

KONKA GROUP CO., LTD.
FIRST QUARTER REPORT 2017

2017-22

April 2017

Section I Important Statements

The Board of Directors, the Supervisory Committee, directors, supervisors and senior management staff of Konka Group Co., Ltd. (hereinafter referred to as “the Company”) warrant that the information carried in this report is factual, accurate and complete, without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors have attended the board session for reviewing this report.

Liu Fengxi, Company Principal, Li Chunlei, Chief of the Accounting Work, and Feng Junxiu, Chief of the Accounting Organ (Chief of Accounting), hereby confirm that the financial statements enclosed in this report are factual, accurate and complete.

This Report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

Section II Profile of the Company

I Key financial results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data due to changes of accounting policies or correction of accounting errors

Yes No

	January-March 2017	January-March 2016	+/-%
Operating revenues (RMB)	4,686,318,957.3 4	4,072,311,262.9 2	15.08%
Net profit attributable to shareholders of the Company (RMB)	26,245,353.83	8,429,549.66	211.35%
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	-18,772,884.12	27,524,586.04	-168.20%
Net operating cash flow (RMB)	-1,629,437,072. 94	295,245,741.81	-651.89%
Basic earnings per share (RMB/share)	0.0109	0.0035	211.43%
Diluted earnings per share (RMB/share)	0.0109	0.0035	211.43%
Weighted average return on equity	0.90%	0.30%	0.60%
	March 31, 2017	December 31, 2016	+/-%
Total assets (RMB)	18,539,102,991. 75	17,243,119,597. 97	7.52%
Net assets attributable to shareholders of the Company (RMB)	2,930,377,224.2 3	2,901,481,607.0 4	1.00%

Exceptional profit and loss

Applicable Not applicable

Unit: RMB

Item	January-March 2017	Note
Profit/loss on disposal of non-current assets (including offset asset impairment provisions)	33,059,453.01	
Government subsidies charged to the profit/loss for this Reporting Period (except for the government grants closely related to the business of the Company and given at a fixed quota or amount in accordance with the State's uniform standards)	48,128,191.73	
Profit/loss on entrusting others with investments or asset management	28,220,131.51	
Profit/loss on fair value changes of transactional financial assets and liabilities &	-53,257,727.64	

investment income from disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to routine operations of the Company		
Non-operating income and expense other than the above	6,863,175.27	
Less: Corporate income tax effects	17,593,437.26	
Minority interests effects (after tax)	401,548.67	
Total	45,018,237.95	--

Explanation of why the Company classified an item as exceptional profit/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Profit and Loss, or reclassified any exceptional profit/loss item given as an example in the said explanatory announcement to recurrent profit/loss

√ Applicable □ Not applicable

Item	Amount (RMB)	Reason
Tax rebates on software	24,447,136.81	Government grants closely related to the Company's normal operation and constantly given at certain quotas or amounts according to the government's policies and standards

II Total number of shareholders at the period-end and shareholdings of top ten shareholders

1. Numbers of common shareholders and preference shareholders with resumed voting rights as well as shareholdings of top ten shareholders

Unit: share

Total number of common shareholders at the period-end	126,834	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0			
Shareholdings of top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares
OCT ENTERPRISES CO.	State-owned corporation	21.75%	523,746,932	0		
CITIC SECURITIES BROKERAG (HK) CO., LIMITED	Foreign corporation	7.56%	182,100,202	0		
HOLY TIME GROUP LIMITED	Foreign	2.33%	56,049,824	0		

	corporation					
GUOYUAN SECURITIES BROKERAGE (HK) CO., LIMITED	Foreign corporation	2.32%	55,973,345	0		
GAOLING FUND, L.P.	Foreign corporation	2.19%	52,801,250	0		
NANHUA FUTURES CO., LIMITED-NANHUA FUTURES NO.5 SILVER LEAF ASSET MANAGEMENT PLAN	Other	1.22%	29,446,979	0		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.97%	23,246,820	0		
NAM NGAI	Foreign individual	0.94%	22,535,240	0		
CSI CAPITAL MANAGEMENT LIMITED	Foreign corporation	0.83%	20,050,928	0		
MENG DILIANG	Domestic individual	0.62%	15,000,083	0		

