

KONKA GROUP CO., LTD.
FIRST QUARTER REPORT 2020

2020-36

April 2020

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Konka Group Co., Ltd. (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.

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

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

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

Part II Key Corporate Information

I Key Financial Information

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

Yes No

	Q1 2020	Q1 2019	Change (%)
Operating revenue (RMB)	7,806,520,237.49	10,772,118,842.18	-27.53%
Net profit attributable to the listed company's shareholders (RMB)	-220,602,940.37	85,566,720.43	-357.81%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	-333,520,116.21	-418,684,690.19	20.34%
Net cash generated from/used in operating activities (RMB)	-1,031,223,468.58	-540,740,144.72	-90.71%
Basic earnings per share (RMB/share)	-0.0916	0.0355	-358.03%
Diluted earnings per share (RMB/share)	-0.0916	0.0355	-358.03%
Weighted average return on equity (%)	-2.77%	1.05%	-3.82%
	31 March 2020	31 December 2019	Change (%)
Total assets (RMB)	44,151,457,346.04	42,586,955,452.27	3.67%
Equity attributable to the listed company's shareholders (RMB)	7,846,689,489.69	8,068,505,598.13	-2.75%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1 2020	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-149,388.59	
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	93,148,568.70	
Gain/Loss on entrusting others with investments or asset management	30,927,327.63	

Gain/Loss on changes in fair value arising from holding of held-for-trading financial assets and liabilities, derivative financial assets and liabilities and investment income from disposal of held-for-trading financial assets and liabilities, derivative financial assets and liabilities, other debt obligations other than effective hedge business related to the Company's normal operating businesses	21,639,153.64	
Gain or loss on loan entrustments	426,624.74	
Non-operating income and expense other than the above	643,137.73	
Less: Income tax effects	21,397,677.10	
Non-controlling interests effects (net of tax)	12,320,570.91	
Total	112,917,175.84	--

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

Applicable Not applicable

Item	Amount (RMB)	Reason
Tax rebates on software	4,486,602.24	Government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 31 March 2020

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

Unit: share

Number of ordinary shareholders at the period-end	162,694	Number of preferred shareholders with resumed voting rights at the period-end (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted 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		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.56%	182,100,202	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.47%	59,497,225	0		
HOLY TIME GROUP LIMITED	Foreign legal person	2.33%	56,139,100	0		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0		

HUA LIFE INSURANCE CO.,LTD.— SELF-OWNED FUNDS	Other	2.12%	50,987,841	0		
NAM NGAI	Foreign natural person	0.92%	22,063,940	0		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.83%	20,000,120	0		
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.52%	12,452,154	0		
SPDR Portfolio Emerging Markets ETF	Foreign legal person	0.46%	11,131,563	0		

Top 10 unrestricted shareholders

Name of shareholder	Unrestricted shares held	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
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	59,497,225	Domestically listed foreign stock	59,497,225
HOLY TIME GROUP LIMITED	56,139,100	Domestically listed foreign stock	56,139,100
GAOLING FUND,L.P.	52,801,250	Domestically listed foreign stock	52,801,250
HUA LIFE INSURANCE CO.,LTD.—SELF-OWNED FUNDS	50,987,841	RMB-denominated ordinary stock	50,987,841
NAM NGAI	22,063,940	Domestically listed foreign stock	22,063,940
CHINA MERCHANTS SECURITIES (HK) LIMITED	20,000,120	Domestically listed foreign stock	20,000,120
Haitong International Securities Company Limited-Account Client	12,452,154	Domestically listed foreign stock	12,452,154
SPDR Portfolio Emerging Markets ETF	11,131,563	Domestically listed foreign stock	11,131,563

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.
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Top 10 ordinary shareholders involved in securities margin trading (if any)	None
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Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

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

Applicable Not applicable

Part III Significant Events

I Changes in Key Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

(I) During the Reporting Period, the Company carried on with its long-term development strategy of “Technology + Industry + Park”. It kept increasing investments in R&D and branding, as well as restructuring the business. Meanwhile, it improved the operating system, enhanced basic management, strengthened risk control and adopted a series of measures to reduce costs and increase efficiency, with the purpose of achieving high-quality, sustained development. During the Reporting Period, the project of Research and Industrialization of Key Technologies of the Next Generation Internet Smart Terminal held by the Company won the Second Prize of Guangdong Scientific and Technological Progress Award after receiving one national scientific and technological award and three provincial ministerial-level scientific and technological progress awards in 2019.

