19,191.28	3,211,419.29
Of which: Medical insurance	768,410.84	51,091,568.40		51,557,119.89	13,173.87	289,685.48

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
premiums						
Work-related injury insurance	160,343.82	3,405,513.23		3,521,509.27	4,356.05	39,991.73
Maternity insurance	2,209,416.84	5,695,449.30		5,021,462.70	1,661.36	2,881,742.08
4. Housing fund	545,498.50	49,405,469.08		49,294,935.18	51,945.00	604,087.40
5. Labor union budget and employee education budget	5,581,101.82	11,173,765.03		11,496,461.91	20,997.06	5,237,407.88
6. Short-term absence with payment						
7. Short-term profit sharing plan		1,849.46		1,849.46		
8. Other	740,936.71	16,488,932.98		16,404,387.49		825,482.20
Total	375,284,193.12	1,751,113,773.38		1,698,595,354.78	5,441,418.52	422,361,193.20

(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	132,937,160.79		130,701,248.42	30,242.03	3,353,470.04

Item	Beginning balance	Increase	Increase by merger	Decrease	Decrease by losing controlling right	Ending balance
2. Unemployment insurance	74,574.89	3,791,707.34		3,810,263.43	1,450.27	54,568.53
3. Annuity						
Total	1,222,374.59	136,728,868.13		134,511,511.85	31,692.30	3,408,038.57

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.

29. Taxes Payable

Item	Ending balance	Beginning balance
Corporate income tax	341,818,196.88	111,659,382.84
VAT	197,795,056.62	127,267,736.84
Fund for disposing abandoned appliances and electronic products	22,862,428.00	16,496,706.00
Urban maintenance and construction tax	12,363,121.25	9,508,557.03
Education fees and local education Surcharge	9,346,458.05	6,842,959.97
Individual income tax	7,468,808.32	1,757,048.49
Stamp duty	5,046,657.96	3,162,037.00
Land use tax	3,587,908.55	3,390,503.70
Real estate tax	2,868,061.86	2,444,284.96
Tariff	2,440,099.93	2,867,887.18
Flood control fund, fund for embankment, fund for water conservancy and fund for river management	1,047,610.21	1,057,937.59
Other	1,200,887.36	1,549,150.84
Total	607,845,294.99	288,004,192.44

30. Other Payables

Item	Ending balance	Beginning balance
Interest payable	227,831,108.53	27,230,631.41
Other payables	2,146,456,134.67	1,997,426,646.33
Total	2,374,287,243.20	2,024,657,277.74

30.1 Interest Payable

Item	Ending balance	Beginning balance
Interest on corporate bonds	180,268,944.49	-
Interest on long-term borrowings with interest paid by instalment and principal paid at maturity	27,783,745.85	9,833,829.87
Interest payable on short-term borrowings	19,189,933.23	17,053,625.76
Other	588,484.96	343,175.78
Total	227,831,108.53	27,230,631.41

31.2 Other Payables

(1) Listed by Nature of Account

Item	Ending balance	Beginning balance
Expenses payable	947,395,951.75	971,679,417.48
Come-and-go money	162,935,213.66	280,592,078.50
Equity transfer payment	374,725,896.96	380,180,000.00
Related party borrowing	374,227,833.11	108,233,202.82
money Generation of advances	260,078,756.86	196,746,104.46
Cash deposit and front	13,789,615.70	49,796,310.13
Other	13,302,866.63	10,199,532.94
Total	2,146,456,134.67	1,997,426,646.33

(2) Other Significant Payables Aging over One Year

Item	Ending balance	Unpaid/Un-carry-over reason
Equity transfer money of Econ Technology	288,500,000.00	Not meet the settlement conditions
Equity transfer money of Jiangxi Konka	76,680,000.00	Not meet the settlement conditions
Total	365,180,000.00	—

31. Current Portion of Non-current Liabilities

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	123,000,000.00	40,000,000.00
Current portion of long-term payables	87,066,077.13	111,792,404.13
Total	210,066,077.13	151,792,404.13

32. Long-term Borrowings

Item	Ending balance	Beginning balance
Entrusted loans ①	3,334,060,000.00	160,000,000.00
Pledge loan ②③④	1,088,300,000.00	
Credit loan	123,000,000.00	125,000,000.00
Mortgage guarantee loan⑤	103,995,729.90	
Pledge guarantee loan ⑥	133,960,000.00	150,000,000.00
Mortgage guarantee loan (Note ⑦)	100,000,000.00	50,000,000.00
Garantee moergage pledge loan ⑧	130,000,000.00	
Less: Current portion	123,000,000.00	40,000,000.00
Total	4,890,315,729.90	445,000,000.00

Note: ① The OCT Group issued entrusted loans to the company through the China Merchants Bank fund pool. The company obtained long-term loans in the amount of RMB 3,334,060,000.00 from the China Merchants Bank OCT Sub-branch. The loan period is from April 16, 2019 to April 15, 2020.4.21.

② Donggang Kangrun, a subsidiary, took the operating income and other income of the PPP project of Donggang City Inland Comprehensive Treatment Project as a pledge to obtain a long-term loan of RMB 600,000,000.00 from the China Construction Bank Donggang Sub-branch. The loan period is from January 31, 2019 to 2036 January 30.

③ Subsidiary Funan Kangrun obtained a long-term loan of RMB270,000,000.00 from the Agricultural Bank of China Funan County Sub-branch with the feasibility gap subsidy under the PPP project <PPP contract> of the whole area sewage treatment project of Funan County and government payment as pledge. The loan period is from August 23, 2019 to August 22, 2039, and the pledge period is from August 23, 2019 to August 22, 2039.

④ Weifang Sihai, a subsidiary of the company, pledged the long-term loan amount of RMB213,300,000.00 from Industrial Bank Co., Ltd. Weifang Branch with the accounts receivable formed from all the proceeds and income rights of the Weifang Binhai Economic Development Zone PPP project. The loan period is from From June 26, 2019 to June 25, 2035, the pledge period is from June 25, 2019 to June 25, 2035.

⑤The company originally used the Guangming project land use rights as collateral to obtain a long-term loan of RMB 103,995,729.90 from Guangdong Huaxing Bank Shenzhen Branch. The loan period is from April 12, 2019 to April 11, 2024. Subsequently, according to the progress of the project construction, the land certificate needs to be changed to a real estate certificate. The company applied to the bank to release the original land certificate, supplemented with 104,000,000.00 yuan of monetary funds as a temporary deposit pledge, and has been updated on January 6, 2020 The real estate certificate goes through the mortgage procedures and the security deposit has been released.

⑥ Subsidiary Rushan Yike takes pledged accounts receivable from the government procurement of the Rushan Finance Bureau as a pledge to obtain a long-term loan of RMB 133,960,000.00 from the branch of China Everbright Bank Yantai Economic Development Zone. The loan period is from From December 29, 2016 to December 28, 2026, the pledge period is from December 29, 2016 to December 28, 2026; the subsidiary Yikang Technology provides a joint liability guarantee.

⑦ Subsidiary Sichuan Konka used the land use rights with a book value of RMB 13,817,152.13 as collateral to obtain a long-term loan of RMB 100,000,000.00 from Sichuan Gangrong Investment Development Group Co., Ltd. The subsidiary Communication Technology provides joint liability guarantee for this loan.

⑧ Anhui Electrical Appliances used a factory building with a book value of RMB 142,619,430.72 and a land use right of RMB 44,965,810.97 as collateral to obtain a long-term loan of RMB 130,000,000.00 from Maanshan Sub-branch of China Minsheng Bank. On February 2, the pledge period is February 2, 2019 to February 2, 2024. The company provides joint liability guarantee.

33. Bonds Payable

(1) List of Bonds Payable

Item	Ending balance	Beginning balance
Non-public offering corporate bonds	4,987,709,643.64	
Total	4,987,709,643.64	

(2) Increase/Decrease of Bonds Payable

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance
19Konka01 (note ①)	1,000,000,000.00	14 January 2019	2+1 years	996,500,000.00	
19Konka02 (note ②)	1,500,000,000.00	14 January 2019	3 years	1,494,750,000.00	
19Konka03 (note ③)	500,000,000.00	3 June 2019	2+1 years	498,250,000.00	
19Konka04 (note ④)	500,000,000.00	3 June 2019	3 years	498,250,000.00	
19Konka05 (note ⑤)	800,000,000.00	22 July 2019	2+1 years	797,200,000.00	
19Konka06 (note ⑥)	700,000,000.00	22 July 2019	3 years	697,550,000.00	
Total	5,000,000,000.00			4,982,500,000.00	

(Continued)

Bonds name	Increased through merger	Issued during the Reporting Period	Withdraw interest at face value	Amortization of premium and discount	Repay during the Reporting Period	Ending balance
19Konka01 (note ①)	—	996,500,000.00	48,750,000.04	1,298,742.17	—	997,798,742.17
19Konka02 (note ②)	—	1,494,750,000.00	73,124,999.98	1,948,113.21	—	1,496,698,113.21
19Konka03 (note ③)	—	498,250,000.00	13,250,000.00	420,073.37	—	498,670,073.37
19Konka04 (note ④)	—	498,250,000.00	13,838,888.88	420,073.37	—	498,670,073.37
19Konka05 (note ⑤)	—	797,200,000.00	16,408,666.68	598,742.14	—	797,798,742.14
19Konka06 (note ⑥)	—	697,550,000.00	14,896,388.91	523,899.38	—	698,073,899.38
Total		4,982,500,000.00	180,268,944.49	5,209,643.64	—	4,987,709,643.64

Note: ① On 14 January 2019, RMB1 billion of private placement corporate bonds was issued with the duration of two plus one years, the annual interest rate of 5.00% and the due date of 14 January 2021.

② On 14 January 2019, RMB1.5 billion of private placement corporate bonds was issued with the duration of three years, the annual interest rate of 5.00% and the due date of 14 January 2022.

③ On 3 June 2019, RMB0.5 billion of private placement corporate bonds was issued with the duration of two plus one years, the annual interest rate of 4.50% and the due date of 3 June 2021.

④ On 15 January 2019, RMB0.5 billion of private placement corporate bonds was issued with the duration of three years, the annual interest rate of 4.70% and the due date of 3 June 2022.

⑤ On 22 July 2019, RMB0.8 billion of private placement corporate bonds was issued with the duration of two plus one years, the annual interest rate of 4.53% and the due date of 22 July 2021.

⑥ On 22 July 2019, RMB0.7 billion of private placement corporate bonds was issued with the duration of three years, the annual interest rate of 4.70% and the due date of 22 July 2022.

34. Long-term Payables

Item	Ending balance	Beginning balance
Accrued financing lease outlay	519,416,941.74	240,167,001.54
Including: unrecognized financing expense	49,063,759.99	-
Less: Current portion	87,066,077.13	111,792,404.13
Total	383,287,104.62	128,374,597.41

35. Long-term Payroll Payable

Item	Ending balance	Beginning balance
I. Termination benefits-net liabilities of defined contribution plans	5,565,646.72	8,792,614.98
II. Termination benefits	-	-
III. Other long-term welfare	-	-
Total	5,565,646.72	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)	-	-
4. Net interest	-	-
III. The cost of defined benefit recorded into other comprehensive income	-	-
1. Actuarial gains (“-” for loss)	-	-
IV. Other changes	3,226,968.26	4,569,206.88
1. Consideration paid when settled	-	-
2. Welfare paid	3,226,968.26	4,569,206.88
V. Ending balance	5,565,646.72	8,792,614.98

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%	—

36. Provisions

Item	Beginning balance	Ending balance	Reason for formation
Pending litigations		21,566,306.86	
Other	206,591.51	206,591.51	
Total	206,591.51	21,772,898.37	—

37. Deferred Income

(1) Category of Deferred Income

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidies	112,899,128.24	70,351,404.14	31,376,273.93	151,874,258.45	Related to assets/related to income
Total	112,899,128.24	70,351,404.14	31,376,273.93	151,874,258.45	—

(2) List of Government Subsidy

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income -related
Subsidy for construction of Yibin factory of Yibin Konka Industrial Park		56,943,815.54					56,943,815.54	Asset-related
Subsidy for Dual HDR OLED Smart TV R&D and industrialization project	13,300,000.00						13,300,000.00	Asset-related
Subsidy for the smart TV industrial chain project of Konka Group Co., Ltd.	15,354,500.00			4,494,000.00			10,860,500.00	Asset-related
Operating subsidy for Konka Zhifu Life Science Innovation Center project	8,500,000.06			1,999,999.92			6,500,000.14	Asset-related
Subsidy for Konka Yibin Intelligent Terminal Innovation Center Incubation Project		6,000,000.00					6,000,000.00	Asset-related

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income -related
Subsidy for 2017 Shenzhen Industrial Chain Weak Links Investment Project	4,500,000.00						4,500,000.00	Asset-related
Subsidy for supporting the next-generation Internet intelligent terminal system development and production project	5,780,097.10			1,981,747.56			3,798,349.54	Asset-related
Subsidy for Konka smart home cloud smart control platform construction project	3,620,000.00			723,999.96			2,896,000.04	Asset-related
Capital subsidy for Shenzhen Economy and Trade and Informatization Committee 2015 Shenzhen Industrial Design Center	3,000,000.00			450,000.00			2,550,000.00	Asset-related
Subsidy for Konka next-generation multi-media terminal technology engineering lab project	3,500,000.06			999,999.96			2,500,000.10	Asset-related
Post grant for 2016 Industrial Enterprise Technological Renovation	2,734,200.00			546,840.00			2,187,360.00	Asset-related
Subsidy for NB-IOT-based display terminal smart factory new model project	3,003,000.00			819,000.00			2,184,000.00	Asset-related
Subsidy for development and industrialization of digital products that are collaborative and connected	2,600,000.00			519,999.96			2,080,000.04	Asset-related
Subsidy for next-generation household multi-media terminal technology engineering lab improvement project		2,000,000.00					2,000,000.00	Asset-related

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income -related
Subsidy for 8K equipment end-to-end signal connection key technology and terminal display product R&D project		1,800,000.00					1,800,000.00	Asset-related
Subsidy for vein R&D center project	1,750,000.00						1,750,000.00	Asset-related
Specific subsidy for mobile Internet 4 th -generation mobile communication industrialization	2,219,077.41			484,415.04			1,734,662.37	Asset-related
Subsidy for IGRS-based information terminal R&D and industrialization project	1,400,000.00						1,400,000.00	Asset-related
2017 provincial major specific subsidy	1,880,000.00			480,000.00			1,400,000.00	Asset-related
Subsidy for big data mining-based user operation system R&D and industrialization project	1,320,000.00						1,320,000.00	Asset-related
Subsidy for AVS/DRA-based terminal and supporting core chip R&D project	2,435,333.22			1,124,000.04			1,311,333.18	Asset-related
Subsidy for true three-dimensional video continual view point real-time integration and advance testing project	1,420,000.00			142,000.02			1,277,999.98	Asset-related
Subsidy for module whole-machine integration project	1,575,000.00			300,000.00			1,275,000.00	Asset-related
Subsidy for mobile intelligent terminal new application service system R&D and industrialization project	2,013,583.52			747,799.92			1,265,783.60	Asset-related

