

Stock Code: 000016, 200016 Stock Name: Konka Group-A, Konka Group-B Announcement No. 2022-83

Bond Code: 114894, 133003 Bond Name: 21 Konka 01, 21 Konka 02

133040, 149987 21 Konka 03, 22 Konka 01

133306, 133333 22 Konka 03, 22 Konka 05

KONKA GROUP CO., LTD.

THIRD QUARTERLY REPORT 2022

Konka Group Co., Ltd. (hereinafter referred to as the “Company”) and all the members of the Company’s Board of Directors hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions.

Important Notes:

1. The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of the Company hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.
2. The Company’s legal representative, Chief Financial Officer (CFO), and head of the financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.
3. Indicate by tick mark whether the financial statements in this Report have been audited by an independent auditor.

Yes No

I Key Financial Information

(I) Key Accounting Data and Financial Indicators

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

Yes No

	Q3 2022	YoY change (%)	Q1-Q3 2022	YoY change (%)
Operating revenue (RMB)	7,700,546,365.26	-21.56%	24,596,016,642.07	-22.23%
Net profit attributable to the listed company’s shareholders (RMB)	-37,227,714.31	82.43%	135,590,724.52	207.29%
Net profit attributable to the listed company’s shareholders before exceptional gains and losses (RMB)	-335,657,322.29	2.39%	-1,078,013,504.00	-2.28%
Net cash generated from/used in operating activities (RMB)	—	—	-67,596,351.18	95.31%
Basic earnings per share (RMB/share)	-0.0155	82.39%	0.0563	207.24%

Diluted earnings per share (RMB/share)	-0.0155	82.39%	0.0563	207.24%
Weighted average return on equity (%)	-0.41%	2.13%	1.48%	2.99%
	30 September 2022		31 December 2021	Change (%)
Total assets (RMB)	39,223,352,281.70		39,874,520,771.26	-1.63%
Equity attributable to the listed company's shareholders (RMB)	9,251,296,321.25		9,095,278,436.41	1.72%

(II) Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Q3 2022	Q1-Q3 2022	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	65,201,958.69	722,953,351.42	
Government grants through profit or loss (exclusive of government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies and standards)	237,051,376.50	573,038,743.54	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	14,429,370.03	47,396,341.80	
Reversed portions of impairment allowances for receivables which are tested individually for impairment	32,575,571.58	32,575,571.58	
Gain or loss on loan entrustments	41,371,824.79	95,788,752.04	
Non-operating income and expense other than the above	65,105,727.71	92,002,541.91	
Less: Income tax effects	97,012,481.90	232,277,142.51	
Non-controlling interests effects (net of tax)	60,293,739.42	117,873,931.26	
Total	298,429,607.98	1,213,604,228.52	--

Other items that meet the definition of exceptional gain/loss:

Applicable Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item 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	11,853,122.32	Government grants continuously given in the Company's ordinary course of business at fixed quotas or amounts as per the government's policies and standards

(III) Changes in Key Financial Statement Line Items and Explanation

Applicable Not applicable

Unit: RMB

Item	30 September 2022	1 January 2022	Percentage of change	Main reason for change
Notes receivable	1,227,793,096.11	1,777,477,481.28	-30.92%	Recovery of notes receivable in the Reporting Period
Prepayments	373,941,807.92	631,400,953.86	-40.78%	Decreased prepayments to suppliers and partners in the Reporting Period
Construction in progress	2,086,668,242.52	1,490,777,831.39	39.97%	Increased constructions in progress in relation to industrial parks in the Reporting Period
Other non-current assets	1,695,607,267.24	2,648,530,490.12	-35.98%	Decreased prepayments for land in the Reporting Period
Accounts payable	2,529,930,427.85	3,784,315,091.41	-33.15%	Pay the previous large amount of accounts payable to suppliers during the current period
Current portion of non-current liabilities	670,292,800.68	5,089,586,269.32	-86.83%	Redemption of bonds payable that became mature in the Reporting Period

Long-term borrowings	8,366,033,001.46	3,529,140,539.09	137.06%	New borrowings in the Reporting Period
Bonds payable	4,090,653,826.03	2,293,698,899.30	78.34%	Issuance of bonds in the Reporting Period
Item	Q1-Q3 2022	Q1-Q3 2021	Percentage of change	Main reason for change
Finance costs	262,346,112.20	675,851,664.46	-61.18%	Decreased interest expense and exchange rate fluctuations in the Reporting Period
Interest income	190,309,274.96	123,952,533.58	53.53%	Increased interest income from entrustment loans
Return on investment	836,530,565.91	467,513,252.27	78.93%	Income from equity disposal in the Reporting Period