Affected by the COVID-19 outbreak, the Company encountered, after the Spring Festival holidays, such problems as insufficient utilization rates of factories, increasing labor cost, limited logistics in supply of raw materials and declining market demand. These problems have caused a considerable year-on-year decline in operating revenue. Together with fiercer market competition and the high fixed costs and expenses, the Company recorded loss to some extent in Q1 2020.

(II) Changes in Key Financial Statement Line Items

Unit: RMB'0,000

Item	31 March 2020	1 January 2020	Amount of change	Change (%)	Explanation of why
Fixed assets	210,335.87	256,125.42	-45,789.55	-17.88%	The transfer of fixed assets into construction in progress due to transformation and upgrading during the Reporting Period
Construction in progress	483,452.15	429,154.44	54,297.71	12.65%	
Item	Q1 2020	Q1 2019	Amount of change	Change (%)	Explanation of why
Operating revenue	780,652.02	1,077,211.88	-296,559.86	-27.53%	The operating revenue and cost of sales decreased for the Reporting Period affected by the epidemic
Cost of sales	723,973.11	1,015,581.43	-291,608.32	-28.71%	
R&D expense	8,953.97	6,048.84	2,905.13	48.03%	The Company continued to strengthen the input in research and development
Finance costs	17,914.00	27,809.24	-9,895.24	-35.58%	YoY increase in gains on foreign exchange
Net cash generated from/used in operating activities	-103,122.35	-54,074.01	-49,048.34	-90.71%	The increase in inventories for the Reporting Period

Net cash generated from/used in investing activities	-49,585.52	-117,475.06	67,889.54	57.79%	No large investments for the Reporting Period
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II Progress, Influence and Solutions with regard to Significant Events

√ Applicable □ Not applicable

(I) Private placement of corporate bonds: So far, RMB600 million of privately placed corporate bonds are in the process.

(II) The application for a private placement of A-shares has been accepted by the CSRC for examination on 20 May 2019. The Company has replied to the feedbacks of the CSRC and disclosed such replies. Currently, this matter is still being examined by the CSRC. And it is uncertain whether it will be approved or not.

(III) Konka Chuzhou Smart Appliances and Equipment Industrial Park and Yibin Smart Terminal High-Tech Industrial Park have obtained the project land, and the roofs of the main factories have been sealed. Dongguan Konka Smart Industrial Park, Chongqing Konka Semiconductor Optoelectronic Industrial Park and Yancheng Semiconductor Closed Beta Test Base and Suining Konka Electronic Technology Industrial Park have obtained the project land and are under construction. Guxian Green Technology Town is in preparation and waiting to bid for the target land in a government audition.

(IV) Launching and establishing funds: So far, Orient Konka Industrial M & A Fund respectively holds 7.75% of shares in Jiangxi Yahua Electronic Materials Co., Ltd., 2.75% of shares in Shenzhen Genew Technologies Co., Ltd., 3.65% of shares in Roshow Technology Co., Ltd., and 11.73% of shares in Shenzhen Gren RF Communication Co., Ltd. through investments. Emerging Industry Development Investment Fund is in the stage of promoting affairs related to industrial and commercial registration. The affair of Wuzhen Jiayu Digital Economy Industrial Fund still needs to be submitted to the general meeting of Konka Group for review.

Summary of the significant event	Disclosure date	Index to the related announcement
Private placement of A-Stocks	10 September 2019	http://www.cninfo.com.cn/new/index
Private placement of corporate bonds	18 September 2019	
Investment and construction of Dongguan Konka Smart Industrial Park	11 March 2017	
Investment and construction of Konka Chuzhou Smart Appliances and Equipment Industrial Park	5 December 2018	
Investment and construction of Yibin Smart Terminal High-Tech Industrial Park	16 December 2017	
Investment and construction of Suining Konka Electronic Technology Industrial Park	17 October 2018	

Investment and construction of Chongqing Konka Semiconductor Optoelectronic Industrial Park	9 October 2019
Investment and construction of Yancheng Semiconductor Closed Beta Base	26 November 2019
Orient Konka Industrial M &A Fund	7 September 2018
Emerging Industry Development Investment Fund	4 March 2020
Wuzhen Jiayu Digital Economy Industrial Fund	28 March 2020