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for special decoration of Huiqi flagship store of Shenzhen International Consumer Electronics Exchange/Exhibition Center Co., Ltd.		1,200,000.00					1,200,000.00	Asset-related
Specific subsidy for Dongguan Fiscal Provincial-level strategic emerging industries	1,800,000.00			600,000.00			1,200,000.00	Asset-related
Subsidy for super-short focus laser projecting smart TV R&D project	1,375,000.00			300,000.00			1,075,000.00	Asset-related
Subsidy for built-in operation system for TV application R&D project	1,492,270.06			459,159.96			1,033,110.10	Asset-related
Subsidy for secure and reliable chip-based satellite ground receiver project	1,000,000.00			-			1,000,000.00	Asset-related
Central infrastructure investment budgetary subsidy for preliminary work of PPP project	1,000,000.00						1,000,000.00	Asset-related
2016 Guangdong Province enterprise research and development provincial fiscal subsidy	1,146,099.94			229,220.04			916,879.90	Asset-related
2010-2012 industrial technology specific subsidy	1,260,000.00			420,000.00			840,000.00	Asset-related
Subsidy for mobile intelligent terminal information security system key technology R&D project	1,315,187.04			480,000.00			835,187.04	Asset-related

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income -related
Specific subsidy for business restructuring	999,999.84			200,000.04			799,999.80	Asset-related
2018 Anhui Province robotics specific subsidy		900,000.00		120,000.00			780,000.00	Asset-related
Subsidy for dual-channel new 3D smart TV R&D and industrialization project	1,184,166.75			405,999.96			778,166.79	Asset-related
Post fiscal subsidy for 2016 industrial enterprise technological renovation	916,850.04			183,369.96			733,480.08	Asset-related
Subsidy for multiple view point high-definition nuke-eye 3D smart LCD TV project	1,500,000.00			825,000.00			675,000.00	Asset-related
Subsidy for new man-machine interaction smart TV R&D and industrialization project	1,577,067.83			1,051,378.68			525,689.15	Asset-related
Subsidy for three-networks integration smart TV and system support platform project	666,666.80			399,999.96			266,666.84	Asset-related
Anhui Province Technology Office R&D devices subsidy	221,250.00			45,000.00			176,250.00	Asset-related
Subsidy for 3D TV terminal development and industrialization project	1,300,000.00			1,191,666.85			108,333.15	Asset-related
Subsidy for two integration lean manufacturing execution system comprehensive integrated innovation project	2,100,000.00			2,100,000.00				Asset-related

Government subsidy	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for curved OLED V9X series TV design and commercial transformation project	1,960,000.00			1,960,000.00				Asset-related
LED backlight flat panel TV key technology research and development and industrial project subsidies	750,000.17			750,000.17				Asset-related
Subsidy for R&D of DID LCD TV Wall for rainy, snowy, foggy and other special weather conditions	149,999.96			25,000.02		124,999.94		Asset-related
Provincial IP specific subsidy	200,000.00			140,000.00	60,000.00		-	Income-related
Other asset-related government subsidies	7,079,778.44	1,507,588.60		3,483,839.18	7,836.79		5,095,691.07	Asset-related
Total	112,899,128.24	70,351,404.14		31,183,437.20	67,836.79	124,999.94	151,874,258.45	

38. 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

39. 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	29,405,331.43	23,237,054.07	207,131,523.02
Total	208,356,624.21	29,405,331.43	23,237,054.07	214,524,901.57

Note: Other capital reserve increased by 29405331.43 Yuan due to capital increase of minority shareholders of e-square of the company; capital reserve (share premium) decreased by 7393378.55 Yuan due to repurchase of minority shareholders' equity of subsidiary mobile Internet, and surplus reserve decreased by 15843675.52 Yuan due to insufficient offset of capital reserve (share premium).

40. 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: Recorded in other comprehensive income in prior period and transferred in retained earnings 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		-9,652,181.00						-9,652,181.00
Changes in fair value of other equity instrument investment		-9,652,181.00						-9,652,181.00
II. Items that will be reclassified to profit or loss	-10,538,219.08	650,246.53				-1,102,703.44	1,752,949.97	-11,640,922.52
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
Gains and losses on changes in fair value of available-for-sale financial assets								
Differences arising from the translation of foreign currency denominated financial statements	-8,140,868.12	650,246.53				-1,102,703.44	1,752,949.97	-9,243,571.56
Total	-10,538,219.08	-9,001,934.47				-1,102,703.44	1,752,949.97	-21,293,103.52

41. 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

42. Retained Earnings

Item	Reporting Period	Same period of last year
Ending balance of last year	4,271,408,192.21	4,260,125,492.57
Add: Total beginning balance of retained earnings before adjustments		
Of which: changes of accounting policies	-2,884,254.62	
Other adjustment factors		
Beginning balance of the Reporting Period	4,268,523,937.59	4,260,125,492.57
Add: Net profit attributable to owners of the Company as the parent	212,034,210.08	411,289,744.68
Less: Withdrawal of statutory surplus reserves		9,919,910.40
Withdrawal of discretionary surplus reserves		
Dividend of ordinary shares payable	240,794,540.78	390,087,134.64
Ending balance of this year	4,239,763,606.89	4,271,408,192.21

43. 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	54,571,250,596.51	51,874,875,221.16	44,539,559,406.49	41,961,861,198.85
Other operations	547,874,882.21	263,323,279.88	1,587,237,934.84	1,265,752,715.60
Total	55,119,125,478.72	52,138,198,501.04	46,126,797,341.33	43,227,613,914.45

(2) Main Operations (Classified by product)

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales

Item	Reporting Period		Same period of last year	
Color TV business	8,765,607,417.92	8,005,508,211.90	9,892,486,636.93	8,689,731,404.20
Mobile phone business	387,519,655.81	365,230,272.39	331,298,592.29	327,425,343.91
Consumer appliances business	3,829,318,820.56	3,299,314,084.65	2,127,731,143.29	1,767,282,597.98
Environmental protection business	7,079,397,665.91	6,379,216,880.51	3,020,514,260.13	2,634,491,782.63
Supply chain trading business	32,744,925,411.86	32,376,857,384.01	28,348,817,442.89	28,068,819,224.05
Other	1,764,481,624.45	1,448,748,387.70	818,711,330.96	474,110,846.08
Total	54,571,250,596.51	51,874,875,221.16	44,539,559,406.49	41,961,861,198.85

44. Taxes and Surtaxes

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	26,917,643.05	24,828,107.02
Stamp duty	22,123,062.33	15,162,609.72
Land use tax	17,468,778.99	12,019,009.56
Property tax	15,307,845.93	14,178,084.66
Education surcharge	12,222,254.16	11,001,522.37
Local education surcharge	8,143,404.48	7,345,690.22
VAT of land	3,071,897.09	-
Water resources fund	758,046.72	1,309,631.97
Others	3,838,898.36	3,845,210.41
Total	109,851,831.11	89,689,865.93

45. Selling Expense

Item	Reporting Period	Same period of last year
Salary	587,024,261.02	730,468,898.17
Advertising expense	459,598,430.49	349,308,929.28
Promotional activities	299,435,084.44	342,640,120.91
Logistic Fee	406,337,281.28	337,227,473.98
Warranty fee	197,180,754.12	202,084,416.68
Taxes and fund	53,068,717.14	53,380,828.00
Exhibition expenses	46,248,959.80	25,377,016.80
Business travel charges	38,355,711.50	35,211,979.96
Rental charges	20,839,323.65	23,247,889.18
Business entertainment expenses	19,360,409.81	21,055,262.45
Other	175,683,798.81	162,171,426.23

Item	Reporting Period	Same period of last year
Total	2,303,132,732.06	2,282,174,241.64

46. Administrative Expense

Item	Reporting Period	Same period of last year
Salary	419,423,921.56	278,758,343.19
Depreciation charge	101,216,934.52	71,547,932.45
Consulting fees	45,022,285.82	42,016,562.62
Social securities expense	31,652,888.41	22,483,701.61
Business travel charges	21,665,580.27	22,475,469.34
Patent fee	16,457,657.10	22,609,874.52
Wealfare for employees	16,807,653.85	15,390,406.89
Loss on scraping of inventories	11,955,696.11	11,658,004.88
Water & electricity fees	12,761,543.31	10,237,943.20
Labor union expenditure	4,777,836.99	5,597,428.25
Other	174,787,329.68	139,117,329.23
Total	856,529,327.62	641,892,996.18

47. R&D Expense

Item	Reporting Period	Same period of last year
Salary	197,406,785.63	176,668,069.66
Material drawing out	104,755,285.94	47,815,656.03
Expenses on trial production of new products	88,111,358.93	112,453,347.32
Commission service charge	41,462,134.39	
Depreciation and amortization	12,437,250.53	11,820,275.57
Information charges	11,747,617.21	10,466,824.02
Testing fees	5,812,646.23	11,555,165.21
Water & electricity fees	3,025,199.91	5,399,670.34
Business travel charges	3,657,172.93	3,309,558.94
Other	32,184,650.53	16,971,578.15
Total	500,600,102.23	396,460,145.24

48. Finance Costs

Item	Reporting Period	Same period of last year
Interest expense	1,031,068,425.69	566,070,556.21

Item	Reporting Period	Same period of last year
Less: Interest income	247,559,600.76	43,630,012.41
Foreign exchange profit or loss	-67,740,367.81	-174,702,042.10
Other	60,120,356.02	51,427,312.69
Total	775,888,813.14	399,165,814.39

49. Other Income

Item	Reporting Period	Same period of last year
Support fund	967,721,870.00	18,108,788.00
Rewards and subsidies	156,190,460.00	173,850,805.31
Software tax rebates	39,348,087.93	64,656,609.96
Transfer of deferred income	31,183,437.20	29,357,262.38
Post subsidies	19,185,216.90	1,796,103.67
Land tax rebates	10,906,489.80	2,248,900.00
L/C export subsidy	3,560,576.00	3,821,338.00
Other	1,078,696.50	425,824.91
Total	1,229,174,834.33	294,265,632.23

Note: The increase in other income was mainly due to the increase in industry support funds received in this period.

50. Investment Income

Item	Reporting Period	Same period of last year
Long-term equity investment income measured by equity method	141,264,035.96	19,139,381.20
Investment income from disposal of long-term equity investment	569,444,481.69	185,587,193.61
Investment income from holding of held-for-trading financial assets	2,330,000.00	
Investment income from disposal of held-for-trading financial assets	-10,285,883.02	-45,928,989.49
Dividend income from holding of other equity instrument investments		
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		17,920,000.00
Investment income from disposal of available-for-sale financial assets		17,360,398.59

Item	Reporting Period	Same period of last year
Income from remeasurement of residual stock rights at fair value after losing control power	342,337,346.63	551,089,548.47
Income from purchase of financial products and entrust loans	73,534,655.05	183,411,695.80
Investment income adjusted due to unrealized profits generated from upstream transactions	4,322,774.22	-1,164,857.22
Interest income from holding of debt instrument investments	60,433,679.86	
Total	1,183,381,090.39	927,414,370.96

51. Gain on Changes in Fair Value

Sources	Reporting Period	Same period of last year
Trading financial assets		5,168,185.39
Of which: gain on changes in fair value of derivative financial instruments		5,168,185.39
Trading financial liabilities	-3,005,381.67	
Investment property at fair value		45,022,867.25
Of which: gain on changes in fair value of derivative financial instruments		45,022,867.25
Total	-3,005,381.67	50,191,052.64

52. Credit Impairment Loss

Item	Reporting Period	Same period of last year
Impairment loss on notes receivable	-4,306,077.35	
Impairment loss on accounts receivable	-339,398,520.50	
Impairment loss on other receivables	-183,525,075.35	
Bad debt loss of prepayment	-4,649,595.56	
Total	-531,879,268.76	

53. Asset Impairment Loss

Item	Reporting Period	Same period of last year
Bad debt loss		-86,898,151.31
Inventory falling price loss	-197,576,487.91	-139,421,841.21
Impairment loss on fixed assets		-549,228.15

Item	Reporting Period	Same period of last year
Impairment loss on long-term equity investment	-29,028,300.57	
Impairment loss on goodwill	-76,431,127.34	
Total	-303,035,915.82	-226,869,220.67

54. Asset Disposal Income (“—” for loss)

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Fixed assets disposal income	199,562,396.99	-563,894.74	199,562,396.99
Intangible assets disposal income	94,144,243.65	-	94,144,243.65
Total	293,706,640.64	-563,894.74	293,706,640.64

55. Non-operating Income
(1) List of Non-operating Income

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Insurance indemnity	74,801,658.73	253,973.63	74,801,658.73
Compensation and penalty income	41,951,152.92	15,463,539.64	41,951,152.92
Government subsidies unrelated to the normal operation of the Company	14,692,600.00	30,000,000.00	14,692,600.00
Gains on debt restructuring	14,536,434.36	46,445,749.23	14,536,434.36
Negative goodwill generated from shares whose combination cost less than the fair value of recognizable net assets obtained	-	220,045,229.63	-
Other	19,861,542.93	16,487,647.96	19,861,542.93
Total	165,843,388.94	328,696,140.09	165,843,388.94

(1) Of which, government subsidies recorded into current profit or loss:

Item	Distribution entity	Distribution reason	Nature	Whether subsidies influence the current profits and losses or not	Special subsidy or not	Reporting Period	Same Period of last year	Related to assets/related to income
Construction to operation reward for project landing in Chuzhou	Chuzhou Tongsheng Investment Development Co., Ltd.	Reward obtained for project landing in Chuzhou from Chuzhou Economic and Technological Development Zone	Subsidy	Not	Not	-	30,000,000.00	Related to income
Project subsidy of Chuzhou Huike intelligent appliance industry investment	Chuzhou Tongsheng Investment Development Co., Ltd.	Subsidy for participating in Chuzhou Huike intelligent appliance industry investment	Subsidy	Not	Not	9,692,600.00	-	Related to income
Subsidy of removal of Anhui Konka Zhilian	Chuzhou Tongsheng Investment Development Co., Ltd.	Subsidy obtained for removal to establishing Intelligent Appliances and Equipment Industrial Park	Subsidy	Not	Not	5,000,000.00	-	Related to income
Total	-	-	-	-	-	14,692,600.00	30,000,000.00	

56. 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	4,445,790.35	3,503,737.74	4,445,790.35
Compensation expense	9,631,943.32	2,846,395.24	9,631,943.32
Donations	1,139,372.59	177,601.00	1,139,372.59
Other	4,455,618.74	1,687,718.92	4,455,618.74
Total	18,533,352.41	8,037,851.90	18,533,352.41

57. Income Tax Expense

(1) Lists of Income Tax Expense

Item	Reporting Period	Same period of last year
Current income tax expense	514,367,217.82	145,391,357.02
Deferred income tax expense	-398,727,126.00	-359,113,186.48
Total	115,640,091.82	-213,721,829.46

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

Item	Reporting Period
Profit before taxation	450,576,207.16
Current income tax expense accounted at statutory/applicable tax rate	112,644,051.79
Influence of applying different tax rates by subsidiaries	-104,749,193.99
Influence of income tax before adjustment	17,951,051.11
Influence of non-taxable income	-88,184,072.05
Influence of not deductible costs, expenses and losses	61,005,370.46
Influence of deductible loss of unrecognized deferred income tax assets in prior period	-42,012,707.36
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	132,050,201.09
Changes in the balance of deferred income tax assets/ liabilities in previous period due to adjustment of tax rate	9,140,086.86
Other	17,795,303.91
Income tax expense	115,640,091.82

58. Other Comprehensive Income

Refer to “Note VI-40. Other Comprehensive Income” for details.

