

Stock Code: 000016, 200016 Stock Name: Konka Group-A, Konka Group-B Announcement No. 2023-29

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.

FIRST QUARTERLY REPORT 2023

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

Reason for retrospective restatement:

Change of accounting policy Correction of accounting error Business combination involving entities under common control Other reasons

	Q1 2023	Q1 2022		YoY change (%)
		Before	Restated	Restated
Operating revenue (RMB)	4,600,647,851.61	8,320,135,785.93	8,320,135,785.93	-44.70%
Net profit attributable to the listed company’s shareholders (RMB)	152,513,923.41	103,900,130.02	104,376,396.19	46.12%

Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-521,453,718.40	-418,548,047.01	-418,071,780.84	-24.73%
Net cash generated from/used in operating activities (RMB)	-1,182,725,927.02	-630,928,798.94	-630,928,798.94	-87.46%
Basic earnings per share (RMB/share)	0.0633	0.0431	0.0433	46.19%
Diluted earnings per share (RMB/share)	0.0633	0.0431	0.0433	46.19%
Weighted average return on equity (%)	1.98%	1.13%	1.13%	0.85%
	31 March 2023	31 December 2022		Change (%)
		Before	Restated	Restated
Total assets (RMB)	38,345,572,552.50	38,016,368,073.05	38,027,575,163.66	0.84%
Equity attributable to the listed company's shareholders (RMB)	7,776,570,075.05	7,640,399,721.99	7,641,975,956.16	1.76%

Reason for change of accounting policy and correction of accounting error:

On 30 November 2022, the Ministry of Finance issued the Interpretation No. 16 for the Accounting Standards for Business Enterprises, according to which the provision regarding the "accounting treatments for deferred income taxes associated with assets and liabilities arising from single transactions that are not subject to the initial recognition exemption" is effective for the Company from 1 January 2023. For lease liabilities and right-of-use assets recognized at the beginning of the earliest period for which the provision is first implemented as a result of the single transactions to which the provision applies, if taxable temporary differences and deductible temporary differences arise, the Company adjusts the cumulative effect to opening retained earnings and other related financial statement items in the earliest period for which the financial statements are presented in accordance with the aforesaid provision and the Accounting Standard No. 18 for Business Enterprises—Income Tax.

(II) Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Q1 2023	Note
Gain/Loss arising from disposal of non-current assets (inclusive of impairment allowance write-offs)	813,719,198.23	
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	47,710,326.17	
Gain/Loss on changes in fair value arising from holding of trading financial assets and liabilities and investment income from disposal of trading financial assets, financial liabilities and available-for-sale financial assets other than effective hedge business related to the Company's normal operating businesses	19,330,883.02	
Gain/loss on entrustment loans	29,102,953.29	
Other non-operating income and expense other than the above	-730,150.95	
Less: Income tax effects	228,953,147.42	
Non-controlling interests effects (after tax)	6,212,420.53	
Total	673,967,641.81	

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	1,173,279.11	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	31 March 2023	1 January 2023	Change (%)	Explanation of why
Accounts receivable financing	130,292,827.60	237,187,228.44	-45.07%	Expiration of notes receivable for accounts receivable financing in the Reporting Period
Investment property	1,411,935,815.98	802,407,844.60	75.96%	During the reporting period, projects under construction were converted into investment real estate, resulting in an increase in investment real estate
Employee benefits payable	164,854,050.74	348,608,204.05	-52.71%	Payment of employee remunerations in the Reporting Period
Taxes payable	193,156,126.51	291,102,679.36	-33.65%	Payment of taxes in the Reporting Period
Current portion of non-current liabilities	4,447,600,623.73	409,220,030.69	986.85%	Mature bonds payable and the current portion of non-current liabilities reclassified from long-term borrowings in the Reporting Period
Deferred income tax liabilities	261,413,172.81	99,030,646.40	163.97%	During the reporting period, the disposal of part of Chutianlong Stock Co., Ltd. to recognize deferred income tax liabilities
Item	Q1 2023	Q1 2022	Change (%)	Explanation of why
Operating revenue	4,600,647,851.61	8,320,135,785.93	-44.70%	During the reporting period, the company adjusted and optimized non-core businesses with weak coordination with the main business, resulting in a decline in revenue scale
Return on investment	816,925,419.92	356,591,250.76	129.09%	Income from equity disposal and influence of accounting method changes of Chutian Dragon Co., Ltd. in the Reporting Period
Net cash generated from/used in operating activities	-1,182,725,927.02	-630,928,798.94	-87.46%	During the reporting period, the increase in inventories resulted in the outflow of cash paid for goods and services
Net cash generated from/used in investing activities	-162,066,625.49	-587,891,465.97	72.43%	YoY decrease in cash paid for purchasing fixed assets, intangible assets and other long-term assets 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	86,514	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	State-owned legal	21.75%	523,746,932	0		