II Shareholder Information

(I) Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders	86,733	Number of preference shareholders with resumed voting rights (if any)	0			
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Shares in pledge, marked or frozen	
					Status	Shares
OVERSEAS CHINESE TOWN HOLDINGS COMPANY	State-owned legal person	21.75%	523,746,932	0		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.48%	180,001,110	0		
WANG JINGFENG	Domestic natural person	4.63%	111,411,100	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.46%	59,227,225	0		
HOLY TIME GROUP LIMITED	Foreign legal person	2.38%	57,289,100	0		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0		
NAM NGAI	Foreign natural person	0.96%	23,000,000	0		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.81%	19,457,720	0		
BOCOM INTERNATIONAL SECURITIES LIMITED	Foreign legal person	0.78%	18,896,037	0		
HONG KONG SECURITIES CLEARING COMPANY LIMITED	Foreign legal person	0.66%	15,842,531	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted ordinary shares held	Shares by class				
		Class	Shares			
OVERSEAS CHINESE TOWN HOLDINGS COMPANY	523,746,932	RMB-denominated ordinary share	523,746,932			
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	180,001,110	Domestically listed foreign share	180,001,110			
WANG JINGFENG	111,411,100	RMB-denominated ordinary share	111,411,100			
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	59,227,225	Domestically listed foreign share	59,227,225			
HOLY TIME GROUP LIMITED	57,289,100	Domestically listed foreign share	57,289,100			
GAOLING FUND,L.P.	52,801,250	Domestically listed foreign share	52,801,250			
NAM NGAI	23,000,000	Domestically listed foreign share	23,000,000			
CHINA MERCHANTS SECURITIES (HK) LIMITED	19,457,720	Domestically listed foreign share	19,457,720			
BOCOM INTERNATIONAL SECURITIES LIMITED	18,896,037	Domestically listed foreign share	18,896,037			
HONG KONG SECURITIES CLEARING COMPANY LIMITED	15,842,531	RMB-denominated ordinary share	15,842,531			
Related or acting-in-concert	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first					

parties among shareholders above	majority shareholder Overseas Chinese Town Holdings Company (“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 Holdings Company 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)	Wang Jingfeng holds 111,411,100 A-shares in the Company through his securities account for customer credit trading guarantee in Guotai Junan Securities Co., Ltd.

(II) Number of Preference Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

III Other Significant Events

Applicable Not applicable

(I) The non-public offering of corporate bonds: So far, a total of RMB1.2 billion of corporate bonds has been issued on 8 September 2022 and 18 October 2022 for the RMB2.7 billion corporate bonds non-public offering program, and the issuance of the remaining amount of corporate bonds is in progress.

(II) Chongqing Konka Semiconductor Photoelectric Industrial Park has been officially completed and starts production and trial operation. And construction of the Xi’an Konka Smart Appliances Headquarters Project is about to be completed.

IV Financial Statements

(I) Financial Statements

1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

30 September 2022

Unit: RMB

Item	30 September 2022	1 January 2022
Current assets:		
Monetary assets	5,789,648,566.31	6,489,553,211.24
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	1,227,793,096.11	1,777,477,481.28
Accounts receivable	2,906,003,576.69	3,397,729,481.07
Receivables financing	23,044,759.72	71,490,688.54
Prepayments	373,941,807.92	631,400,953.86
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	1,916,724,393.02	1,837,459,705.64
Including: Interest receivable	4,076,863.43	2,573,082.79
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	4,091,460,535.16	4,068,537,809.18
Contract assets		
Assets held for sale		