59. Cash Flow Statement

(1) Cash Generated from/Used in Other Operating/Investing/Financing Activities

1) Cash Generated from Other Operating Activities

Item	Reporting Period	Same Period of last year
Commercial factoring accounts received	1,350,090,436.53	3,046,250,433.88
Intercourse funds	88,274,570.49	48,357,936.24
Income from government subsidy	1,253,240,751.45	240,968,351.06
Front money and guarantee deposit	1,164,255,729.60	150,767,666.31
Interest income from bank deposits	31,706,637.33	21,754,813.26
Compensation of suppliers	24,896,023.45	27,704,625.75
Other	98,551,896.43	178,866,666.63
Total	4,011,016,045.28	3,714,670,493.13

2) Cash Used in Other Operating Activities

Item	Reporting Period	Same Period of last year
The commercial factoring payment (Note)	972,659,093.50	2,925,211,901.01
Expense for cash payment	1,529,577,152.08	1,150,343,818.19
Payment made on behalf	30,691,357.02	51,369,090.01
Payment for guarantee deposit, cash deposit	1,019,583,946.33	344,427,373.48
Expense for bank handling charges	37,748,563.79	31,199,551.45
Energy conversation subsidy returned	89,960,000.00	
Other	258,365,510.89	106,531,146.44
Total	3,938,585,623.61	4,609,082,880.58

3) Cash Generated from Other Investing Activities

Item	Reporting Period	Same Period of last year
Recovery of financial products	454,850,000.00	2,145,785,000.00
Recovery of entrusted loans	1,268,950,000.00	17,600,000.00
Other	361,869,168.69	229,643,228.96
Total	2,085,669,168.69	2,393,028,228.96

4) Cash Used in Other Investing Activities

Item	Reporting Period	Same Period of last year
Purchase of financial products	1,020,737,610.69	1,028,080,000.00
Payment for entrusted loans		1,919,000,000.00
Other	507,903,146.78	2,439,200.00
Total	1,528,640,757.47	2,949,519,200.00

5) Cash Generated from Other Financing Activities

Item	Reporting Period	Same Period of last year
Recovery of margin deposit pledged	601,239,942.14	-
Finance lease	417,095,790.00	
Receiving entrusted loans	807,263,000.00	298,225,230.01
Other		32,726,515.41
Total	1,825,598,732.14	330,951,745.42

6) Cash Used in Other Financing Activities

Item	Reporting Period	Same Period of last year
Deposit as margin for pledge	1,154,091,959.94	116,939,471.09
Repayment of entrusted loans	71,200,000.00	226,425,248.50
Finance lease	275,515,872.11	412,777,454.04
Financing expense	29,297,829.55	1,392,251.29
Other	93,037,101.26	
Total	1,623,142,762.86	757,534,424.92

(2) 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	334,936,115.34	668,618,421.57
Add: Provision for impairment of assets	303,035,915.82	226,869,220.67
Credit impairment loss	531,879,268.76	
Depreciation of fixed assets, oil-gas assets, and productive living assets	256,657,385.35	170,534,496.07
Amortization of intangible assets	63,777,612.08	32,421,715.58
Amortization of long-term prepaid expenses	89,040,814.19	74,931,813.60

Supplemental information	Reporting Period	Same period of last year
Losses on disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-293,706,640.64	563,894.74
Losses on scrap of fixed assets (gains: negative)	3,087,048.55	3,294,272.44
Losses on changes in fair value (gains: negative)	3,005,381.67	-50,191,052.64
Finance costs (gains: negative)	932,273,917.11	544,195,357.06
Investment loss (gains: negative)	-1,183,381,090.39	-927,414,370.96
Decrease in deferred income tax assets (gains: negative)	-354,179,532.93	-323,517,091.85
Increase in deferred income tax liabilities (“-” means decrease)	-45,502,532.99	37,991,934.70
Decrease in inventories (gains: negative)	-88,405,617.33	-668,140,011.75
Decrease in accounts receivable generated from operating activities (gains: negative)	-1,524,655,193.77	261,056,969.48
Increase in accounts payable used in operating activities (decrease: negative)	-540,433,861.49	-3,251,682,178.99
Other	-31,376,273.93	-29,357,262.38
Net cash generated from/used in operating activities	-1,543,947,284.60	-3,229,823,872.66
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	4,493,701,917.22	3,434,149,481.72
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	1,059,552,435.50	336,249,777.96

(3) Net Cash Receive from Disposal of the Subsidiaries

Item	Amount
Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the Current Period	348,974,844.00
Of which: Chuzhou Konka TID	63,520,500.00
Konka E-display	37,500,000.00
Chuzhou Kangjin	122,254,344.00
Haimen Kangjian	90,000,000.00
Shenzhen Kangyue	35,700,000.00
Less: cash and cash equivalents held by subsidiaries on the date of losing control power	78,153,610.82

Item	Amount
Of which : Chuzhou Konka TID	35,782,809.20
Konka E-display	32,562,517.55
Chuzhou Kangjin	3,000,865.14
Haimen Kangjian	1,438,795.14
Shenzhen Kangyue	5,368,623.79
Add: Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the prior period	
Net cash received from disposal of subsidiaries	270,821,233.18

(4) Cash and Cash Equivalents

Item	Ending balance	Beginning balance
Cash	4,493,701,917.22	3,434,149,481.72
Including: Cash on hand	18,699.99	130,105.31
Bank deposit on demand	4,493,683,217.23	3,434,019,376.41
Ending balance of cash and cash equivalents	4,493,701,917.22	3,434,149,481.72

60. Assets with Restricted Ownership or Right to Use

Item	Ending carrying value (RMB)	Reason for restriction
Monetary assets	2,105,658,134.39	Of which RMB2,060,124,748.03 cannot be withdrawn at any time; RMB538,249,042.69 was fixed time deposit; RMB17,602,910.31 was financial regulatory account and government appropriation funds; RMB123,800,000.00 was deposit pledged for loans; RMB17,358,307.91 was litigation frozen funds and RMB10,572,168.14 was restricted for other reasons.
Notes receivable	1,446,285,041.78	The company pledged bank acceptance bills with a book value of RMB 1,446,285,041.78 yuan for comprehensive financing services such as issuing bank acceptance bills, letters of credit, guarantees, trade finance, and bill pools.
Fixed assets	541,531,198.68	Used for mortgage loan, finance lease and mortgage guarantee.
Intangible assets	106,367,068.52	For mortgage loan and mortgage guarantee
Long-term receivables	351,861,826.09	For pledge loan

Item	Ending carrying value (RMB)	Reason for restriction
Total	4,551,703,269.46	

61. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	—	—	—
Of which: USD	161,346,670.90	6.9762	1,125,586,645.55
EUR	108,947.29	7.8155	851,477.54
EGP	10,952,588.07	0.4356	4,770,947.36
HKD	10,544,079.04	0.8958	9,445,386.01
PLN	920,989.78	1.8368	1,691,674.03
Accounts receivable			
Of which: USD	118,602,602.84	6.9762	827,395,477.93
EGP	2,085,114.89	0.4356	908,276.05
HKD	33,393,612.30	0.8958	29,913,997.90
Other receivables			
Of which: USD	6,281,335.37	6.9762	43,819,851.82
JPY	21,400,000.00	0.0641	1,371,740.00
Interest receivable			
Of which: USD	627.45	6.9762	4,377.24
Dividends receivable			
Of which: HKD	140,000,000.00	0.8958	125,412,000.00
Short-term borrowings			
Of which: USD	98,297,903.18	6.9762	685,745,832.16
Accounts payable			
Of which: USD	42,269,219.38	6.9762	294,878,528.24
EGP	11,305,224.23	0.4356	4,924,555.67
HKD	130,507,046.19	0.8958	116,908,211.98
Other payables			

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Of which: EGP	243,157.09	0.4356	105,919.23
HKD	47,345,911.31	0.8958	42,412,467.35
Interest payable			
Of which: USD	275,923.30	6.9762	1,924,896.13
HKD	900,980.09	0.8958	807,097.96

(2) Notes to Overseas Entities

The significant overseas entities include Hong Kong Konka, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies, 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.

62. Government Subsidy

(1) Basic Information on Government Subsidy

Category	Amount	Listed items	Amount recorded in the current profit or loss
Supporting fund of Chongqing Bishan project	440,000,000.00	Other income	440,000,000.00
Supporting fund of Suining Konka Industrial Park Suining project	423,576,900.00	Other income	423,576,900.00
Rewards and subsidies	156,190,460.00	Other income	156,190,460.00
Supporting fund of Chongqing Photoelectric Research Institute Bishan project	70,000,000.00	Other income	70,000,000.00
Subsidy of plant construction of Yibin Konka Industrial Park project	56,943,815.54	Deferred income	-
Tax rebates on software	39,348,087.93	Other income	39,348,087.93
Supporting fund of Chengdu Konka Electronics Qingbaijiang project	30,000,000.00	Other income	30,000,000.00
Post subsidies	19,185,216.90	Other income	19,185,216.90
Land tax rebates	10,906,489.80	Other income	10,906,489.80
Supporting fund of Yibin Konka Industrial Park project	4,144,970.00	Other income	4,144,970.00
Other	32,739,461.10	Deferred income/Other income/Non-operating income	19,574,199.04
Total	1,283,035,401.27		1,212,926,323.67

(2) Return of Government Subsidy

No such cases in the Reporting Period.。

Changes of Consolidation Scope

1. A single disposal of the investment to the subsidiary and lost control

Name of the subsidiary	The equity disposal price	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
Chuzhou Konka TID	6,352.05	51.00	Transfer	2019-6-21	The rights and obligations related to the underlying equity have been transferred	4,554.52
Konka E-display	3,750.00	15.00	Transfer	2019-6-21	The rights and obligations related to the underlying equity have been transferred	3,185.78
Chuzhou Kangjin	12,225.43	51.00	Transfer	2019-9-25	The rights and obligations related to the underlying equity have been transferred	10,707.01
Shenzhen Kangyue	3,570.00	51.00	Transfer	2019-12-17	The rights and obligations related to the underlying equity have been transferred	2,563.78
Haimen Kangjian	20,000.00	40.00	Transfer	2019-12-18	The rights and obligations related to the underlying equity have been transferred	16,054.77

(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	Fair value of residual equity on the date of losing control power	Gains or losses from re-measurement of residual equity at fair value	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
Chuzhou Konka TID	49.00	1,727.04	6,102.95	4,375.91	Evaluated price	—
Konka E-display	45.00	1,692.67	8,676.00	6,983.33	Evaluated price	—
Chuzhou Kangjin	49.00	1,458.87	11,746.01	10,287.13	Evaluated price	—
Shenzhen Kangyue	49.00	966.76	3,385.69	2,418.93	Evaluated price	—
Haimen Kangjian	30.00	2,958.92	13,127.36	10,168.43	Evaluated price	—

2. Changes in Combination Scope for Other Reasons

(1) Subsidiaries Established by the Company in 2019

Name	Registered capital	Shareholding percentage (%)	Time and place of obtaining control power	Method of obtaining
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
Yibin Intelligent	20,000,000.00	100.00	2019-3-12	Newly established
Konka Huanjia (Henan)	100,000,000.00	51.00	2019-4-1	Newly established
Laizhou Lairun Sewage	56,361,600.00	24.14	2019-4-11	Newly established
Funan Kangrun Water	122,500,000.00	40.55	2019-5-10	Newly established
Yihe Electronic	10,000,000.00	51.00	2019-5-14	Newly established
Lushan Kangrun Environment Management	100,000,000.00	45.44	2019-6-3	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
Wuhan Runyuan Sewage Treatment	142,800,000.00	35.70	2019-7-15	Newly established
KONKO TECHNOLOGIES CO.	USD 2,000,000.00	67.00	2019-7-22	Newly established
Chongqing Kangxingrun	50,000,000.00	51.00	2019-8-12	Newly established
Zhangmao Semiconductor	10,000,000.00	51.00	2019-8-15	Newly established
Industrial Park Development	100,000,000.00	51.00	2019-9-4	Newly established
Shenzhen Chuangzhi Electrical Appliance	10,000,000.00	100.00	2019-9-5	Newly established
Kanghong (Yantai) Environmental Protection	30,000,000.00	51.00	2019-9-5	Newly established
Tongchuan Kangrun Honghui	76,000,000.00	45.39	2019-9-10	Newly established
North America Konka	USD 1,000,000.00	100.00	2019-9-13	Newly established
Haimen Konka	50,000,000.00	100.00	2019-9-29	Newly established
Boxing County Xingkang Environmental Protection	100,000,000.00	35.70	2019-9-30	Newly established
Shenzhen Huiying Technology	50,000,000.00	51.00	2019-9-30	Newly established
Chongqing Konka Photoelectric Technology Research Institute	2,000,000,000.00	75.00	2019-9-30	Newly established
Zhitong Technology	10,000,000.00	51.00	2019-10-9	Newly established
Xinying Semiconductor	100,000,000.00	56.00	2019-10-29	Newly established
Chongqing Huiying Technology	30,000,000.00	51.00	2019-10-30	Newly established
Jiangkang (Shanghai) Technology	20,000,000.00	51.00	2019-11-1	Newly established
E2info (Hainan)	3,000,000.00	95.78	2019-11-6	Newly established
Chongqing Properties Development	50,000,000.00	51.00	2019-11-7	Newly established
Kanghong (Yantai) Environmental Protection Technology Industrial Park	10,000,000.00	51.00	2019-11-18	Newly established
Chongqing Xingyi Properties	50,000,000.00	51.00	2019-11-18	Newly established

Name	Registered capital	Shareholding percentage (%)	Time and place of obtaining control power	Method of obtaining
Kangxin Technology	10,000,000.00	51.00	2019-11-21	Newly established
Chongqing Fuze Properties	50,000,000.00	51.00	2019-11-21	Newly established
Suining Jiarun Properties	10,000,000.00	100.00	2019-11-26	Newly established
Konka Zhizao	20,000,000.00	51.00	2019-11-29	Newly established
debao New Material	50,000,000.00	60.00	2019-11-29	Newly established
Yuekang Semiconductor	100,000,000.00	100.00	2019-12-5	Newly established
Ningbo Kanghanrui Electrical Appliances	150,000,000.00	60.00	2019-12-10	Newly established
Frestec Intelligent	10,000,000.00	51.00	2019-12-11	Newly established
Chain Kingdom Memory Technology	5,000,000.00	51.00	2019-12-18	Newly established
Chengdu Konka Intelligent Technology	50,000,000.00	100.00	2019-12-20	Newly established
Chengdu Konka Electronics	50,000,000.00	100.00	2019-12-20	Newly established
Kangxinlong Environmental Protection	30,000,000.00	51.00	2019-12-23	Newly established
Tingyuan Environmental Protection	50,000,000.00	51.00	2019-12-24	Newly established
Chuzhou Kangxin Health Industry	30,000,000.00	100.00	2019-12-25	Newly established
Yantai Kangyun	30,000,000.00	51.00	2019-12-30	Newly established
Yantai Laikang	10,000,000.00	51.00	2019-12-30	Newly established

(2) Changes in Combination Scope for Other Reasons

The subsidiary of the Company, Mudanjiang Appliances liquidated in the Reporting Period and distributed the residual assets.