HOLDINGS COMPANY	person					
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.48%	180,001,110	0		
WANG JINGFENG	Domestic natural person	4.15%	100,000,000	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.45%	58,927,225	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%	23,019,800	0		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.80%	19,314,220	0		
BOCOM INTERNATIONAL SECURITIES LIMITED	Foreign legal person	0.78%	18,896,037	0		
HONG KONG SECURITIES CLEARING COMPANY LTD.	Foreign legal person	0.63%	15,273,088	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	100,000,000	RMB-denominated ordinary share	100,000,000			
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	58,927,225	Domestically listed foreign share	58,927,225			
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	23,019,800	Domestically listed foreign share	23,019,800			
CHINA MERCHANTS SECURITIES (HK) LIMITED	19,314,220	Domestically listed foreign share	19,314,220			
BOCOM INTERNATIONAL SECURITIES LIMITED	18,896,037	Domestically listed foreign share	18,896,037			
HONG KONG SECURITIES CLEARING COMPANY LTD.	15,273,088	RMB-denominated ordinary share	15,273,088			
Related or acting-in-concert parties among shareholders above	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first 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 shareholders involved in securities margin trading (if any)	Wang Jingfeng holds 100,000,000 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

Corporate bond issue: Currently, the public offering of corporate bonds of RMB1.2 billion was completed on 14 July 2022; as for the non-public offering of corporate bonds of RMB1.8 billion, RMB1.2 billion of corporate bonds have been issued respectively on 8 September 2022 and 18 October 2022. As for the rest of corporate bonds of RMB0.6 billion, relevant matters are being promoted as planned.

IV Quarterly Financial Statements**(I) Financial Statements****1. Consolidated Balance Sheet**

Prepared by Konka Group Co., Ltd.

31 March 2023

Unit: RMB

Item	31 March 2023	1 January 2023
Current assets:		
Monetary assets	5,508,180,261.97	5,988,095,490.71
Settlement reserve		
Loans to other banks and financial institutions		
Held-for-trading financial assets	974,897,430.42	
Derivative financial assets		
Notes receivable	873,401,368.95	1,059,737,243.54
Accounts receivable	2,090,153,542.40	2,036,734,836.22
Receivables financing	130,292,827.60	237,187,228.44
Prepayments	348,297,818.38	389,947,652.39
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	1,472,738,008.32	1,442,124,845.58
Including: Interest receivable	4,691,969.53	3,878,580.64
Dividends receivable		272,999.43
Financial assets purchased under resale agreements		
Inventories	4,923,487,671.20	4,409,767,756.22
Contract assets		
Assets held for sale		
Current portion of non-current assets	12,131,788.69	14,630,000.00
Other current assets	2,422,116,387.74	2,038,841,225.83
Total current assets	18,755,697,105.67	17,617,066,278.93
Non-current assets:		
Loans and advances to customers		
Debt investments		
Other debt investments		
Long-term receivables	800,400.00	800,400.00
Long-term equity investments	5,830,552,477.38	6,351,232,955.58
Investments in other equity instruments	23,841,337.16	23,841,337.16
Other non-current financial assets	2,641,451,080.77	2,639,662,273.32
Investment property	1,411,935,815.98	802,407,844.60
Fixed assets	4,039,964,101.20	4,114,029,693.38