Progress of any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

IV Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

V Cash Entrusted for Wealth Management

Applicable Not applicable

Unit: RMB'0,000

Specific type	Capital resources	Amount incurred	Undue Balance	Overdue amount
Bank financial products	Self-owned funds	0	1,756.17	0
Total		0	1,756.17	0

Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

Applicable Not applicable

Cash Entrusted for Wealth Management expected to be unable to recover the principal or impairment might be occurred

Applicable Not applicable

VI Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

Date	Way of communication	Type of communication party	Index to main information communicated
2 January 2020	On-site	Institution	http://www.cninfo.com.cn/new/index

VIII Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

31 March 2020

Unit: RMB

Item	31 March 2020	31 December 2019
Current assets:		
Monetary assets	7,714,170,053.73	6,599,360,051.61
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets		61,494,666.97
Derivative financial assets		
Notes receivable	2,477,768,953.45	2,838,041,432.89
Accounts receivable	4,562,828,525.65	4,416,179,657.87
Accounts receivable financing	133,315,265.89	143,174,271.82
Prepayments	2,124,569,851.91	2,072,550,811.86
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	1,834,879,169.24	1,772,183,366.49
Including: Interest receivable	17,074,238.98	7,807,400.40
Dividends receivable	547,848.62	547,848.62
Financial assets purchased under resale agreements		
Inventories	6,015,858,038.82	5,318,503,044.69
Contractual assets		
Assets classified as held for sale		
Current portion of non-current assets	123,735,055.72	108,087,016.22
Other current assets	1,769,219,709.71	2,093,212,552.25
Total current assets	26,756,344,624.12	25,422,786,872.67

Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables	406,924,720.01	410,509,555.85
Long-term equity investments	3,456,701,196.89	3,465,541,196.89
Investments in other equity instruments	21,642,170.36	21,642,170.36
Other non-current financial assets	1,744,356,781.32	1,753,121,727.83
Investment property	396,925,137.69	400,197,374.07
Fixed assets	2,103,358,697.37	2,561,254,191.55
Construction in progress	4,834,521,494.81	4,291,544,368.52
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets	1,222,375,289.88	1,213,271,713.22
R&D expense		
Goodwill	779,260,296.41	779,260,296.41
Long-term prepaid expense	133,553,884.93	107,590,078.88
Deferred income tax assets	1,020,924,915.89	987,763,182.17
Other non-current assets	1,274,568,136.36	1,172,472,723.85
Total non-current assets	17,395,112,721.92	17,164,168,579.60
Total assets	44,151,457,346.04	42,586,955,452.27
Current liabilities:		
Short-term borrowings	11,812,886,919.46	10,332,687,239.63
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,302,270,306.84	1,319,396,374.37
Accounts payable	5,537,977,204.94	5,797,822,479.60
Advances from customers		1,076,856,387.08
Contractual liabilities	935,642,967.45	

Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	310,238,736.14	426,870,498.58
Taxes payable	178,236,124.27	607,845,294.99
Other payables	2,356,212,848.01	2,374,287,243.20
Including: Interest payable	165,752,944.91	227,831,108.53
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	183,463,203.78	210,066,077.13
Other current liabilities		
Total current liabilities	22,616,928,310.89	22,145,831,594.58
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	5,949,577,205.45	4,890,315,729.90
Bonds payable	4,989,085,429.81	4,987,709,643.64
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	471,616,875.47	383,287,104.62
Long-term payroll payable	5,519,082.82	5,565,646.72
Provisions	206,591.51	206,591.51
Deferred income	149,162,764.81	151,874,258.45
Deferred income tax liabilities	106,504,224.21	95,467,096.05
Other non-current liabilities	117,318,235.28	
Total non-current liabilities	11,788,990,409.36	10,514,426,070.89
Total liabilities	34,405,918,720.25	32,660,257,665.47

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	230,368,577.09
Less: Treasury stock		
Other comprehensive income	-22,506,271.59	-21,293,103.52
Specific reserve		
Surplus reserves	1,211,721,109.67	1,211,721,109.67
General reserve		
Retained earnings	4,019,160,666.52	4,239,763,606.89
Total equity attributable to owners of the Company as the parent	7,846,689,489.69	8,068,505,598.13
Non-controlling interests	1,898,849,136.10	1,858,192,188.67
Total owners' equity	9,745,538,625.79	9,926,697,786.80
Total liabilities and owners' equity	44,151,457,346.04	42,586,955,452.27