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

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
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
Cross-border Kechuang	Shenzhen, Guangdong	Shenzhen, Guangdong	Other IT service industry not listed clearly	-	26.01	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
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
Xiangkang Telecommunication	Hong Kong, China	Hong Kong, China	Manufacturing industry	-	100.00	Establishment or investment
Electrical Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	75.00	25.00	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
Mobile Interconnection	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	100.00	-	Establishment or investment
Sichuan Konka	Yibin, Sichuan	Yibin, Sichuan	Manufacturing industry	-	100.00	Establishment or investment
Yibin Intelligent	Yibin, Sichuan	Yibin, Sichuan	Information service	-	100.00	Establishment or investment
Anhui Tongchuang	Chuzhou,	Chuzhou,	Manufacturing industry	100.00	-	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
	Anhui	Anhui				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 Intelligent	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
E2info (Hainan)	Haikou, Hainan	Haikou, Hainan	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
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	Hong Kong, China	Hong Kong, China	International trading	-	51.00	Establishment or investment
Chain Kingdom Shenzhen	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry	-	51.00	Establishment or investment
Hefei Chain	Hefei, Anhui	Hefei, Anhui	Information service		51.00	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Kingdom						or investment
Konka Zhesheng	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
KONKO TECHNOLOGIES CO.	Cairo, Egypt	Cairo, Egypt	International trading	-	67.00	Establishment or investment
Yuekang Semiconductor	Yantai, Shandong	Yantai, Shandong	Research and experimental development	-	100.00	Establishment or investment
North America Konka	California, America	California, America	International trading	-	100.00	Establishment or investment
Konka invstment	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
Konka Suiyong	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment in industry, commercial information consultancy and investment advisor	-	51.00	Establishment or investment
Kangxin Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service		51.00	Establishment or investment
Kangquan Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	-	51.00	Establishment or investment
Konka Suyuan	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	-	51.00	Establishment or investment
Hainan Technology	Haikou, Hainan	Haikou, Hainan	Municipal engineering road and construction	-	51.00	Establishment or investment
Shengxing Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	-	51.00	Establishment or investment
Industrial Park Development	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service		51.00	Establishment or investment
Zhitong Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service		51.00	Establishment or investment
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,	Zhongshan,	Manufacturing industry	-	51.00	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
	Guangdong	Guangdong				or investment
Shanghai Xinfeng	Shanghai	Shanghai	Commerce	-	51.00	Establishment or investment
Anhui Zhilian	Chuzhou, Anhui	Chuzhou, Anhui	Electronic commerce	-	100.00	Establishment or investment
Nanjing Konka	Nanjing, Jiangsu	Nanjing, Jiangsu	Wholesale industry	-	100.00	Establishment or investment
Youzhihui	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service industry	-	100.00	Establishment or investment
Xiaojia Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry	-	100.00	Establishment or investment
Haimen Konka	Nantong, Jiangsu	Nantong, Jiangsu	Wholesale and retail industry		100.00	Establishment or investment
Chengdu Konka Intelligent	Chengdu, Sichuan	Chengdu, Sichuan	Wholesale and retail industry		100.00	Establishment or investment
Chengdu Konka Electronic	Chengdu, Sichuan	Chengdu, Sichuan	Manufacturing industry		100.00	Establishment or investment
Econ Technology	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	51.00	-	Establishment or investment
Beijing Kangyi	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
Lairun Environmental Protection	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	-	27.54	Establishment or investment
Laizhou Lairun Sewage Treatment	Yantai, Shandong	Yantai, Shandong	Environmental protection and environment management	-	24.14	Establishment or investment
Binhai Sewage Treatment	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
Yantai Kangrun	Yantai, Shandong	Qingdao, 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

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
			industry			
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
Donggang Kangrun	Dandong, Liaoning	Dandong, Liaoning	Environmental technology service industry	-	50.70	Establishment or investment
Dayi Kangrun Water	Chengdu, Sichuan	Chengdu, Sichuan	Environmental technology service industry	-	51.00	Establishment or investment
Subei Kangrun Water	Jiuquan, Gansu	Jiuquan, Gansu	Environmental technology service industry	-	39.78	Establishment or investment
Suining Kangrun	Pengxi, Suining, Sichuan	Suining, Sichuan	Environmental technology service industry	-	40.75	Establishment or investment
Weifang Kangrun	Sihai, Weifang, Shandong	Weifang, Shandong	Environmental technology service industry	-	32.09	Establishment or investment
Lushan Kangrun Environmental Protection	Pingdingshan, Henan	Pingdingshan, Henan	Environmental protection and environment management	-	45.44	Establishment or investment
Funan Kangrun Water	Fuyang, Anhui	Fuyang, Anhui	Environmental protection and environment management	-	40.55	Establishment or investment
Wuhan Runyuan Sewage Treatment	Wuhan, Hubei	Wuhan, Hubei	Environmental protection and environment management		35.70	Establishment or investment
Tongchuan Kangrun Honghui	Tongchuan, Shaanxi	Tongchuan, Shaanxi	Environmental protection and environment management		45.39	Establishment or investment
Tingyuan Environmental Protection	Shanghai	Shanghai	Research and experimental development		51.00	Establishment or investment
Boxing County Xingkang Environmental Protection	Binzhou, Shandong	Binzhou, Shandong	Environmental protection and environment management		35.70	Establishment or investment
Yantai Kangyun	Yantai, Shandong	Yantai, Shandong	Commercial service	51.00		Establishment or investment
Yantai Laikang	Yantai, Shandong	Yantai, Shandong	Commercial service	51.00		Establishment or investment
Konka Huanjia	Dalian, Liaoning	Dalian, Liaoning	Processing of renewable resources	51.00	-	Establishment or investment
Konka Huanjia (Henan)	Lankao, Henan	Lankao, Henan	Technology extension and application service industry	-	51.00	Establishment or investment
Shanghai Konka	Shanghai	Shanghai	Real estate industry	100.00	-	Establishment or investment
Yantai Konka	Yantai,	Yantai,	Real estate industry	-	89.71	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Enterprise	Shandong	Shandong				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 Nianhua	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	100.00	-	Establishment or investment
Shenzhen Kangxinwei	Shenzhen, Guangdong	Shenzhen, Guangdong	Semi-conductor	100.00	-	Establishment or investment
Shenzhen Meixin	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	-	51.00	Establishment or investment
Zhengmao Semiconductor	Chongqing	Chongqing	Research and experimental development	-	51.00	Establishment or investment
Hefei Kangxinwei	Hefei, Anhui	Hefei, Anhui	Design of integrated circuit	-	51.00	Establishment or investment
Yihe Electronic	Hefei, Anhui	Hefei, Anhui	Wholesale industry	-	51.00	Establishment or investment
Chongqing Konka	Chongqing	Chongqing	Software and information technology service		100.00	Establishment or investment
Shenzhen Huiying Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry		51.00	Establishment or investment
Chongqing Huiying Technology	Chongqing	Chongqing	Manufacturing industry in computer, communication and other electronic equipment		51.00	Establishment or investment
Konkan Ecological Development	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	51.00	-	Establishment or investment
Konka Integration	Foshan, Guangdong	Foshan, Guangdong	Wholesale and retail industry	51.00	-	Establishment or investment
Suining Konka Industrial Park	Suining, Sichuan	Suining, Sichuan	Industrial development park and operation management	100.00	-	Establishment or investment
Suining Electronic Technological Innovation	Suining, Sichuan	Suining, Sichuan	Commercial service	100.00	-	Establishment or investment
Dongguan Konka Investment	Dongguan, Guangdong	Dongguan, Guangdong	Commercial service	100.00	-	Establishment or investment
Shenzhen Chuangzhi Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry	100.00		Establishment or investment
Koanghong (Yantai) Environmental	Yantai, Shandong	Yantai, Shandong	Comprehensive utilization of waste resources	51.00		Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Protection			industry			
Koanghong (Yantai) Environmental Protection Industrial Park	Yantai, Shandong	Yantai, Shandong	Commercial service		51.00	Establishment or investment
Chongqing Kangxingrui	Chongqing	Chongqing	Technology extension and application service industry	51.00		Establishment or investment
Chongqing Konka Photoelectric Technology Research Institute	Chongqing	Chongqing	Research and experimental development	75.00		Establishment or investment
Xinying Semiconductor	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry in computer, communication and other electronic equipment	56.00		Establishment or investment
Jiangkang (Shanghia) Technology	Shanghai	Shanghai	Research and experimental development	51.00		Establishment or investment
Chongqing Properties Development	Chongqing	Chongqing	Real estate industry	51.00		Establishment or investment
Chongqing Xingyi Properties	Chongqing	Chongqing	Real estate industry		51.00	Establishment or investment
Chongqing Fuze Properties	Chongqing	Chongqing	Real estate industry		51.00	Establishment or investment
Ningbo Kanghanrui Appliances	Ningbo, Zhejiang	Ningbo, Zhejiang	Electrical machinery and equipment manufacturing	60.00		Establishment or investment
Konka Zhizao	Shenzhen, Guangdong	Shenzhen, Guangdong	Research and experimental development	51.00		Establishment or investment
Jaidebao New Material	Chuzhou, Anhui	Chuzhou, Anhui	Research and experimental development	60.00		Establishment or investment
Suining Jiarun Properties	Suining, Sichuan	Suining, Sichuan	Real estate industry	100.00		Establishment or investment
Chuzhou Kangxin Health Industry	Chuzhou, Anhui	Chuzhou, Anhui	Commercial service	100.00		Establishment or investment
Kangxinglong Environmental Protection	Huangshi, Hubei	Huangshi, Hubei	Environmental protection and environment management	51.00		Establishment or investment

Note: The indirect shareholding of the Company shall be the penetration ratio of the subsidiary enjoyed by the Company at the consolidation level, and belongs to the final equity share of the subsidiary enjoyed by the Company.

(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
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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
Econ Technology	49.00%	101,944,857.45		384,787,077.79
Chain Kingdom Memory Technology	49.00%	28,235,375.07	31,855,167.43	51,119,888.81

(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
Econ Technology	2,301,862,406.07	4,188,510,893.24	6,490,373,299.31	4,112,410,680.62	1,228,550,874.55	5,340,961,555.17
Chain Kingdom Memory Technology	1,589,255,895.39	681,653.19	1,589,937,548.58	1,485,611,244.88		1,485,611,244.88

(Continued)

Name	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Econ Technology	863,149,394.35	1,923,330,899.07	2,786,480,293.42	1,950,799,686.15	156,350,000.00	2,107,149,686.15
Chain Kingdom Memory Technology	1,815,121,230.64	293,862.12	1,815,415,092.76	1,739,347,442.71		1,739,347,442.71

Name	Reporting Period			
	Reporting Period	Reporting Period	Reporting Period	Reporting Period
Econ Technology	2,089,742,540.39	257,946,089.57	257,946,089.57	-255,466,347.95
Chain Kingdom Memory Technology	7,255,440,615.91	57,623,214.42	60,113,821.08	-3,025,942.67

(Continued)

Name	Same Period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Econ Technology	1,097,227,129.62	143,368,372.61	143,368,372.61	26,365,193.10
Chain Kingdom Memory Technology	9,093,158,938.89	44,048,413.75	44,048,413.75	134,780,094.30

2. Influence of Changes in the Owner's Equity Share in Subsidiary

On 18 May 2019, the Company signed the Agreement of Capital Increase of Equity with

Alibaba, which RMB31,666,666.66 of Alibaba as consideration to subscribe the newly increased registered capital of E2info with RMB174,070.81, and the retained capital of RMB31,492,595.85 was accounted into capital reserve of E2info, while the Company didn't increase capital synchronously. After the completion of the above capital increase, the Company's shareholding ratio in E2info was 95.7766% and it still be controlled by the Company and is still included in the scope of consolidation.