Shareholdings of top ten non-restricted shareholders

Name of shareholder	Number of non-restricted shares held	Variety of shares	
		Variety	Number
OCT ENTERPRISES CO.	523,746,932	RMB common shares	523,746,932
CITIC SECURITIES BROKERAG (HK) CO., LIMITED	182,100,202	Domestically listed foreign shares	182,100,202
HOLY TIME GROUP LIMITED	56,049,824	Domestically listed foreign shares	56,049,824
GUOYUAN SECURITIES BROKERAGE (HK) CO., LIMITED	55,973,345	Domestically listed foreign shares	55,973,345
GAOLING FUND,L.P.	52,801,250	Domestically listed foreign shares	52,801,250
NANHUA FUTURES CO., LIMITED-NANHUA FUTURES NO.5 SILVER LEAF ASSET MANAGEMENT PLAN	29,446,979	RMB common shares	29,446,979
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	23,246,820	Domestically listed foreign	23,246,820

		shares	
NAM NGAI	22,535,240	Domestically listed foreign shares	22,535,240
CSI CAPITAL MANAGEMENT LIMITED	20,050,928	Domestically listed foreign shares	20,050,928
MENG DILIANG	15,000,083	RMB common shares	15,000,083
Related or acting-in-concert parties among the above shareholders	The wholly owned subsidiary Jialong Investment Co., Ltd. of the first majority shareholder Overseas Chinese Town Enterprises Co. respectively hold the common share of the Company of 180,001,110 shares and 18,360,000 shares through CITIC Securities Brokerage (HK) Co., Limited and China Merchants Securities (HK) Co., Ltd., and Jialong Investment Co., Ltd. and Overseas Chinese Town Enterprises Co. were persons acting in concert; the Company does not know whether the other shareholders are related parties and whether they are acting-in-concert parties.		
Top ten common shareholders conducting securities margin trading (if any)	A-share shareholder Meng Diliang holds the share of the Company of 15,000,083 shares through the account of customer credit transactions secured securities in Essence Securities Co., Limited.		

Did any of the top ten common shareholders or the top ten non-restricted common shareholders of the Company conduct any promissory repo during the Reporting Period?

Yea No

No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top ten of them

Applicable Not applicable

Section III Significant Events

I Changes in the key financial results of this Reporting Period, as well as the reasons for such changes

√ Applicable □ Not applicable

(I) During the Reporting Period, the Company became a top sponsor for the Jiangsu Suning Football Club, which would infuse new vitality into the Company's brand by introducing it to more young people, and at the same time bring about a positive effect on the other cooperation between the Company and Suning Commerce Group Co., Ltd.

In the period, the Company carried on with its mechanism reform. On March 10, 2017, it finished hiring new senior executive officers in an open and market-oriented way. Meanwhile, the market-oriented mechanism reform on business units proceeded smoothly.

In the period, the Company has become more capable in the smart TV business. It not only realized a considerable year-on-year growth in revenues from both contents provided and advertising service, but also has strengthened its user loyalty and brand competitiveness. Hardware (end products) is no longer the only main source for its profit. It can now also rely on software (contents provided for users) as another main source.

In the period, the Company tried to produce more competitive products through integrating its R&D, production and supply systems, as well as through improving its product structure. However, due to the rising costs of raw materials, the gross profit margins of color TVs and white goods saw a drop, leading to a loss in the main business.

For the period, the exceptional profits and losses had an effect of RMB45.02 million on the net profit.

(II) Changes in key financial results

Unit: RMB'0,000

Item	March 31, 2017	December 31, 2016	Change	Change (%)	Main reason for change
Transactional financial assets	19,325.87	25,208.50	-5,882.63	-23.34%	Changes in the closing fair value of transactional financial assets
Accounts paid in advance	112,026.93	27,481.07	84,545.86	307.65%	Increased prepayments for the Company's business
Item	January-March 2017	January-March 2016	Change	Change (%)	Main reason for change

Gains on fair value changes	-6,933.28	-4,832.58	-2,100.70	-43.47%	Fair value changes of the shares of the Refond stock
Investment income	3,497.92	-130.49	3,628.41	2780.60%	The idle land of subsidiary Kunshan Konka was purchased by the government for reserve