Current portion of non-current assets	23,221,539.24	28,105,523.78
Other current assets	3,043,370,980.65	2,299,963,391.24
Total current assets	19,395,209,254.82	20,601,718,245.83
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	4,430,400.00	18,495,499.14
Long-term equity investments	6,339,642,148.66	5,902,588,939.51
Investments in other equity instruments	23,841,337.16	23,841,337.16
Other non-current financial assets	2,702,852,398.04	2,293,361,603.68
Investment property	769,667,119.64	776,525,061.54
Fixed assets	3,888,453,944.19	4,010,295,277.14
Construction in progress	2,086,668,242.52	1,490,777,831.39
Productive living assets		
Oil and gas assets		
Right-of-use assets	62,105,021.51	71,210,415.37
Intangible assets	964,809,503.20	975,295,916.08
Development costs	22,498,875.09	16,870,310.70
Goodwill	22,196,735.11	22,196,735.11
Long-term prepaid expense	344,957,911.79	297,497,383.39
Deferred income tax assets	900,412,122.73	725,315,725.10
Other non-current assets	1,695,607,267.24	2,648,530,490.12
Total non-current assets	19,828,143,026.88	19,272,802,525.43
Total assets	39,223,352,281.70	39,874,520,771.26
Current liabilities:		
Short-term borrowings	8,746,004,712.06	9,920,675,121.08
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,017,099,083.62	1,116,336,958.91
Accounts payable	2,529,930,427.85	3,784,315,091.41
Advances from customers		
Contract liabilities	769,921,677.08	652,910,408.02
Financial assets sold under repurchase agreements		
Customer deposits and deposits from other banks and financial institutions		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	161,956,025.91	410,747,084.80
Taxes and levies payable	359,254,927.80	295,825,170.41
Other payables	1,412,888,766.44	1,788,177,748.59
Including: Interest payable	59,235,455.90	174,383,177.08
Dividends payable		
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	670,292,800.68	5,089,586,269.32
Other current liabilities	115,907,033.70	109,742,188.24
Total current liabilities	15,783,255,455.14	23,168,316,040.78
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	8,366,033,001.46	3,529,140,539.09
Bonds payable	4,090,653,826.03	2,293,698,899.30
Including: Preference shares		
Perpetual bonds		

Lease liabilities	51,963,509.22	42,532,869.63
Long-term payables	21,433,136.36	140,687,570.78
Long-term employee benefits payable	4,958,389.07	5,111,296.75
Provisions	112,487,613.76	106,276,535.85
Deferred income	274,491,271.90	206,302,424.92
Deferred income tax liabilities	79,547,666.58	76,894,581.97
Other non-current liabilities	118,961,639.55	104,610,663.76
Total non-current liabilities	13,120,530,053.93	6,505,255,382.05
Total liabilities	28,903,785,509.07	29,673,571,422.83
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital reserves	365,814,774.70	234,389,963.10
Less: Treasury stock		
Other comprehensive income	-10,936,468.75	-20,336,087.87
Specific reserve		
Surplus reserves	1,244,180,364.24	1,244,180,364.24
General reserve		
Retained earnings	5,244,292,243.06	5,229,098,788.94
Total equity attributable to owners of the Company as the parent	9,251,296,321.25	9,095,278,436.41
Non-controlling interests	1,068,270,451.38	1,105,670,912.02
Total owners' equity	10,319,566,772.63	10,200,949,348.43
Total liabilities and owners' equity	39,223,352,281.70	39,874,520,771.26

Legal representative: Zhou Bin CFO: Li Chunlei Head of the financial department: Guo Zhihua

2. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2022	Q1~Q3 2021
1. Revenues	24,596,016,642.07	31,626,746,378.63
Including: Operating revenue	24,596,016,642.07	31,626,746,378.63
Interest income		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	26,126,675,368.63	32,958,502,701.12
Including: Cost of sales	23,975,162,049.26	30,206,985,064.55
Interest expense		
Fee and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and levies	77,125,711.11	65,291,404.77
Selling expense	871,347,414.06	1,024,179,934.62
Administrative expense	577,188,118.60	553,122,321.69
R&D expense	363,505,963.40	433,072,311.03
Finance costs	262,346,112.20	675,851,664.46
Including: Interest expense	692,836,273.51	743,648,860.62
Interest income	190,309,274.96	123,952,533.58