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 March 2020	31 December 2019
Current assets:		
Monetary assets	2,945,704,259.70	2,498,077,198.12
Held-for-trading financial assets		61,494,666.97
Derivative financial assets		
Notes receivable	2,078,654,197.01	2,148,312,821.38
Accounts receivable	8,756,846,915.14	9,564,720,940.39
Accounts receivable financing	78,098,304.28	66,002,903.68
Prepayments	986,924,659.28	911,315,168.95
Other receivables	11,187,973,675.53	10,552,820,915.47
Including: Interest receivable	9,047,673.66	7,431,353.86
Dividends receivable	522,881,671.02	518,580,871.02
Inventories	244,043,528.66	218,644,308.47
Contractual assets		
Assets classified as held for sale		

Current portion of non-current assets		
Other current assets	931,697,245.84	1,096,689,897.40
Total current assets	27,209,942,785.44	27,118,078,820.83
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	7,870,242,927.15	7,712,084,967.88
Investments in other equity instruments	12,940,214.36	12,940,214.36
Other non-current financial assets	250,230,000.00	250,230,000.00
Investment property	396,925,137.69	400,197,374.07
Fixed assets	438,286,081.85	444,107,402.57
Construction in progress	46,155,023.23	40,933,270.51
Productive living assets		
Oil and gas assets		
Use rights assets		
Intangible assets	78,538,036.27	80,470,750.60
R&D expense		
Goodwill		
Long-term prepaid expense	20,488,848.56	39,047,325.68
Deferred income tax assets	904,657,272.36	883,234,085.45
Other non-current assets		
Total non-current assets	10,018,463,541.47	9,863,245,391.12
Total assets	37,228,406,326.91	36,981,324,211.95
Current liabilities:		
Short-term borrowings	4,881,778,912.37	5,014,312,913.74
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	3,169,512,375.84	2,610,991,473.69
Accounts payable	10,732,921,551.68	11,078,648,690.19
Advances from customers		318,839,961.84

Contractual liabilities	217,283,844.24	
Payroll payable	94,423,693.88	125,402,307.95
Taxes payable	6,707,287.93	9,305,344.42
Other payables	3,413,245,965.44	3,193,392,734.69
Including: Interest payable	161,548,720.10	223,847,860.57
Dividends payable		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities	122,000,000.00	130,512,375.00
Other current liabilities		
Total current liabilities	22,637,873,631.38	22,481,405,801.52
Non-current liabilities:		
Long-term borrowings	3,443,317,205.45	3,438,055,729.90
Bonds payable	4,989,085,429.81	4,987,709,643.64
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	27,901,384.63	21,855,688.19
Long-term payroll payable		
Provisions	206,591.51	206,591.51
Deferred income	56,342,096.55	59,545,839.30
Deferred income tax liabilities		
Other non-current liabilities	148,791,740.47	
Total non-current liabilities	8,665,644,448.42	8,507,373,492.54
Total liabilities	31,303,518,079.80	30,988,779,294.06
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	-2,682,217.31
Specific reserve		

Surplus reserves	1,227,564,785.19	1,227,564,785.19
Retained earnings	2,178,042,204.44	2,245,698,875.22
Total owners' equity	5,924,888,247.11	5,992,544,917.89
Total liabilities and owners' equity	37,228,406,326.91	36,981,324,211.95

3. Consolidated Income Statement

Unit: RMB

Item	Q1 2020	Q1 2019
1. Revenue	7,806,520,237.49	10,772,118,842.18
Including: Operating revenue	7,806,520,237.49	10,772,118,842.18
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	8,238,718,867.67	11,207,423,978.98
Including: Cost of sales	7,239,731,075.92	10,155,814,290.20
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	15,308,409.56	18,475,034.55
Selling expense	474,319,677.27	528,175,102.68
Administrative expense	240,679,941.63	166,378,779.54
R&D expense	89,539,723.57	60,488,366.07
Finance costs	179,140,039.72	278,092,405.94
Including: Interest expense	299,701,187.78	270,257,047.31
Interest income	75,521,808.48	42,801,685.68
Add: Other income	91,772,474.77	33,914,982.48