Item	E2info
Cash	31,666,666.66
Fair value of non-monetary assets	-
-	
Total of disposal consideration	31,666,666.66
Less: Share of net assets accounted by percentage of stock rights disposed	174,070.81
Difference	31,492,595.85
Of which: Adjustment of capital reserves	31,492,595.85
Adjustment of surplus reserve	-
Adjustment of retained earnings	-

3. Equity in Joint Ventures or Associated Enterprises

(1) Significant Joint Ventures or Associated Enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint
				Directly	Indirectly	
Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Zhuhai	Zhuhai	Investment management	49.95	-	Equity method

Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	Binzhou	Binzhou	Environmental protection and environmental management	49.00	-	Equity method
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(2) Main Financial Information of Significant Associated Enterprise

Item	Ending balance/Reporting Period	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Current assets	632,869,229.53	168,736,029.14
Non-current assets		182,046,220.08
Total assets	632,869,229.53	350,782,249.22
Current liabilities	44,259,288.94	72,613,343.21
Non-current liability	-	-
Total liabilities	44,259,288.94	72,613,343.21
Equity of non-controlling interests		
Equity attributable to shareholders of the Company as the parent	588,609,940.59	278,168,906.01
Share of net assets accounted by shareholding percentage	294,010,665.32	136,302,763.94
Carrying value of equity investment to associated enterprises	294,010,665.32	136,302,763.94
Operating revenue	-	291,745,561.77
Finance costs	-12,631.40	420,534.06
Income tax expense	344,172.57	-

Item	Ending balance/Reporting Period	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Net profit	94,882,517.71	201,212,689.88
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	94,882,517.71	201,212,689.88

(Continued)

Item	Beginning balance/Same period of last year	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Current assets	318,856,880.10	25,910,911.78
Non-current assets	-	156,839,084.49
Total assets	318,856,880.10	182,749,996.27
Current liabilities	150,580.00	55,793,780.14
Non-current liability	-	-
Total liabilities	150,580.00	55,793,780.14
Equity of non-controlling interests		
Equity attributable to shareholders of the Company as the parent	318,706,300.10	126,956,216.13
Share of net assets accounted by shareholding percentage	159,193,796.90	62,208,545.90
Carrying value of equity investment to associated enterprises	159,193,796.90	62,208,545.90
Operating revenue		
Finance costs	-54,510.01	-83,342.50

Item	Beginning balance/Same period of last year	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Income tax expense		
Net profit	-1,446,259.90	-10,621,176.06
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-1,446,259.90	-10,621,176.06

(3) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises

Item	Ending balance/Reporting Period	Beginning balance/The same period of last year
Associated enterprise:		
Total carrying value of investment	3,249,236,533.91	901,074,598.59
The total of following items according to the shareholding		
--Net profit	431,670.21	-24,999,046.40
--Other comprehensive income	-335,456.79	740,697.08
--Total comprehensive income	96,213.42	-24,258,349.32

IX. The Risk Related to Financial Instruments

The Company's main financial instruments include borrowings, accounts receivable, accounts payable, trading financial assets and liabilities, 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 goals of the 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, the other main businesses of the Company were settled by RMB. As of 31 December 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	161,346,670.90	135,723,407.43
Accounts receivable	118,602,602.84	130,507,627.96
Other receivables	6,281,335.37	13,848,369.43
Short-term borrowings	98,297,903.18	208,330,389.67
Accounts payable	42,269,219.38	21,644,634.75
Interest payable	275,923.30	1,302,303.49

The company pays close attention to the impact of exchange rate changes on the company's foreign exchange risk, and requires major companies in the group that purchase and sell in foreign currency to pay attention to the changes in foreign currency assets and liabilities, manage the group's foreign currency net asset exposure in a unified way, implement single currency settlement, and reduce the scale of foreign currency assets and liabilities, so as to reduce foreign exchange risk exposure.

Under the condition that other variables remain unchanged, the possible reasonable change of exchange rate has the following pre tax impact on the current profit and loss and shareholders' equity:

Item	Change in interest rate	Influence on shareholders' equity
Net assets in USD	Up 1.00% to RMB	7,606,895.39
Net assets in USD	Down 1.00% to RMB	-7,606,895.39

2) Interest Rate Risk- Cash Flow Change Risk

The company bears interest rate risk due to interest rate changes of interest bearing financial assets and liabilities. The company's interest bearing financial assets are mainly bank deposits, of which the variable interest rate is mostly short-term, while the interest bearing financial liabilities are mainly bank loans and corporate bonds. On December 31, 2019, the company's long-term bank borrowings and corporate bonds are fixed interest rates. Therefore, it is considered that the risk caused by the change of interest rate is mainly related to the short-term bank borrowings. On December 31, 2019, the balance of such short-term borrowings is 10332687239.63 yuan. On December 31, 2019, if the interest rate of short-term borrowings of such scale rises or falls by 50 basis points while other factors remain unchanged, the group's net profit will decrease or increase by about 51663436.20 yuan. On December 31, 2019, the company's bank borrowings are fixed interest rates, so any change in interest rates is not considered to have a significant impact on the company's performance.

2. Credit Risk

Credit risk refers to the risk of financial loss incurred by the group due to the failure of customers or counterparties of financial instruments to fulfill their contractual responsibilities. The relevant risks mainly come from bank balances, receivables and other receivables, as well as financial instruments.

The company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

For financial instruments measured at fair value, the book value reflects their risk exposure, but not the maximum risk exposure, and the maximum risk exposure will change with the change of future fair value.

In order to reduce credit risk, the company has set up a group to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the company reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for the unrecoverable amount. Therefore, the company's management believes that the company's credit risk has been greatly reduced.

(1) At the end of the period, there are no overdue financial assets that have not been impaired.

(2) See note VI, 4, accounts receivable and note VI, 7, other receivables for details of financial assets with single impairment

3. Liquidity Risk

In terms of management of liquidity risk, the company monitors and maintains the cash and cash equivalents at a level deemed sufficient by the management to provide funds for the company's

operation and mitigate the impact of short-term fluctuations in cash flow. The financial department of the company is responsible for balancing the continuity and flexibility of funds through the use of bank credit to meet the needs of the company's working capital.

In order to mitigate the liquidity risk, the management of the company has carried out a detailed inspection on the liquidity of the company, including the maturity of accounts payable and other payables, bank credit line and bond financing. The conclusion is that the company has sufficient funds to meet the needs of the group's short-term debt and capital expenditure.

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				
(4) Other				
(II) Accounts receivable financing		143,174,271.82		143,174,271.82
(III) Investment in other debt obligations				
(IV) Other equity instrument investment			21,642,170.36	21,642,170.36
(V) Other non-current financial assets			1,753,121,727.83	1,753,121,727.83
Total assets of consistent fair value measurement		204,668,938.79	1,774,763,898.19	1,979,432,836.98
Total liabilities of consistent fair value measurement				
(II) Inconsistent fair value measurement	-	-	-	-

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 assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement				

2. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

The input value observable directly or indirectly of relevant assets or liabilities exclusive of input value at level 1.

3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3. As for the unlisted equity instrument investment, under the comprehensive consideration of the Company, the Company estimates the ending fair value by adopting the investment cost method, market multiplier method and net assets method. The Company believes that the fair value and changes estimated by valuation technique are reasonable and is the most appropriate value for the balance sheet date.

XI. Related Party and Related-party Transaction

(I) Relationship of Related Party

1. Controlling Shareholder and the Ultimate Controller

(1) Controlling Shareholder and the Ultimate Controller

Name	Registration place	Nature	Registered capital	Shareholding ratio to the Company (%)	Voting right ratio to the Company (%)

Name	Registration place	Nature	Registered capital	Shareholding ratio to the Company (%)	Voting right ratio to the Company (%)
OCT Group Co., Ltd.	Shenzhen	Tourism, real estate, electronics industry	RMB12 billion	29.999997	29.999997

The ultimate controller of the Company is State-owned Assets Supervisor Commission of the State Council.

2. Subsidiary

Refer to note VIII-1(1) Subsidiaries for the information of subsidiaries.

3. Associated Enterprises and Joint Ventures

Refer to Note VIII-3. (1) Significant 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
Shenzhen Yaode Technology Co., Ltd.	Associated enterprise
Shenzhen Jielunte Technology Co., Ltd.	Associated enterprise
Shenzhen Konka E-display Commercial Display Co., Ltd.	Associated enterprise
Shenzhen Konka Information Network Co., Ltd.	Associated enterprise
Kunshan Konka Electronics Co. Ltd.	Associated enterprise
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Associated enterprise
Puchuang Jiakang Technology Co, Ltd.	Associated enterprise
Feidi Technology (Shenzhen) Co., Ltd.	Associated enterprise
Shenzhen Xiaorui Technology Co., Ltd	Associated enterprise
Shandong Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Henan Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Heilongjiang Longkang Smart Electrical Appliance Co., Ltd.	Associated enterprise

4. Information on Other Related Parties

Name	Relationship with the Company
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Name	Relationship with the Company
HOHO ELECTRICAL & FURNITURE CO	Minority shareholder of subsidiary
Huanjia Group Co., Ltd	Minority shareholder of subsidiary
Shenzhen Lianhe Lifeng Supply Chain Management Co., Ltd	Minority shareholder of subsidiary
Chuzhou Hanshang Electric Appliance Co., Ltd.	Minority shareholder of subsidiary
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Minority shareholder of subsidiary
AUJET INDUSTRY LIMITED	Minority shareholder of subsidiary
Shenzhen Jinzhu Industry Co., Ltd	Minority shareholder of subsidiary
Unifortune (Hong Kong) Co., Ltd.	Companies controlled by minority shareholders of subsidiaries
Haiying Technology Group (Hong Kong) Co., Ltd.	The company controlled by the ultimate controller of the minority shareholders of the subsidiary
Jiangxi Meiji Enterprise Co., Ltd.	The company controlled by the ultimate controller of the minority shareholders of the subsidiary
Hu Jiawen	Family member with close relationship of minority shareholder

(II) Related-party Transactions

1. Related transactions of purchase and sale of goods, provision and acceptance of services

(1) Information on acquisition of goods and reception of labor service

Related party	Content	Reporting Period	Same Period of last year
Haiying Technology Group (Hong Kong) Co., Ltd.	Purchase of goods	1,816,674,632.68	-
Chuzhou Hanshang Electric Appliance Co., Ltd.	Purchase of goods	966,302,431.62	34,645,938.39
Huanjia Group Co., Ltd.	Purchase of goods	434,647,381.86	-
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Purchase of goods	163,434,289.73	252,684,205.47
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Purchase of goods	146,267,088.53	126,942,856.71
Puchuang Jiakang Technology Co, Ltd.	Purchase of goods	48,793,853.67	-
Shenzhen Konka Information Network Co., Ltd.	Purchase of goods	31,244,486.68	308,196,919.63
Shenzhen Jinzhu Industry Co., Ltd	Purchase of goods	29,039,118.22	-
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Purchase of goods	23,713,758.38	19,313,938.76
OCT Group Co. Ltd. and its subsidiaries	Purchase of goods	19,021,005.05	23,908,088.67

Kunshan Konka Electronics Co. Ltd.	Purchase of goods	5,787,467.53	1,354,373,188.51
Subtotal of other related parties	Purchase of goods and services	22,702,314.29	11,716,912.61

(2) Information of sales of goods and provision of labor service

Related party	Content	Reporting Period	Same Period of last year
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Sales of goods and render labor service	582,052,622.44	535,105,654.15
Shenzhen Yaode Technology Co., Ltd.	Sales of goods	372,927,101.60	52,989,502.78
AUJET INDUSTRY LIMITED	Sales of goods	245,808,684.12	3,737,481,105.58
OCT Group Co. Ltd and its subsidiaries and associated enterprises	Sales of goods and render labor service	127,353,778.04	39,022,487.44
Shandong Konka Smart Electrical Appliance Co., Ltd.	Sales of goods	76,954,416.15	
HOHOELECTRICAL&FURNITURECO.,LIMITED	Sales of goods	56,895,724.52	
Chuzhou Hanshang Electric Appliance Co., Ltd.	Sales of goods	42,844,475.34	
Henan Konka Smart Electrical Appliance Co., Ltd.	Sales of goods	39,294,628.59	
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Sales of goods and render labor service	28,711,000.66	11,184,129.94
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Sales of goods and render labor service	22,467,519.24	18,912,690.58
Shenzhen Konka E-display Commercial Display Co., Ltd.	Sales of goods and render labor service	19,335,967.50	
Heilongjiang Longkang Smart Electrical Appliance Co., Ltd.	Sales of goods	17,497,025.47	15,030,200.64
Shenzhen Konka Information Network Co., Ltd.	Sales of goods and render labor service	4,350,063.13	123,961,973.02
Kunshan Konka Electrical Co. Ltd.	Sales of goods and render labor service	2,182,486.57	922,322,152.50
Unifortune (Hong Kong) Co., Ltd.	Sales of goods		3,595,163,483.38
Subtotal of other related parties	Sales of goods and render labor service	6,238,691.36	16,809,695.55

2. Information on Related-party Lease

Lessee	Category	The lease fee confirmed in the Reporting	The lease fee confirmed in the same period of last year
OCT Group Co. Ltd. And its subsidiaries	Commercial residential buildings and office buildings	1,640,143.78	1,541,573.44

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	3,200.00	CNY	2019-8-1	2020-8-1	Not
Anhui Tongchuang	5,000.00	CNY	2019-11-7	2020-10-9	Not
Anhui Tongchuang	3,330.00	CNY	2019-12-25	2020-12-25	Not
Anhui Tongchuang	2,964.50	CNY	2019-1-23	2020-1-23	Not
Anhui Tongchuang	2,376.00	CNY	2019-6-24	2020-6-24	Not
Anhui Tongchuang	1,200.00	CNY	2019-11-5	2020-11-4	Not
Anhui Konka	10,000.00	CNY	2018-12-6	2020-6-2	Not
Anhui Konka	21,788.00	CNY	2019-7-31	2020-7-31	Not
Anhui Konka	8,000.00	CNY	2019-8-19	2020-7-29	Not
Hong Kong Konka	2,300.00	USD	2019-3-13	2020-3-13	Not
Hong Kong Konka	1,500.00	USD	2019-8-7	2020-8-7	Not
Hong Kong Konka	1,350.00	USD	2019-7-18	2020-8-3	Not
Hong Kong Konka	1,345.00	USD	2019-11-15	2020-12-5	Not
Boluo Konka Precision	1,674.75	CNY	2019-2-20	2021-2-20	Not
Sichuan Konka	4,000.00	CNY	2019-3-18	2022-3-17	Not
Sichuan Konka	10,000.00	CNY	2018-5-28	2025-5-24	Not
Electronics Technology	39,863.95	CNY	2019-4-18	2020-4-18	Not

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Electronics Technology	3,954.13	CNY	2019-6-20	2020-5-17	Not
Dongguan Konka	2,000.00	CNY	2019-11-8	2024-11-10	Not
Anhui Electrical Appliance	13,000.00	CNY	2019-2-2	2024-2-2	Not
XingDa HongYe	5,800.00	CNY	2018-11-21	2020-11-21	Not
XingDa HongYe	4,000.00	CNY	2019-4-19	2020-4-18	Not
XingDa HongYe	1,000.00	CNY	2019-5-20	2020-5-19	Not
XingDa HongYe	2,500.00	CNY	2019-12-9	2022-6-9	Not
XingDa HongYe	950.00	CNY	2018-11-13	2020/11/13	Not
Econ Technology	2,000.00	CNY	2019-4-23	2020-4-22	Not
Econ Technology	5,000.00	CNY	2019-5-13	2020-5-12	Not
Econ Technology	3,000.00	CNY	2019-6-5	2020-6-5	Not
Econ Technology	3,000.00	CNY	2019-10-28	2020-10-27	Not
Yibin OCT Sanjiang Properties Co., Ltd.	58.00	CNY	2019-9-29	2022-9-28	Not
Jiangxi Konka	10,000.00	CNY	2018-12-4	2020-12-23	Not
Jiangxi Konka	5,000.00	CNY	2018-12-7	2020-4-17	Not
Jiangxi Konka	5,000.00	CNY	2018-12-7	2020-12-4	Not
Jiangxi Konka	11,900.00	CNY	2019-3-18	2021-9-18	Not
Jiangxi Konka	10,000.00	CNY	2019-2-28	2020-2-28	Not
Jiangxi Konka	5,000.00	CNY	2019-6-27	2020-6-24	Not
Jiangxi Konka	6,500.00	CNY	2019-10-30	2022-10-30	Not
Jiangxi Konka	5,500.00	CNY	2019-6-26	2022-6-25	Not
Rusha Yike	13,396.00	CNY	2016-12-29	2026-12-28	Not
Nano Crystallized Glass	10,000.00	CNY	2019-6-26	2022-6-25	Not
Nano Crystallized Glass	5,000.00	CNY	2019-12-20	2022-12-20	Not
Xinfeng Microcrystalline	6,000.00	CNY	2019-6-19	2020-6-18	Not
Pengrun Technology	1,500.00	CNY	2019-8-21	2020-8-20	Not