Add: Other income	584,491,772.86	760,063,480.80
Return on investment (“-” for loss)	836,530,565.91	467,513,252.27
Including: Share of profit or loss of joint ventures and associates	77,512,338.05	75,468,924.12
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	21,962,896.84	80,454,582.18
Credit impairment loss (“-” for loss)	-61,242,970.31	-83,508,804.27
Asset impairment loss (“-” for loss)	-13,523,962.19	-37,285,530.58
Asset disposal income (“-” for loss)	12,420,007.06	613,907.69
3. Operating profit (“-” for loss)	-150,020,416.39	-143,905,434.40
Add: Non-operating income	97,857,275.38	65,341,959.01
Less: Non-operating expense	6,543,182.17	8,552,951.51
4. Gross profit (“-” for loss)	-58,706,323.18	-87,116,426.90
Less: Income tax expense	-72,029,417.98	41,529,133.86
5. Net profit (“-” for net loss)	13,323,094.80	-128,645,560.76
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	13,323,094.80	-128,645,560.76
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent (“-” for net loss)	135,590,724.52	-126,378,339.68
5.2.1 Net profit attributable to non-controlling interests (“-” for net loss)	-122,267,629.72	-2,267,221.08
6. Other comprehensive income, net of tax	10,932,642.27	-891,213.66
Attributable to owners of the Company as the parent	9,399,619.12	244,470.51
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes caused by remeasurements on defined benefit 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 arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	9,399,619.12	244,470.51
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method	-38,929.34	1,486,086.18
6.2.2 Changes in the fair value of other debt investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for other debt investments		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	9,438,548.46	-1,241,615.67
6.2.7 Other		
Attributable to non-controlling interests	1,533,023.15	-1,135,684.17
7. Total comprehensive income	24,255,737.07	-129,536,774.42
7.1 Attributable to owners of the Company as the parent	144,990,343.64	-126,133,869.17
7.2 Attributable to non-controlling interests	-120,734,606.57	-3,402,905.25
8. Earnings per share		
8.1 Basic earnings per share	0.0563	-0.0525
8.2 Diluted earnings per share	0.0563	-0.0525

Legal representative: Zhou Bin CFO: Li Chunlei Head of the financial department: Guo Zhihua

3. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2022	Q1~Q3 2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	24,332,330,642.99	30,451,464,764.24
Net increase in customer deposits and deposits from other banks and financial institutions		
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, fees and commissions received		
Net increase in loans from other banks and financial institutions		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax and levy rebates	552,849,875.52	333,893,980.47
Cash generated from other operating activities	1,168,029,091.16	1,172,860,994.12
Subtotal of cash generated from operating activities	26,053,209,609.67	31,958,219,738.83
Payments for commodities and services	23,012,128,420.93	29,601,035,244.82
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks and financial institutions		
Interest, fees and commissions paid		
Policy dividends paid		
Cash paid to and for employees	1,434,144,605.34	1,511,165,362.18
Taxes and levies paid	371,845,155.79	710,317,427.85
Cash used in other operating activities	1,302,687,778.79	1,577,936,087.07
Subtotal of cash used in operating activities	26,120,805,960.85	33,400,454,121.92
Net cash generated from/used in operating activities	-67,596,351.18	-1,442,234,383.09
2. Cash flows from investing activities:		
Proceeds from disinvestment	439,435,929.17	343,726,934.95
Return on investment	102,584,188.29	92,533,320.06
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	2,602,109.26	234,447,891.30
Net proceeds from the disposal of subsidiaries and other business units	297,094,350.04	133,143,680.12
Cash generated from other investing activities	2,593,171,830.43	1,096,314,874.18
Subtotal of cash generated from investing activities	3,434,888,407.19	1,900,166,700.61
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	3,242,155,154.65	3,121,184,726.92
Payments for investments	578,662,796.46	397,009,568.49
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		96,500,200.00
Cash used in other investing activities	299,864,897.73	339,063,661.31
Subtotal of cash used in investing activities	4,120,682,848.84	3,953,758,156.72
Net cash generated from/used in investing activities	-685,794,441.65	-2,053,591,456.11
3. Cash flows from financing activities:		
Capital contributions received	76,748,000.00	101,867,396.60
Including: Capital contributions by non-controlling interests to	76,748,000.00	101,867,396.60

subsidiaries		
Borrowings received	17,289,669,687.55	17,581,759,690.86
Cash generated from other financing activities	299,933,896.84	806,757,381.62
Subtotal of cash generated from financing activities	17,666,351,584.39	18,490,384,469.08
Repayment of borrowings	16,092,793,775.72	11,785,342,761.93
Interest and dividends paid	833,208,967.32	812,169,473.64
Including: Dividends paid by subsidiaries to non-controlling interests	28,420,000.00	7,497,000.00
Cash used in other financing activities	695,068,775.31	680,675,618.15
Subtotal of cash used in financing activities	17,621,071,518.35	13,278,187,853.72
Net cash generated from/used in financing activities	45,280,066.04	5,212,196,615.36
4. Effect of foreign exchange rates changes on cash and cash equivalents	61,441,973.08	-5,440,009.98
5. Net increase in cash and cash equivalents	-646,668,753.71	1,710,930,766.18
Add: Cash and cash equivalents, beginning of the period	5,968,347,219.03	4,298,056,113.24
6. Cash and cash equivalents, end of the period	5,321,678,465.32	6,008,986,879.42

(II) 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

27 October 2022