Return on investment (“-” for loss)	54,859,916.67	266,889,127.97
Including: Share of profit or loss of joint ventures and associates		5,251,729.37
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
Credit impairment loss (“-” for loss)	-1,851,680.71	
Asset impairment loss (“-” for loss)	1,008,713.42	4,958,806.66
Asset disposal income (“-” for loss)	-21,776.59	293,705,640.64
3. Operating profit (“-” for loss)	-286,430,982.62	161,158,039.28
Add: Non-operating income	6,708,221.29	28,855,410.44
Less: Non-operating expense	329,999.39	4,995,457.15
4. Profit before tax (“-” for loss)	-280,052,760.72	185,017,992.57
Less: Income tax expense	-5,687,275.24	26,564,577.49
5. Net profit (“-” for net loss)	-274,365,485.48	158,453,415.08
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	-274,365,485.48	158,453,415.08
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	-220,602,940.37	85,566,720.43
5.2.1 Net profit attributable to non-controlling interests	-53,762,545.11	72,886,694.65
6. Other comprehensive income, net of tax	305,885.47	23,162,659.81
Attributable to owners of the Company as the parent	-1,213,168.07	24,014,779.82

6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit pension schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments		
6.1.4 Changes in the fair value of the company's credit risks		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-1,213,168.07	24,014,779.82
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Allowance for credit impairments in investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	-1,213,168.07	24,014,779.82
6.2.7 Other		
Attributable to non-controlling interests	1,519,053.54	-852,120.01
7. Total comprehensive income	-274,059,600.01	181,616,074.89
Attributable to owners of the Company as the parent	-221,816,108.44	109,581,500.25
Attributable to non-controlling interests	-52,243,491.57	72,034,574.64
8. Earnings per share		

8.1 Basic earnings per share	-0.0916	0.0355
8.2 Diluted earnings per share	-0.0916	0.0355

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	Q1 2020	Q1 2019
1. Operating revenue	2,173,088,156.73	3,159,459,959.20
Less: Cost of sales	1,908,039,936.17	3,084,291,674.08
Taxes and surcharges	1,190,131.21	1,508,984.24
Selling expense	206,626,489.19	318,153,101.41
Administrative expense	122,812,588.05	60,368,923.38
R&D expense	10,427,818.73	11,416,023.40
Finance costs	98,317,835.64	185,005,604.01
Including: Interest expense	247,210,956.09	246,745,502.24
Interest income	116,118,501.10	109,403,676.64
Add: Other income	47,511,070.74	13,187,319.83
Return on investment (“-” for loss)	37,878,815.64	64,398,528.84
Including: Share of profit or loss of joint ventures and associates		
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
Credit impairment loss (“-” for loss)		
Asset impairment loss (“-” for loss)		
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	-88,936,755.88	-426,703,884.32
Add: Non-operating income	141,649.22	235,648.04
Less: Non-operating expense	101,484.58	494,763.01
3. Profit before tax (“-” for loss)	-88,896,591.24	-426,962,999.29

Less: Income tax expense	-21,239,920.46	-107,517,405.52
4. Net profit (“-” for net loss)	-67,656,670.78	-319,445,593.77
4.1 Net profit from continuing operations (“-” for net loss)	-67,656,670.78	-319,445,593.77
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax		
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes caused by remeasurements on defined benefit pension schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments		
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Allowance for credit impairments in investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		

5.2.7 Other		
6. Total comprehensive income	-67,656,670.78	-319,445,593.77
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	Q1 2020	Q1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	8,499,871,584.58	11,629,972,953.14
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	61,099,379.53	307,323,363.61
Cash generated from other operating activities	517,064,976.00	1,487,656,643.30
Subtotal of cash generated from operating activities	9,078,035,940.11	13,424,952,960.05
Payments for commodities and services	8,277,120,758.49	12,464,112,932.57
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	522,535,841.05	548,246,765.80
Taxes paid	497,454,218.72	159,596,824.94
Cash used in other operating activities	812,148,590.43	793,736,581.46
Subtotal of cash used in operating activities	10,109,259,408.69	13,965,693,104.77
Net cash generated from/used in operating activities	-1,031,223,468.58	-540,740,144.72
2. Cash flows from investing activities:		
Proceeds from disinvestment	51,626,012.60	71,798,210.00
Return on investment	42,185,934.10	18,560,027.29
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	291,834.00	27,086.77
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	484,929,444.44	50,000,000.00
Subtotal of cash generated from investing activities	579,033,225.14	140,385,324.06
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	986,208,459.31	198,262,328.78
Payments for investments	400,000.00	1,116,840,150.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	88,280,000.00	33,420.00