(2) The Company was secured party

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
OCT Group Co. Ltd.	3,429.19	CNY	2019-11-8	2024-11-8	Not
OCT Group Co. Ltd. (Note ①)	100,000.00	CNY	2019-1-14	2022-1-14	Not
OCT Group Co. Ltd. (Note ①)	150,000.00	CNY	2019-1-14	2022-1-14	Not
OCT Group Co. Ltd. (Note ①)	50,000.00	CNY	2019-6-3	2022-6-3	Not
OCT Group Co. Ltd. (Note ①)	50,000.00	CNY	2019-6-3	2022-6-3	Not
OCT Group Co. Ltd. (Note ①)	80,000.00	CNY	2019-7-22	2022-7-22	Not
OCT Group Co. Ltd. (Note ①)	70,000.00	CNY	2019-7-22	2022-7-22	Not
Hunan Wanrong Equity Investment Co., Ltd.	2,000.00	CNY	2017-3-16	2020-3-15	Not
Huanjia Group Co., Ltd.	24,500.00	CNY	2019-8-8	2020-8-7	Not
Huanjia Group Co., Ltd.	49,000.00	CNY	2019-1-8	2020-1-7	Not
Huanjia Group Co., Ltd., Dalian Jinshunjie Materials Recovery Co. Ltd., Dalian Xinjie Renewable Resources Co., Ltd., Henan Xincheng Renewable Resources Recovery Co., Ltd., etc. Wang RRenping	85,000.00	CNY	2019-6-1	2020-5-31	Not
Shenzhen Meixinqi Technology Partnershi (LP)	7,350.00	CNY	2019-1-29	2020-1-28	Not
Shenzhen Henglongtong Eelectronics Technology Co., Ltd.	26,764.00	CNY	2019-5-13	2020-4-20	Not
Shenzhen Musen Enterprise Co., Ltd.	30,000.00	CNY	2019-3-19	2020-3-18	Not
Shenzhen Guoxin Micro-electronics Co., Ltd.	8,900.00	CNY	2019-8-22	2020-8-21	Not
Yudong Environmental Protection Technology Co., Ltd.	14,700.00	CNY	2019-9-10	2020-9-9	Not
Yuan Shengxiang	14,700.00	CNY	2019-9-10	2020-9-9	Not
Shenzhen Guoxin Micro-electronics Co., Ltd.	15,000.00	CNY	2019-12-10	2020-12-9	Not
Konka Ventures Development (Shenzhen) Co., Ltd.	5,508.30	CNY	2019-12-16	2020-12-15	Not
Chuzhou Hanshang Electric Appliance Co., Ltd.	13,000.00	CNY	2019-2-2	2024-2-2	Not
Chuzhou Hanshang Electric Appliance	25,000.00	CNY	2019-5-22	2020-5-21	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Co.,Ltd.					
Guizhou Huajinrun Technology Co. Ltd.	26,764.00	CNY	2019-5-13	2020-4-20	Not
Chuzhou State-owned Assets Management Co. Ltd.	2,200.00	CNY	2019-12-2	2020-6-2	Not
Yantai Baijiangyuan Business Management Center (LP)	15,697.17	CNY	2019-4-23	2020-12-19	Not
Yantai Fengqingtai Investment Center (LP)	6,980.55	CNY	2019-4-23	2020-12-19	Not
Yantai Qingjiangchuan Business Management Center (LP)	446.08	CNY	2019-4-23	2020-12-19	Not
Yantai Qingrunyuan Business Management Center (LP)	6,413.89	CNY	2019-4-23	2020-12-19	Not
Chuzhou State-owned Assets Management Co., Ltd.	2,200.00	CNY	2019-12-2	2020-6-2	Not
Hu Zehong	9,467.38	CNY	2018-7-1	2021-6-30	Not
Hu Zehong	129.38	CNY	2018-7-1	2021-6-30	Not
Li Chunsheng	129.38	CNY	2018-7-1	2021-6-30	Not
Dai Yaojin	129.38	CNY	2018-7-1	2021-6-30	Not
Liang Rulling	129.38	CNY	2018-7-1	2021-6-30	Not
Hu Zehong	2,450.00	CNY	2019-4-22	2020-4-21	Not
Hu Zehong	1,470.00	CNY	2019-11-8	2020-11-7	Not
Hu Zehong	465.20	CNY	2018-11-13	2020-11-13	Not
Hu Zehong	1,225.00	CNY	2019-12-9	2022-6-9	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	2,940.00	CNY	2019-6-19	2020-6-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	2,450.00	CNY	2019-6-27	2020-6-24	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	5,860.69	CNY	2019-3-18	2021-9-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	4,900.00	CNY	2019-2-28	2020-2-28	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	5,880.00	CNY	2019-8-27	2022-10-30	Not
Zhu Xinming	19,600.00	CNY	2019-10-15	2020-10-14	Not
Zhu Xinming	4,900.00	CNY	2018-12-4	2020-12-23	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Zhu Xinming	4,900.00	CNY	2018-12-7	2020-12-5	Not
Zhu Xinming	2,450.00	CNY	2019-12-20	2022-12-20	Not
	4,900.00	CNY	2018-12-4	2020-12-23	
Jiangxi Xinzixin Real Estate Co., Ltd.	4,900.00	CNY	2018-12-7	2020-12-5	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	2,450.00	CNY	2019-12-20	2022-12-20	Not
Jiangxi Xinzixin Real Estate Co., Ltd.	4,900.00	CNY	2019-7-7	2020-7-1	
Jiangxi Xinzixin Real Estate Co., Ltd., ZhuQingming, Xiong Muzhi, Zeng Xiaohong, Zhu Chengfu	7,350.00	USD	2018-5-17	2020-10-31	Not
AUJET INDUSTRY LIMITED	4,900.00	USD	2018-9-27	2020-10-31	Not
Shenzhen Trade Link Supply Chain Management Co. Ltd.	15,000.00	USD	2018-8-21	2022-12-31	Not
Wu Guoren and Xiao Yongsong	3,000.00	USD	2019-1-1	2022-12-31	Not
Wu Guoren and Xiao Yongsong	1,715.00	USD	2018-1-1	2022-4-20	Not
Guizhou Huajinrun Technology Co. Ltd.	2,940.00	USD	2018-1-1	2023-6-30	Not
Shenzhen Unifortune Supply Chain Management Co., Ltd.	1,470.00	USD	2018-9-19	2023-6-30	Not
Shenzhen Unifortune Supply Chain Management Co., Ltd.	15,000.00	CNY	2019-9-26	2020-9-25	Not
Electronics Technology	50,000.00	CNY	2019-9-27	2020-9-26	Not
Electronics Technology	50,000.00	CNY	2019-9-27	2020-9-26	Not

Note: ① The Company has issued private corporate bonds with face value of RMB5,000,000,000.00, and the principle and interest of the above bonds were joint liability provided by OCT Group Co., Ltd.

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

4. Borrowings of Funds

Name	Amount (RMB'0,000)	Start date	Due date	Duration	Interest
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Borrowing					
OCT Group Co. Ltd.	150,000.00	2019-10-25	2022-10-23	2019-10-25 至 2022-10-23	4.06%
OCT Group Co. Ltd.	93,406.00	2019-11-13	2022-11-6	2019-11-13 至 2022-11-6	4.14%
OCT Group Co. Ltd.	90,000.00	2019-12-11	2022-12-9	2019-12-11 至 2022-12-9	3.93%
Shenzhen Renjianhuahai Environmental Protection Tour Technology Development Co., Ltd.	27,979.00	2019-11-25	2020-11-24	2019-11-25 至 2020-11-24	8.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	4,025.00	2019-10-17	2020-10-16	2019-10-17 至 2020-10-16	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	3,000.00	2019-2-20	2020-2-19	2019-2-20 至 2020-2-19	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	1,000.00	2019-8-15	2020-8-14	2019-8-15 至 2020-8-14	7.00%
Lending					
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	17,850.00	2019-8-30	2020-8-29	2019-8-30 至 2020-8-29	8.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	1,610.00	2019-9-29	2020-8-29	2019-8-30 至 2020-8-29	8.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	540.00	2019-12-2	2020-8-29	2019-12-2 至 2020-8-29	8.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	18,200.00	2019-12-2	2020-8-29	2019-12-2 至 2020-8-29	8.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	4,900.00	2019-12-3	2020-6-2	2019-12-3 至 2020-6-2	8.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	1,000.00	2019-10-1	2020-8-29	2019-10-1 至 2020-8-29	8.00%
Yantai Kangyue Investment Co. Ltd.	12,852.70	2019-12/16	2020/12/15	2019-12-16 至 2020-12-15	8.00%
Chongqing Qingjia Electronic Co., Ltd.	890.00	2018-4-12	2020-4-12	2018-4-12 至 2020-4-12	8.00%
Chuzhou Kangjin Health Industry	5,880.00	2019-9-25	2020-3-15	2019-9-25 至 2020-3-15	7.00%
Nanjing Kangxing Technology Industrial Park Operation and Management Co. Ltd.	14,493.00	2019-10-21	2020-10-21	2018-10-22 至 2020-4-21	8.00%
Nanjing Kangxing Technology Industrial Park Operation and	41,600.00	2019-5-20	2020-4-21	2018-10-22 至 2020-4-21	8.00%

Name	Amount (RMB'0,000)	Start date	Due date	Duration	Interest
Borrowing					
Management Co. Ltd.					
Yibin OCT Sanjiang Properties Co Ltd.	6,000.00	2018-10-25	2020-4-24	2018-10-25 至 2020-4-24	5.70%
Yibin OCT Sanjiang Properties Co Ltd.	4,000.00	2018-10-25	2021-10-24	2018-10-25 至 2021-10-24	5.70%
Hunan Wanrong Technology Co. Ltd.	2,000.00	2017-3-16	2020-3-15	2017-3-16 至 2020-3-15	11.00%

Note: The interest expenses generated by the borrowing funds from the above-mentioned related parties are respectively: 219204406.33 yuan from overseas Chinese City Group Co., Ltd., 894117.77 yuan from Shenzhen Renjian Huahai eco technology tourism development Co., Ltd. and 5497012.52 yuan from Chuzhou hanshang Electric Appliance Co., Ltd.; the interest income or investment income generated by the borrowing funds from the above-mentioned related parties are respectively: 1244 yuan from Chongqing Qingjia Electronic Co., Ltd, 022.19 yuan, Nanjing Kangxing Technology Industrial Park Operation Management Co., Ltd. 92177204.40 yuan, Yibin overseas Chinese town Sanjiang Real Estate Co., Ltd. 5779166.67 yuan and Hunan Wanrong Technology Co., Ltd. 2108888.86 yuan.

5. Assets Transfer and Debt Restructuring of Related Party

Equity transfer	Proportion	Time	Acquiree	Price
Chuzhou TID	51.00%	2019-6-21	Shenzhen OCT Capital Investment Management Co., Ltd.	63,520,500.00
CChuzhou Kangjin	51.00%	2019-9-25	Shanghai OCT Capital Investment Development Co., Ltd.	122,254,344.00
SShenzhen OCT LIFE	33.00%	2019-3-21	Shenzhen OCT Property Commerce Development Co., Ltd.	4,538,210.00

6. Information on Remuneration for Key Management Personnel

Item	Reporting Period (RMB'0,000)	Same Period of last year (RMB'0,000)

Item	Reporting Period (RMB'0,000)	Same Period of last year (RMB'0,000)
Total remuneration	2,872.87	2,132.92

(III) Intercourse Balance of Related Party

1. Accounts Receivable

Item	Related party		Ending balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:				
Shenzhen Yaode Technology Co., Ltd.	119,160,752.64	2,426,038.42	38,691,654.09	773,833.08
HOHO ELECTRICAL & FURNITURE CO	112,180,062.15	2,277,255.26		
Shenzhen Jielunte Technology Co., Ltd. and	75,330,999.32	1,645,079.86	13,445,059.89	268,901.19
Shenzhen Konka E-display Commercial	63,110,212.25	1,281,137.31		
Shenzhen Konka Information Network	38,384,430.47	1,536,141.16	35,556,676.56	711,133.53
OCT Group Co. Ltd. And its subsidiaries	21,207,204.72	430,506.25	13,413,924.15	502,591.00
Anhui Kaikai Shijie E-commerce Co., Ltd.	19,822,544.45	402,397.65	144,976,103.92	2,899,522.08
Kunshan Konka Electronics Co., Ltd.	235,078.99	4,772.10	25,051,883.94	501,037.68
Subtotal of other related parties	13,829,893.57	1,940,210.75	12,547,196.74	433,850.67
Total	463,261,178.56	11,943,538.76	283,682,499.29	6,090,869.23
Notes receivable:				
Anhui Kaikai Shijie E-commerce Co., Ltd.	37,000,000.00		240,100,000.00	
Subtotal of other related parties	6,739,171.02			
Total	43,739,171.02		240,100,000.00	
Other receivables:				