Construction in progress	1,415,725,086.39	1,990,361,377.07
Productive living assets		
Oil and gas assets		
Right-of-use assets	38,245,860.65	50,019,838.68
Intangible assets	1,081,992,209.96	1,116,739,707.27
Development costs		
Goodwill	22,196,735.11	22,196,735.11
Long-term prepaid expense	510,239,917.35	387,309,503.07
Deferred income tax assets	1,279,102,703.17	1,201,661,841.23
Other non-current assets	1,293,827,721.71	1,710,245,378.26
Total non-current assets	19,589,875,446.83	20,410,508,884.73
Total assets	38,345,572,552.50	38,027,575,163.66
Current liabilities:		
Short-term borrowings	7,065,682,875.16	7,579,559,304.97
Borrowings from the central bank		
Loans from other banks and financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	1,055,892,081.93	1,054,573,822.04
Accounts payable	2,301,879,604.84	2,659,946,562.93
Advances from customers		825.69
Contract liabilities	712,146,964.36	601,044,358.35
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	164,854,050.74	348,608,204.05
Taxes and levies payable	193,156,126.51	291,102,679.36
Other payables	1,593,870,928.75	1,895,711,373.34
Including: Interest payable	29,627,245.69	29,590,464.00
Dividends payable		
Fees and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	4,447,600,623.73	409,220,030.69
Other current liabilities	78,098,011.79	68,449,783.71
Total current liabilities	17,613,181,267.81	14,908,216,945.13
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	7,322,406,772.41	8,906,931,402.89
Bonds payable	3,738,967,976.95	4,792,392,044.13
Including: Preference shares		
Perpetual bonds		
Lease liabilities	31,784,224.41	36,586,639.16
Long-term payables	7,491,941.30	7,964,127.18
Long-term employee benefits payable	4,842,811.63	4,894,209.73
Provisions	192,586,085.71	159,395,579.55
Deferred income	325,256,711.48	334,844,966.31
Deferred income tax liabilities	261,413,172.81	99,030,646.40
Other non-current liabilities	311,712,735.60	314,233,260.08
Total non-current liabilities	12,196,462,432.30	14,656,272,875.43
Total liabilities	29,809,643,700.11	29,564,489,820.56
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Including: Preference shares		

Perpetual bonds		
Capital reserves	347,813,376.32	365,247,361.05
Less: Treasury stock		
Other comprehensive income	-15,311,006.86	-14,265,181.63
Specific reserve		
Surplus reserves	1,244,180,364.24	1,244,180,364.24
General reserve		
Retained earnings	3,791,941,933.35	3,638,868,004.50
Total equity attributable to owners of the Company as the parent	7,776,570,075.05	7,641,975,956.16
Non-controlling interests	759,358,777.34	821,109,386.94
Total owners' equity	8,535,928,852.39	8,463,085,343.10
Total liabilities and owners' equity	38,345,572,552.50	38,027,575,163.66

Legal representative: Zhou Bin CFO: Li Chunlei Head of the financial department: Ping Heng

2. Consolidated Income Statement

Unit: RMB

Item	Q1 2023	Q1 2022
1. Revenues	4,600,647,851.61	8,320,135,785.93
Including: Operating revenue	4,600,647,851.61	8,320,135,785.93
Interest revenue		
Insurance premium income		
Fee and commission income		
2. Costs and expenses	5,278,599,377.48	8,941,642,023.63
Including: Cost of sales	4,451,814,449.75	8,116,619,145.05
Interest costs		
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	23,526,112.70	24,211,357.37
Selling expense	249,669,243.57	285,983,402.43
Administrative expense	200,548,687.25	168,812,302.22
R&D expense	106,353,742.77	119,366,703.91
Finance costs	246,687,141.44	226,649,112.65
Including: Interest costs	224,916,477.38	243,819,799.49
Interest revenue	59,467,053.77	52,821,276.29
Add: Other income	40,112,945.00	201,195,546.29
Return on investment ("-" for loss)	816,925,419.92	356,591,250.76
Including: Share of profit or loss of joint ventures and associates	-16,602,829.69	39,261,474.65
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)		
Credit impairment loss ("-" for loss)	-2,853,517.25	2,597,264.26
Asset impairment loss ("-" for loss)	-706,509.70	-1,299,627.80
Asset disposal income ("-" for loss)	-265,897.79	6,760,995.88
3. Operating profit ("-" for loss)	175,260,914.31	-55,660,808.31
Add: Non-operating income	10,265,709.63	9,556,431.75
Less: Non-operating expense	2,437,470.87	940,039.98
4. Gross profit ("-" for loss)	183,089,153.07	-47,044,416.54
Less: Income tax expense	92,022,318.91	-79,188,796.00
5. Net profit ("-" for net loss)	91,066,834.16	32,144,379.46
5.1 By operating continuity		