Subtotal of cash used in investing activities	1,074,888,459.31	1,315,135,898.78
Net cash generated from/used in investing activities	-495,855,234.17	-1,174,750,574.72
3. Cash flows from financing activities:		
Capital contributions received	92,900,439.00	69,775,272.10
Including: Capital contributions by non-controlling interests to subsidiaries	92,900,439.00	69,775,272.10
Borrowings obtained	5,990,188,961.51	8,527,657,744.97
Cash generated from other financing activities	120,900,000.00	
Subtotal of cash generated from financing activities	6,203,989,400.51	8,597,433,017.07
Repayments of borrowings	3,561,043,093.07	5,791,211,803.51
Payments for interest and dividends	251,247,798.13	130,287,756.06
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	80,860,476.44	113,256,202.85
Subtotal of cash used in financing activities	3,893,151,367.64	6,034,755,762.42
Net cash generated from/used in financing activities	2,310,838,032.87	2,562,677,254.65
4. Effect of foreign exchange rate changes on cash and cash equivalents	9,479,762.14	-28,585,274.94
5. Net increase in cash and cash equivalents	793,239,092.26	818,601,260.27
Add: Cash and cash equivalents, beginning of the period	4,493,701,917.22	3,434,149,481.72
6. Cash and cash equivalents, end of the period	5,286,941,009.48	4,252,750,741.99

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	Q1 2020	Q1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,771,899,784.42	5,741,645,965.28

Tax rebates	20,649,207.83	2,001,311.86
Cash generated from other operating activities	2,075,822,222.03	2,888,350,859.75
Subtotal of cash generated from operating activities	4,868,371,214.28	8,631,998,136.89
Payments for commodities and services	1,450,487,246.54	4,822,152,505.81
Cash paid to and for employees	133,423,344.93	228,776,897.37
Taxes paid	4,136,871.33	27,043,199.31
Cash used in other operating activities	2,873,144,580.53	3,497,902,432.17
Subtotal of cash used in operating activities	4,461,192,043.33	8,575,875,034.66
Net cash generated from/used in operating activities	407,179,170.95	56,123,102.23
2. Cash flows from investing activities:		
Proceeds from disinvestment	32,450,000.00	4,538,210.00
Return on investment	15,939,565.72	20,974,260.08
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	40,484.00	75,760.33
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	432,059,444.44	68,811,385.15
Subtotal of cash generated from investing activities	480,489,494.16	94,399,615.56
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	25,216,708.68	37,545,366.80
Payments for investments	167,400,000.00	419,430,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	88,280,000.00	2,341,938,500.00
Subtotal of cash used in investing activities	280,896,708.68	2,798,913,866.80
Net cash generated from/used in investing activities	199,592,785.48	-2,704,514,251.24
3. Cash flows from financing activities:		

Capital contributions received		
Borrowings obtained	2,292,002,445.87	4,288,771,590.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	2,292,002,445.87	4,288,771,590.00
Repayments of borrowings	2,559,852,000.00	1,517,544,630.00
Payments for interest and dividends	218,167,563.74	103,058,776.61
Cash used in other financing activities	4,759,802.05	85,309.60
Subtotal of cash used in financing activities	2,782,779,365.79	1,620,688,716.21
Net cash generated from/used in financing activities	-490,776,919.92	2,668,082,873.79
4. Effect of foreign exchange rate changes on cash and cash equivalents	2,905,864.39	-11,843,842.05
5. Net increase in cash and cash equivalents	118,900,900.90	7,847,882.73
Add: Cash and cash equivalents, beginning of the period	1,337,342,186.92	1,497,794,555.85
6. Cash and cash equivalents, end of the period	1,456,243,087.82	1,505,642,438.58

II Adjustments to the Financial Statements

1. Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases from 2020

Applicable Not applicable

(1) Consolidated Balance Sheet

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	6,599,360,051.61	6,599,360,051.61	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets	61,494,666.97	61,494,666.97	
Derivative financial assets			
Notes receivable	2,838,041,432.89	2,838,041,432.89	
Accounts receivable	4,416,179,657.87	4,416,179,657.87	