Item	Related party		Ending balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Jiangxi Meiji Enterprise Co., Ltd.	93,612,640.31	2,068,839.35	74,788,640.31	1,495,772.81
Equity transfer of Dai Rongxing and other intercourse funds	85,104,483.48	4,161,412.98	81,450,139.05	2,309,283.85
OCT Group Co., Ltd. and its subsidiaries,	29,609,699.81	8,794,143.64	21,310,694.38	8,717,383.79
Huanjia Group Co., Ltd.	23,065,103.20	4,613,020.64		
Equity transfer of Hu Jiawen and other intercourse funds	251,625.20	12,300.31	240,692.62	4,813.85
Subtotal of other related parties	84,194.95	6,951.75	9,437,581.32	192,866.67
Total	231,727,746.95	19,656,668.67	187,227,747.68	12,720,120.97
Prepayment:				
Haiying Technology Group (Hong Kong) Co.,	439,434,346.00			
Shenzhen Konka Information Network Co.,	40,983,577.99		4,341,793.16	
Puchuang Jiakang Technology Co, Ltd.	39,920,926.00			
Shenzhen Unifortune Supply Chain	28,623,157.08		28,623,157.08	
Shenzhen Jielunte Technology Co., Ltd. and	13,763,739.19		29,647,649.73	
Chuzhou Hanshang Electric Appliance Co., Ltd.			24,076,497.42	
Other related parties	883,108.32		1,140,698.44	
Total	563,608,854.58		87,829,795.83	
Long-term receivables:				
Feidi Technology (Shenzhen) Co., Ltd.	69,808,144.01		43,476,841.21	
Other related parties	7,295,892.00		14,086,876.64	
Total	77,104,036.01		57,563,717.85	

2. Accounts Payable

Item	Related party	Ending carrying amount
Accounts payable:		
Anhui Kaikai Shijie E-commerce Co., Ltd.	60,733,455.22	134,389,975.21
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	35,164,809.08	40,696,402.04
Kunshan Konka Electronics Co., Ltd	13,012,382.66	19,799,046.85
Other related parties	20,584,918.26	4,856,944.00
Total	129,495,565.22	199,742,368.10
Notes receivable:		
Other related parties	10,863,352.03	4,290,778.05
Total	10,863,352.03	4,290,778.05
Advances from customers:		
Shenzhen Unifortune Supply Chain Management Co., Ltd.	28,673,472.74	
OCT Group Co., Ltd. and its subsidiaries, associated enterprises	15,378,600.41	18,691,187.73
Kunshan Konka Electronics Co., Ltd.	13,150,116.07	
Other related parties	395,776.64	11,377,905.11
Total	57,597,965.86	30,069,092.84
Other payables:		
Chuzhou Hanshang Electric Appliance Co., Ltd.	94,093,715.34	108,380,202.82
Shenzhen Yaode Technology Co., Ltd.	39,727,606.67	
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	11,767,561.85	5,638,548.27
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	10,240,000.00	400,000.00
Other related parties	7,224,602.98	16,856,964.32
Total	163,053,486.84	131,275,715.41

Item	Related party	Ending carrying amount
Long-term payables:		
OCT Group Co., Ltd. and its subsidiaries	48,946,771.98	-
Total	48,946,771.98	-

XII. Commitment and Contingency

(I) Commitments

1. Capital Commitments

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	3,889,900,964.09	1,127,089,984.26
—Foreign investment commitments	103,090,000.00	
Total	3,992,990,964.09	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	29,370,366.16	21,432,789.82
2 years after balance date	29,016,143.76	10,038,667.42
3 years after balance date	17,502,940.47	3,662,167.92
Following years	5,349,676.50	3,938,998.40
Total	81,239,126.89	39,072,623.56

3. Other Commitments

As of 31 December 2019, there were no other significant commitments for the Company to disclose.

(II) Contingency

(1) The dispute in bill recourse right among the Company, Jiangsu Hongtu Sanbao High-Tech Technology Co., Ltd., Jiangsu Hongtu High-Tech Technology Co., Ltd., Nanjing Jiongjiong Electronics Technology Co., Ltd. and Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd., has involved with the underlying amount of RMB200 million and relevant interest. In July 2019, the Company filed a lawsuit to the court. Now the case is hearing in the Nanjing Municipal Intermediate People's Court, and the Company has applied for property preservation to the court. As of the issuance date of this report, the case has not been held a court hearing.

(2) The Company held commercial acceptance bills of Shanghai Huaxin International Group Co., Ltd., while the acceptor failed to accept the matured bills. The company, as the plaintiff, filed a lawsuit with the court on the matured bill with a total amount of 300027889.84 yuan, requiring the bill acceptor Shanghai Huaxin company and the front hand of the bill involved to bear joint and several liability for clearing the bill amount and default interest. As of the date of this report, the cases involving 150 million yuan have been in the stage of compulsory execution, and other cases are still under trial. The above commercial acceptance bill has not been cashed.

(3) Because the Company holds the commercial acceptance bill accepted by China Nuclear Engineering Construction Group Co., Ltd., the acceptor fails to honour the bill after the bill is due. The Company, as the plaintiff, files a lawsuit to the court on the bill of RMB78,900,690.24, requiring the acceptor to assume joint and several liabilities for the bill amount and default interest. As of the date of this report, the case is still on trial and the above commercial acceptance bill has not been honored.

(4) As Kangjia commercial factoring, a subsidiary of the company, holds the commercial acceptance bill accepted by CCCC First Engineering Co., Ltd. and the acceptor fails to honor the bill when it is due, the company, as the plaintiff, brings a lawsuit to the court for the bill due to 65221300.00 yuan and demands that CCCC and the front hand of the bill involved bear joint and several liabilities for the bill amount and default interest. As of the date of this report, the case is still under trial, and the above-mentioned commercial acceptance bill has not been cashed.

(5) The dispute between the Company and China Energy Electric Fuel Co., Ltd., China Energy

(Shanghai) Enterprise Co., Ltd., Shanghai Nengping Enterprise Co., Ltd. and Shenzhen Qianhai Baoying Commercial Factoring Co., Ltd. over the right of recourse for bills involves the amount of the subject matter of the lawsuit to be RMB50 million and the corresponding interest. In September 2018, the Company filed a lawsuit with Shenzhen Intermediate People's Court, which has preserved the defendant's corresponding property. The judgment of this case has come into effect. In the court's judgment, defendants such as China Energy Electric Fuel Co., Ltd. shall pay the bill amount of RMB50 million and the relevant interest to the Company. As of the issuance date of this report, the case was in the execution stage and has applied to the court for additional shareholders to be the executor.

(6) The dispute in bill recourse among the subsidiary of the Company, Konka Factoring (Shenzhen) Co., Ltd., Tahoe Group Co., Ltd., Fuzhou Taijia Enterprise Co., Ltd. and Xiamen Lian Micro-electronics Co., Ltd., has involved with the underlying amount of RMB50 million and relevant interest. In January 2019, the Company filed a lawsuit to Xiamen Municipal Intermediate People's Court, and the Company has applied for property preservation to the court. As of the issuance date of this report, the case has not given judgment.

(7) Loan contract disputes related to the Company's subsidiary Jiangxi Konka and its subsidiary Xinfeng Microcrystalline, Nanocrystalline, China Great Wall AMC Jiangxi Branch, Zhu Xinming, Leng Sumin, Jiangxi Xinzixin, Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Science and Technology and etc. Due to the affiliated parties of Jiangxi Konka's original shareholder, i.e. Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Technology, failed to repay the loan on schedule. Therefore, China Great Wall AMC Jiangxi Branch filed a lawsuit and demanded Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Science and Technology to repay the loan principal of RMB300 million, liquidated damages of RMB108,000 and interest of RMB13.65 million. Guarantors Jiangxi Konka, Zhu Xinming, Leng Sumin, Nano Crystallized Glass and Xinfeng Microcrystalline were required to bear joint liability for the above debts.

On 31 October 2019, the Jiangxi Provincial Superior People's Court ruled in first instance that Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Technology would repay the loan principal of RMB300 million, interest and liquidated damages to China Great Wall AMC Jiangxi Branch within 10 days from the effective date of the judgment respectively. Jiangxi Konka, Zhu Xinming, Leng Sumin, Nano Crystallized Glass and Xinfeng Microcrystalline shall bear

joint and several liabilities for all debts determined by the above judgment. The defendants refused to accept the judgment of the first instance and launched appeal. The second instance of the case has not yet started.

The actual controller of Konka New Materials, Zhu Xinming, and his spouse, Leng Sumin, as guarantors, provided a total of about RMB143 million of real estate mortgage guarantee to Great Wall AMC for the above loans. Zhu Xinming and Leng Sumin also provided joint and several liability guarantee. In order to avoid the adverse impact of this case on the Company, the Company has agreed in the acquisition agreement of Jiangxi Konka, Xinfeng Microcrystalline and nanometer microcrystalline that all contingent debts incurred by Jiangxi Konka by the original shareholders of Konka new material in the form of joint and several liability. Jiangxi Xinzixin real estate co., ltd. has held a total of about RMB243 million of real estate assets as the case of the anti-guarantee mortgage to Konka group and went through the mortgage registration procedures. As of the date of this report, the case is still on trial and the above commercial acceptance bill has not been honored.

XIII.Events after Balance Sheet Date

1. Significant Non-adjusted Events

No significant non-adjusted events

2. Influence of Implementation of New Accounting Standards since 1 January 2020

The Ministry of Finance issued the Notes of Revising and Printing Accounting Standards for Business Enterprises No. 14-Revenue (CK [2017] No.22) on 5 July 2017. The amendment of Accounting Standards for Business Enterprises No. 14-Revenue mainly includes: two current standards of revenue and construction contract are included in consolidated revenue recognition model; the transfer of risk premium is replaced by the transfer of control as judgment basis of time and place of recognizing revenue; each single fulfillment obligation included in contracts shall be identified and be recognized the revenue respectively when fulfilling; more definite guidelines will be provided to the accounting treatment of contracts containing multiple transaction arrangement; the explicit stipulation is provided to the recognition and measurement of revenue of certain specific transactions (or matters).

Domestic listed companies shall implement the new standards from 1 January 2020 according to the relevant regulations of the abovementioned document. The Company adjusted the relevant content of accounting policy and started to implement the new standards from 1 January 2020.

3. Since the outbreak of the epidemic situation of COVID-19 (“epidemic of COVID-19”) in China since January 2020, the Company has actively responded to and strictly implemented the provisions

and requirements of the party and the government at all levels on the prevention and control of the virus epidemic, and supported the national war epidemic through multiple measures including supply security, social responsibility and internal management. The Company expects that this new outbreak and the prevention and control measures will cause a certain temporary impact on the production and operation of the Company's domestic and overseas subsidiaries. The impact depends on the progress of the epidemic prevention and control, the duration and the implementation of prevention and control policies in different regions. The Company will continue to pay close attention to the development of the epidemic of COVID-19, and actively respond to its impact on the Company's financial situation, operating results and other aspects.

4. No other significant events after balance sheet date of the Company other than above disclosed matters.

XIV. Other Significant Events

No Other significant transactions and events.

XV. Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Listed by Withdrawal Method of Expected Credit Loss

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for which expected credit loss withdrawn separately	851,581,146.54	8.53	243,095,956.82	28.55	608,485,189.72
Accounts receivable for which expected credit loss withdrawn by group					
Of which: Aging group	546,689,702.44	5.48	176,154,824.04	32.22	370,534,878.40

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Project payment group	-		-	-	-
Related party group	8,585,700,872.27	85.99			8,585,700,872.27
Subtotal of groups	9,132,390,574.71	91.47	176,154,824.04	1.93	8,956,235,750.67
Total	9,983,971,721.25	100.00	419,250,780.86	4.20	9,564,720,940.39

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for which expected credit loss withdrawn separately	767,486,677.87	10.00	69,790,565.32	9.09	697,696,112.55
Accounts receivable for which expected credit loss withdrawn by group					
Of which: Aging group	1,029,783,688.54	13.42	177,262,039.88	17.21	852,521,648.66
Project payment group					
Related party group	5,876,525,075.32	76.58			5,876,525,075.32
Subtotal of groups	6,906,308,763.86	90.00	177,262,039.88	17.21	6,729,046,723.98
Total	7,673,795,441.73	100.00	247,052,605.20	3.22	7,426,742,836.53

1) Withdrawal of Expected Credit Loss Separately

Name	Ending balance
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	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Reason
CEFC (Shanghai) Group Co., Ltd.	300,027,889.84	150,013,944.92	50.00	Debt default
Jiangsu Hongtu Sanbao High-Tech Technology Co., Ltd.	200,000,000.00	32,000,000.00	16.00	Difficult in turnover of current capital
Tewoo Group Co., Ltd.	200,000,000.00	30,000,000.00	15.00	Difficult in turnover of current capital
China Nuclear Engineering Construction Group Co., Ltd.	78,900,690.24	7,890,069.02	10.00	Difficult in turnover of current capital
China Energy Power Fuel Co., Ltd.	50,000,000.00	7,500,000.00	15.00	Difficult in turnover of current capital
Other	22,652,566.46	15,691,942.88	69.27	Expected to be difficult to recover in full
Total	851,581,146.54	243,095,956.82		—

2) Withdrawal of Expected Credit Loss by Group

① Among Groups, Withdrawal of Expected Credit Loss by Aging

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	346,851,968.18	12,987,413.78	3.74
1 to 2 years	36,091,598.18	2,659,950.79	7.37
2 to 3 years	3,967,862.55	878,881.55	22.15
3 to 4 years	412,044.07	262,348.46	63.67
Over 4 years	159,366,229.46	159,366,229.46	100.00
Total	546,689,702.44	176,154,824.04	

② Among Groups, Withdrawal of Expected Credit Loss by Adopting Other Method

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Related party group	8,585,700,872.27	-	-

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Total	8,585,700,872.27	-	-

2) Listed by aging group

Aging	Ending balance
Within 1 year	8,597,211,385.57
1 to 2 years	878,535,145.09
2 to 3 years	336,766,315.77
3 to 4 years	2,232,813.62
Over 4 years	169,226,061.20
Subtotal	9,983,971,721.25
Less: Bad debt provision	419,250,780.86
Total	9,564,720,940.39

(3) Information of Bad Debt Provision in the Reporting Period

The amount of actual withdrawal of bad debt provision is RMB172,198,175.66.

(4) Actual Verification of Accounts Receivable

No actual verified accounts receivable in the Reporting Period.

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

Total amount of Top 5 of ending balance of accounts receivable collected according to arrears party was RMB9,189,000,915.15 accounting for 92.04% of total ending balance of accounts receivable. Total ending balance of bad debt provision withdrawn was RMB212,013,944.92.

(6) There Was No Account Receivable Terminated the Recognition owing to the Transfer of the Financial Assets.

(7) There Was No Asset and Liability Formed due to the Transfer of Accounts Receivable and Continued Involvement in the Reporting Period.