5.1.1 Net profit from continuing operations (“-” for net loss)	91,066,834.16	32,144,379.46
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	152,513,923.41	104,376,396.19
5.2.1 Net profit attributable to non-controlling interests	-61,447,089.25	-72,232,016.73
6. Other comprehensive income, net of tax	-305,458.61	-1,524,466.40
Attributable to owners of the Company as the parent	-1,045,825.23	-1,067,773.17
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	-1,045,825.23	-1,067,773.17
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 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	-1,045,825.23	-1,067,773.17
6.2.7 Other		
Attributable to non-controlling interests	740,366.62	-456,693.23
7. Total comprehensive income	90,761,375.55	30,619,913.06
Attributable to owners of the Company as the parent	151,468,098.18	103,308,623.02
Attributable to non-controlling interests	-60,706,722.63	-72,688,709.96
8. Earnings per share		
8.1 Basic earnings per share	0.0633	0.0433
8.2 Diluted earnings per share	0.0633	0.0433

Legal representative: Zhou Bin CFO: Li Chunlei Head of the financial department: Ping Heng

3. Consolidated Cash Flow Statement

Unit: RMB

Item	Q1 2023	Q1 2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,577,159,145.45	8,562,218,536.27
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	64,819,428.29	74,729,863.58
Cash generated from other operating activities	121,196,319.41	350,880,406.46
Subtotal of cash generated from operating activities	4,763,174,893.15	8,987,828,806.31
Payments for commodities and services	4,794,630,422.89	8,525,783,311.94
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	571,153,686.19	608,845,622.58
Taxes and levies paid	186,102,399.10	87,268,734.60
Cash used in other operating activities	394,014,311.99	396,859,936.13
Subtotal of cash used in operating activities	5,945,900,820.17	9,618,757,605.25
Net cash generated from/used in operating activities	-1,182,725,927.02	-630,928,798.94
2. Cash flows from investing activities:		
Proceeds from disinvestment	277,786,299.25	43,513,336.72
Return on investment	39,420,914.22	19,721,203.55
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	1,578,239.32	723,375.00
Net proceeds from the disposal of subsidiaries and other business units	18,818,889.67	25,434,651.84
Cash generated from other investing activities	207,505,754.25	607,115,559.96
Subtotal of cash generated from investing activities	545,110,096.71	696,508,127.07
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	363,745,861.03	868,492,619.15
Payments for investments		178,342,076.16
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	343,430,861.17	237,564,897.73
Subtotal of cash used in investing activities	707,176,722.20	1,284,399,593.04
Net cash generated from/used in investing activities	-162,066,625.49	-587,891,465.97
3. Cash flows from financing activities:		
Capital contributions received	345,946.00	35,012,000.00
Including: Capital contributions by non-controlling interests to subsidiaries	345,946.00	35,012,000.00
Borrowings received	3,805,114,522.05	6,063,777,376.75
Cash generated from other financing activities	54,574,868.72	42,697,575.48
Subtotal of cash generated from financing activities	3,860,035,336.77	6,141,486,952.23
Repayment of borrowings	2,923,642,749.55	4,923,815,316.07
Interest and dividends paid	164,669,602.27	227,296,185.99
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	127,611,602.55	193,931,979.72
Subtotal of cash used in financing activities	3,215,923,954.37	5,345,043,481.78
Net cash generated from/used in financing activities	644,111,382.40	796,443,470.45
4. Effect of foreign exchange rates changes on cash and cash equivalents	-7,901,003.24	1,805,449.90
5. Net increase in cash and cash equivalents	-708,582,173.35	-420,571,344.56
Add: Cash and cash equivalents, beginning of the period	5,461,912,010.90	5,968,347,219.03
6. Cash and cash equivalents, end of the period	4,753,329,837.55	5,547,775,874.47

(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
28 April 2023