Accounts receivable financing	143,174,271.82	143,174,271.82	
Prepayments	2,072,550,811.86	2,072,550,811.86	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	1,772,183,366.49	1,772,183,366.49	
Including: Interest receivable	7,807,400.40	7,807,400.40	
Dividends receivable	547,848.62	547,848.62	
Financial assets purchased under resale agreements			
Inventories	5,318,503,044.69	5,318,503,044.69	
Contractual assets			
Assets classified as held for sale			
Current portion of non-current assets	108,087,016.22	108,087,016.22	
Other current assets	2,093,212,552.25	2,093,212,552.25	
Total current assets	25,422,786,872.67	25,422,786,872.67	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables	410,509,555.85	410,509,555.85	
Long-term equity investments	3,465,541,196.89	3,465,541,196.89	
Investments in other equity instruments	21,642,170.36	21,642,170.36	
Other non-current financial assets	1,753,121,727.83	1,753,121,727.83	
Investment property	400,197,374.07	400,197,374.07	
Fixed assets	2,561,254,191.55	2,561,254,191.55	

Construction in progress	4,291,544,368.52	4,291,544,368.52	
Productive living assets			
Oil and gas assets			
Use rights assets			
Intangible assets	1,213,271,713.22	1,213,271,713.22	
R&D expense			
Goodwill	779,260,296.41	779,260,296.41	
Long-term prepaid expense	107,590,078.88	107,590,078.88	
Deferred income tax assets	987,763,182.17	987,763,182.17	
Other non-current assets	1,172,472,723.85	1,172,472,723.85	
Total non-current assets	17,164,168,579.60	17,164,168,579.60	
Total assets	42,586,955,452.27	42,586,955,452.27	
Current liabilities:			
Short-term borrowings	10,332,687,239.63	10,332,687,239.63	
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	1,319,396,374.37	1,319,396,374.37	
Accounts payable	5,797,822,479.60	5,797,822,479.60	
Advances from customers	1,076,856,387.08		-1,076,856,387.08
Contractual liabilities		959,538,151.80	959,538,151.80
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	426,870,498.58	

Taxes payable	607,845,294.99	607,845,294.99	
Other payables	2,374,287,243.20	2,374,287,243.20	
Including: Interest payable	227,831,108.53	227,831,108.53	
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	210,066,077.13	
Other current liabilities			
Total current liabilities	22,145,831,594.58	22,028,513,359.30	-117,318,235.28
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings	4,890,315,729.90	4,890,315,729.90	
Bonds payable	4,987,709,643.64	4,987,709,643.64	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables	383,287,104.62	383,287,104.62	
Long-term payroll payable	5,565,646.72	5,565,646.72	
Provisions	206,591.51	206,591.51	
Deferred income	151,874,258.45	151,874,258.45	
Deferred income tax liabilities	95,467,096.05	95,467,096.05	
Other non-current liabilities		117,318,235.28	117,318,235.28
Total non-current liabilities	10,514,426,070.89	10,631,744,306.17	117,318,235.28
Total liabilities	32,660,257,665.47	32,660,257,665.47	
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	230,368,577.09	
Less: Treasury stock			
Other comprehensive income	-21,293,103.52	-21,293,103.52	
Specific reserve			
Surplus reserves	1,211,721,109.67	1,211,721,109.67	
General reserve			
Retained earnings	4,239,763,606.89	4,239,763,606.89	
Total equity attributable to owners of the Company as the parent	8,068,505,598.13	8,068,505,598.13	
Non-controlling interests	1,858,192,188.67	1,858,192,188.67	
Total owners' equity	9,926,697,786.80	9,926,697,786.80	
Total liabilities and owners' equity	42,586,955,452.27	42,586,955,452.27	

Notes for adjustment

The Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue"(Cai Kuai [2017]No.22), and the Company implemented since 1 Jan. 2020. According to the new income standard, enterprises implementing this standard for the first time should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year when the standard is first implemented based on the cumulative impact of the first implementation of the standard, and no adjustment is made to the information for the comparable period.