2. Other Receivables

Item	Ending balance	Beginning balance
Interest receivable	7,431,353.86	5,769,663.24
Dividends receivable	518,580,871.02	
Other receivables	10,026,808,690.59	6,660,069,551.06
Total	10,552,820,915.47	6,665,839,214.30

2.1 Interest receivable

Item	Ending balance	Beginning balance
Term deposits	4,807,630.04	3,435,261.69
Entrustment loans	2,623,723.82	2,328,939.05
Gain on wealth management		5,462.50
Total	7,431,353.86	5,769,663.24

2.2 Dividends receivable

Item	Ending balance	Beginning balance
Hong Kong Konka Limited	214,987,200.00	-
Konka Factoring (Shenzhen) Co., Ltd.	70,000,000.00	-
Dongguan Konka Electronic Co., Ltd.	233,593,671.02	-
Total	518,580,871.02	-

2.3 Dividends receivable

(1) Provision for bad debts of other receivables

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2019	1,315,614.16	25,480,254.98	162,653,423.19	189,449,292.33
Balance of 1 January 2019 in the Current Period	-	-	-	-
--Transfer to Second stage	-359,351.11	359,351.11	-	-
-- Transfer to Third stage	-	-	-	-

-- Reverse to Second stage	-	-	-	-
-- Reverse to First stage	-	-	-	-
Withdrawal of the Current Period	6,340,067.68			6,340,067.68
Reversal of the Current Period		8,435,026.70	192,053.96	8,627,080.66
Write-offs of the Current Period				-
Verification of the Current Period				-
Other changes				-
Balance of 31 December 2019	7,296,330.73	17,404,579.39	162,461,369.23	187,162,279.35

Note: The first stage is that credit risk has not increased significantly since initial recognition. For other receivables with an aging portfolio and a low-risk portfolio within 1 year, the loss provision is measured according to the expected credit losses in the next 12 months.

The second stage is that credit risk has increased significantly since initial recognition but credit impairment has not yet occurred. For other receivables with an aging portfolio and a low-risk portfolio that exceed 1 year, the loss provision is measured based on the expected credit losses for the entire duration.

The third stage is the credit impairment after initial confirmation. For other receivables of credit impairment that have occurred, the loss provision is measured according to the credit losses that have occurred throughout the duration.

(2) Other Receivables Withdrawn Bad Debt Provision by Group

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which withdrawn expected credit loss separately:	173,092,959.33	1.69	162,461,369.23	93.86	10,631,590.10
Other receivables for which withdrawn bad debt provision by credit risk features group:	-	-	-	-	-
Aging group	196,772,672.55	1.93	16,787,423.23	8.53	179,985,249.32
Low risk group	390,582,659.31	3.82	7,913,486.89	2.03	382,669,172.42

Related party	9,453,522,678.75	92.55			9,453,522,678.75
Subtotal	10,040,878,010.61	98.30	24,700,910.12	0.25	10,016,177,100.49
Total	10,213,970,969.94	100.00	187,162,279.35	1.83	10,026,808,690.59

(Continued)

Category	Beginning balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which withdrawn expected credit loss separately:	173,765,477.33	2.54	162,653,423.19	93.61	11,112,054.14
Other receivables for which withdrawn bad debt provision by credit risk features group:	-	-	-	-	-
Aging group	123,303,853.71	1.8	26,478,680.53	21.47	96,825,173.17
Low risk group	29,986,121.11	0.44	317,188.61	1.06	29,668,932.50
Related party	6,522,463,391.24	95.22	-	-	6,522,463,391.24
Subtotal	6,675,753,366.06	97.46	26,795,869.14	0.40	6,648,957,496.92
Total	6,849,518,843.39	100	189,449,292.33	2.77	6,660,069,551.06

(3) Bad Debt Provision of Other Receivables

The amount of bad debt provision withdrawn in this year is 6,340,067.68 yuan, and the amount of bad debt provision reversed in this year is 8,627,080.66 yuan. There are no other receivables actually written off in the current period.

(4) Bad Debt Provision listed by aging

Aging	Ending balance
Within 1 year	8,845,003,211.78
1 to 2 years	861,335,082.89
2 to 3 years	182,789,126.39
3 to 4 years	49,281,243.35
4 to 5 years	123,887,132.76
Over 5 years	151,675,172.77
Subtotal	10,213,970,969.94
Less: Bad debt provision	187,162,279.35
Total	10,026,808,690.59

(5) Other receivables with top five ending balances collected by debtors.

In this year, the total amount of the top five other receivables collected by debtors at the end of the year is 6,237,722,020.34 yuan, accounting for 61.07% of the total amount of other receivables at the end of the year, and the total amount of the corresponding accrued bad debt reserves at the end of the year is 0.00 yuan.

(6) There Was No Other Receivables Terminated the Recognition owing to the Transfer of the Financial Assets.

(7) There Was No Asset and Liability Formed by the Transfer and the Continues Involvement of Other Receivables

3. 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	5,983,370,982.51	10,732,484.69	5,972,638,497.82	4,562,175,372.51	46,732,484.69	4,515,442,887.82
Investment to associated enterprises	1,752,296,635.13	12,850,165.07	1,739,446,470.06	1,672,678,055.95	5,158,909.06	1,667,519,146.89
Total	7,735,667,617.64	23,582,649.76	7,712,084,967.88	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 or offset	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	-	-
Plasthetics	-	-	-	-	-	-
Konka Household Appliances	1.00	-	-	1.00	-	10,732,484.69
Telecommunication Technology	300,000,000.00	60,000,000.00	-	360,000,000.00	-	-
Domestic appliance	31,500,000.00	-	-	31,500,000.00	-	-
Fittings Technology	48,750,000.00	-	-	48,750,000.00	-	-

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
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	9,800,000.00	-	20,000,000.00	-	-
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	437,000,000.00	-	477,000,000.00	-	-
Jiangxi Konka	689,680,000.00	-	-	689,680,000.00	-	-
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 Kangxinwei	14,000,000.00	86,000,000.00	-	100,000,000.00	-	-
Konka Ecological Development	-	50,000.00	-	50,000.00	-	-
Konka Integration	-	5,100,000.00	-	5,100,000.00	-	-

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
Suining Konka Industrial Park	-	200,000,000.00	-	200,000,000.00	-	-
Suining Electronic Technology	-	200,000,000.00	-	200,000,000.00	-	-
Dongguan Konka Investment	-	44,400,000.00	-	44,400,000.00	-	-
Shenzhen Chuangzhi Electrical Appliances	-	10,000,000.00	-	10,000,000.00	-	-
Konka (Yantai) Environmental Protection	-	5,100.00	-	5,100.00	-	-
Chongqing Kangxingrui	-	25,500,000.00	-	25,500,000.00	-	-
Chongqing Photoelectric Research Institute	-	350,000,000.00	-	350,000,000.00	-	-
Xinying Semiconductor	-	14,000,000.00	-	14,000,000.00	-	-
Chongqing Properties Development	-	25,500,000.00	-	25,500,000.00	-	-
Ningbo Kanghanrui Electrical Appliances	-	9,000,000.00	-	9,000,000.00	-	-
Konka Zhizao	-	510.00	-	510.00	-	-
Jiadebao New Material	-	3,750,000.00	-	3,750,000.00	-	-
Suining Jiarun Properties	-	10,000,000.00	-	10,000,000.00	-	-
Kangxinlong Environmental Protection	-	10,000.00	-	10,000.00	-	-
Chuzhou Kangjin	-	30,000,000.00	30,000,000.00	-	-	-
Haimen Kangjian	-	70,000,000.00	70,000,000.00	-	-	-
Shenzhen Kangyue	-	11,800,000.00	11,800,000.00	-	-	-

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
Total	4,515,442,887.82	1,616,195,610.00	195,000,000.00	5,972,638,497.82	36,000,000.00	10,732,484.69

(3) Investment to Joint Ventures and Associated Enterprises

Investee	Balance at the end of last year at the beginning of the year	Increase-decrease			
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income
Anhui Kaikai Shijie E-commerce Co., Ltd.	35,364,497.05	-	-	-11,834,755.90	-
Kunshan Konka	146,846,610.14	-	-	-17,949,856.95	-
Kunshan Kangsheng	175,254,554.65	-	-	-	-
Chutian Dragon Co., Ltd.	624,845,604.93	-	-	22,304,031.77	-
Helongjiang Longkang Zhijia Technology Co., Ltd.	6,400,480.52	-	-	-1,550,082.49	-
Konka Green, Konka Technology	78,409,903.14	-	-	-1,067,483.78	-
Shaanxi Silk Road Cloud Intelligent Tech Co., Ltd.	4,522,509.33	12,350,000.00	-	329,806.10	-
Shenzhen Konka Information Network Co., Ltd.	13,996,444.85	-	-	-13,996,444.85	-
Shenzhen Zhongbin Konka Technology Co., Ltd.	10,617,873.79	-	-	-3,344,645.38	-
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	2,287,478.52	-	-	594,671.20	-
Zhuhai Jinsu Plastic Co., Ltd.	11,040,246.82	-	-	1,196,157.32	-
Shenzhen OCT LIFE Network Technology Co., Ltd.	3,592,514.06	-	3,592,514.06	-	-
Shenzhen Bosser New Materials Co., Ltd.	79,859,338.44	-	-	-1,038,480.46	-

Investee	Balance at the end of last year at the beginning of the year	Increase-decrease			
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income
Shenzhen Yaode Technology Co., Ltd.	222,210,835.18	-	-	7,529,410.29	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	252,270,255.47	-	-	23,307,076.74	-
Konka E-display	-	16,926,689.50	-	-	-
Chuzhou Konka Technology Industry Development Co., Ltd.	-	17,270,427.37	-	-	-
Chuzhou Kangjin Health Industrial Development Co., Ltd.	-	14,588,741.64	-	-	-
Haimen Kangjian Technology Industrial Park Operations and Management Co., Ltd.	-	29,589,201.10	-	-	-
Shenzhen Kangyue Enterprise Co., Ltd.	-	3,691,460.77	-	-	-
Total	1,667,519,146.89	94,416,520.38	3,592,514.06	4,479,403.61	-

(Continued)

Investee	Increase-decrease				Ending balance	Ending balance of depreciation reserve
	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Anhui Kaikai Shijie E-commerce Co., Ltd.	-	-	-	-	23,529,741.15	-
Kunshan Konka	-	-	-	-	128,896,753.19	-
Kunshan Kangsheng	-	-	-	-	175,254,554.65	-
Chutian Dragon Co., Ltd.	-	11,088,000.00	-	-	636,061,636.70	-
Helongjiang Longkang Zhijia Technology Co., Ltd.	-	-	2,470,398.03	-	2,380,000.00	2,470,398.03
Konka Green, Konka Technology	-	-	-	-	77,342,419.36	-
Shaanxi Silk Road Cloud Intelligent Tech Co., Ltd.	-	-	-	-	17,202,315.43	-

Investee	Increase-decrease				Ending balance	Ending balance of depreciation reserve
	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Shenzhen Konka Information Network Co., Ltd.	-	-	-	-	-	5,158,909.06
Shenzhen Zhongbin Konka Technology Co., Ltd.	-	-	-	-	7,273,228.41	-
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	-	-	-	-	2,882,149.72	-
Zhuhai Jinsu Plastic Co., Ltd.	-	2,070,000.00	-	-	10,166,404.14	-
Shenzhen OCT LIFE Network Technology Co., Ltd.	-	-	-	-	-	-
Shenzhen Bosser New Materials Co., Ltd.	-	-	-	-	73,600,000.00	5,220,857.98
Shenzhen Yaode Technology Co., Ltd.	-	-	5,220,857.98	-	229,740,245.47	-
Wuhan Tianyuan Environmental Protection Co., Ltd.	-	-	-	-	275,577,332.21	-
Konka E-display	-	2,526,830.75	-	-	14,399,858.75	-
Chuzhou Konka Technology Industry Development Co., Ltd.	-	-	-	-	17,270,427.37	-
Chuzhou Kangjin Health Industrial Development Co., Ltd.	-	-	-	-	14,588,741.64	-
Haimen Kangjian Technology Industrial Park Operations and Management Co., Ltd.	-	-	-	-	29,589,201.10	-
Shenzhen Kangyue Enterprise Co., Ltd.	-	-	-	-	3,691,460.77	-
Total	-	15,684,830.75	7,691,256.01	-	1,739,446,470.06	12,850,165.07

4. 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	5,036,032,864.08	4,960,650,274.98	10,132,713,516.14	9,524,363,828.80
Other operations	650,069,282.90	452,981,509.79	3,244,968,370.31	3,047,765,335.52
Total	5,686,102,146.98	5,413,631,784.77	13,377,681,886.45	12,572,129,164.32

5. Investment Income

Item	Reporting Period	Same Period of last year
Long-term equity investment income accounted by cost method	537,735,966.91	711,492,879.96
Long-term equity investment income accounted by equity method	5,132,712.27	33,783,935.14
Investment income from disposal of long-term equity investment	393,939,191.83	342,201,410.67
Investment income from holding of trading financial assets	2,330,000.00	
Investment income from disposal of trading financial assets	-10,285,883.02	-45,748,200.91
Investment income from holding of available-for-sale financial assets		17,920,000.00
Income from entrust financial products and entrust loans	70,346,322.45	187,429,014.78
Total	999,198,310.44	1,247,079,039.64

XVI. Approval of Financial Statements

The financial statement was approved on 20 April 2020 by the Board of Directors.

XVII. Supplementary Materials

1. Items and Amounts of Non-recurring Profit or Loss

Item	Amount	Note
Gain-Loss arising from disposal of non-current assets	1,202,401,420.41	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of 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	1,204,519,346.40	
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	71,541,978.85	
Asset impairment provisions due to acts of God such as natural disasters	-	
Gain/Loss from debt restructuring	14,515,006.57	
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	-	

Item	Amount	Note
Gain/Loss incurred from contingency unrelated to the Company's normal operating businesses.	-	
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment in other obligatory rights, other than valid hedging related to the Company's common businesses	49,472,415.17	
Reverse of bad debt provision of accounts receivable individually conducting impairment test	-	
Gain/loss on entrustment loans	1,992,676.20	
Gain/loss on change in fair value of investment property of which the subsequent measurement is carried out adopting fair value method	-	
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	121,189,478.51	
Project confirmed with the definition of non-recurring gains and losses	145,586,810.18	
Subtotal	2,811,219,132.29	
Income tax effects	545,067,993.60	
Non-controlling interests effects (after tax)	178,394,382.43	
Total	2,087,756,756.26	—

The explanation of the Company to “Project confirmed with the definition of non-recurring gains and losses” and define non-recurring gains and losses as recurring gains and losses according to the nature and features of normal business operations of company.

Item	Amount	Reason
Software tax	39,348,087.93	Government grants recognized in the current period, and acquired

Item	Amount	Reason
rebates		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	2.62	0.0881	0.0881
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	-23.20	-0.7790	-0.7790

Part XIII Documents Available for Reference

- I. The financial statements with the signatures and seals of the Company's legal representative, Chief Financial Officer and head of the financial department;
- II. The original copy of the Independent Auditor's Report with the seal of the CPA firm and the signatures & seals of the certified public accountants;
- III. The originals of all the Company's documents and announcements disclosed to the public via newspapers designated by the CSRC in the Reporting Period; and
- IV. Other relevant materials.

The Board of Directors

Konka Group Co., Ltd.

21 April 2020