(2) Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	2,498,077,198.12	2,498,077,198.12	
Held-for-trading financial assets	61,494,666.97	61,494,666.97	
Derivative financial assets			
Notes receivable	2,148,312,821.38	2,148,312,821.38	

Accounts receivable	9,564,720,940.39	9,564,720,940.39	
Accounts receivable financing	66,002,903.68	66,002,903.68	
Prepayments	911,315,168.95	911,315,168.95	
Other receivables	10,552,820,915.47	10,552,820,915.47	
Including: Interest receivable	7,431,353.86	7,431,353.86	
Dividends receivable	518,580,871.02	518,580,871.02	
Inventories	218,644,308.47	218,644,308.47	
Contractual assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	1,096,689,897.40	1,096,689,897.40	
Total current assets	27,118,078,820.83	27,118,078,820.83	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	7,712,084,967.88	7,712,084,967.88	
Investments in other equity instruments	12,940,214.36	12,940,214.36	
Other non-current financial assets	250,230,000.00	250,230,000.00	
Investment property	400,197,374.07	400,197,374.07	
Fixed assets	444,107,402.57	444,107,402.57	
Construction in progress	40,933,270.51	40,933,270.51	
Productive living assets			
Oil and gas assets			
Use rights assets			
Intangible assets	80,470,750.60	80,470,750.60	
R&D expense			

Goodwill			
Long-term prepaid expense	39,047,325.68	39,047,325.68	
Deferred income tax assets	883,234,085.45	883,234,085.45	
Other non-current assets			
Total non-current assets	9,863,245,391.12	9,863,245,391.12	
Total assets	36,981,324,211.95	36,981,324,211.95	
Current liabilities:			
Short-term borrowings	5,014,312,913.74	5,014,312,913.74	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	2,610,991,473.69	2,610,991,473.69	
Accounts payable	11,078,648,690.19	11,078,648,690.19	
Advances from customers	318,839,961.84		-318,839,961.84
Contractual liabilities		170,048,221.37	170,048,221.37
Payroll payable	125,402,307.95	125,402,307.95	
Taxes payable	9,305,344.42	9,305,344.42	
Other payables	3,193,392,734.69	3,193,392,734.69	
Including: Interest payable	223,847,860.57	223,847,860.57	
Dividends payable			
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities	130,512,375.00	130,512,375.00	
Other current liabilities			
Total current liabilities	22,481,405,801.52	22,332,614,061.05	-148,791,740.47
Non-current liabilities:			
Long-term borrowings	3,438,055,729.90	3,438,055,729.90	
Bonds payable	4,987,709,643.64	4,987,709,643.64	
Including: Preferred shares			

Perpetual bonds			
Lease liabilities			
Long-term payables	21,855,688.19	21,855,688.19	
Long-term payroll payable			
Provisions	206,591.51	206,591.51	
Deferred income	59,545,839.30	59,545,839.30	
Deferred income tax liabilities			
Other non-current liabilities		148,791,740.47	148,791,740.47
Total non-current liabilities	8,507,373,492.54	8,656,165,233.01	148,791,740.47
Total liabilities	30,988,779,294.06	30,988,779,294.06	
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	-2,682,217.31	
Specific reserve			
Surplus reserves	1,227,564,785.19	1,227,564,785.19	
Retained earnings	2,245,698,875.22	2,245,698,875.22	
Total owners' equity	5,992,544,917.89	5,992,544,917.89	
Total liabilities and owners' equity	36,981,324,211.95	36,981,324,211.95	

Notes for adjustment

The Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue"(Cai Kuai [2017]No.22), and the Company implemented since 1 Jan. 2020. According to the new income standard, enterprises implementing this standard for the first time should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year when the standard is first implemented based on the cumulative impact of the first implementation of the standard, and no adjustment is made to the information for the comparable period.

2. Retrospective Restatement of Previous Comparative Data due to the First Execution of any New Standards Governing Revenue or Leases from 2020

Applicable Not applicable

The Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue"(Cai Kuai [2017]No.22), and the Company implemented since 1 Jan. 2020. According to the new income standard, enterprises implementing this standard for the first time should adjust the amount of retained earnings and other related items in the financial statements at the beginning of the year when the standard is first implemented based on the cumulative impact of the first implementation of the standard, and no adjustment is made to the information for the comparable period.

III Independent Auditor's Report

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

Yes No

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

The Board of Directors
Konka Group Co., Ltd.
29 April 2020