II Progress of significant events and analysis & explanations on their influence and solutions

√ Applicable □ Not applicable

1. Progress on the project of city renewal in the plant area of our Headquarters

According to the Proposal on the Cooperation Development Plan of the Urban Renewal Projects of the Headquarters Factory of Konka Group which be reviewed and approved by the 2nd Extraordinary General Meeting held on 8 Dec. 2014 by the Company, the Company and the OCT Enterprises Co. set up the Shenzhen Kangqiao Jiacheng Real Estate Investment Co., Ltd. by joint capital, and developed the urban renewal project in the plan area of the Company's original headquarters by regarding Shenzhen Kangqiao Jiacheng Real Estate Investment Co., Ltd. as the main body.

Shenzhen Kangqiao Jiacheng Real Estate Investment Co., Ltd. has worked out the land use planning and obtained the land use planning permit, approval of energy conservation assessment report and EIA report. Besides, it has signed the contract for land transfer and paid the first tranche for land transfer. At present, Shenzhen Kangqiao Jiacheng Real Estate Investment Co., Ltd. is making an integral design and conducting geological prospecting.

2. Progress on our Kunshan Zhouzhuang project

After the approval by the 42nd meeting of the 6th Board of Directors, the Company obtained the land use rights of the land in the south of Quanwang Road, Zhouzhuang County, Kunshan. The project covers an area of 366,575.8 m² for tourism facilities and commercial housing.

The Company is planned to develop the land by stages and determine the annual development plans according to market condition. Recently the residential projects of Phase I and Phase II had both completed and the majority of the residential sales had finished with the Phase III was still in progress.

3. Progress on the project of Building Konka Science Innovation Centre

According to the Proposal on the Investment in Building Konka Science Innovation Centre in Chuzhou which was reviewed and approved by the 24th meeting of the 8th Board of Directors held on Dec. 29, 2016, the Company increased its investments in Chuzhou Konka Technology Industry Development Co., Ltd. and invested in the building of Konka Science Innovation Centre in Chuzhou economic development zone by regarding Chuzhou Konka Technology Industry Development Co., Ltd. as the main body.

During this Reporting Period, the Company has signed the investment cooperation agreement with Chuzhou economic development zone management committee and obtained the land use right of

parcels covering an area of about 68 mu for commercial use in west side of Nanqiao South Road in Chuzhou City and south side of Chuyang Road through auction. At present Chuzhou Konka Technology Industry Development Co. Ltd. is making the development plan.

Summary of significant event	Date of disclosure	Index to disclosed information
The Three-old Renovation Project in Guankang Plant and Project of Investment in Building the New Plant in Dongguan.	03/11/2017	http://www.cninfo.com.cn

III Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management or other related parties fulfilled in the Reporting Period or ongoing at the period-end

Applicable Not applicable

No such cases in the Reporting Period.

IV Operating result forecast for January-June 2017

Forecast of a possible deficit or considerable change in the accumulative net profit made during the period from the beginning of the year to the end of the next reporting period, as well as explanation of why:

Applicable Not applicable

V Securities investments

Applicable Not applicable

Variety of securities	Code of securities	Name of securities	Initial investment cost (RMB)	Number of shares held at period-begin	Share holding percentage at period-begin	Number of shares held at period-end	Share holding percentage at period-end	Closing book value (RMB)	Gain/loss for reporting period (RMB)	Accounting title	Source of securities
Stock	300605	HFX X	4671.8	0	0	0	0	0	19929.7	Available-for-sale financial assets	New shares subscribed

Stoc k	30061 0	CHG F	3371.83	0	0	0	0	0	11417.01	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	30060 9	HN KJ	3369.8	0	0	0	0	0	22235.7	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	00284 8	GSB E	4417	0	0	0	0	0	21693	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	00284 9	WX ZN	3575.68	0	0	0	0	0	15516.32	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	30061 1	ML KJ	3579.03	0	0	0	0	0	13733.07	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	00285 0	KDL	22997	0	0	0	0	0	62204.75	Availabl e-for-sale financial assets	New shar es subs cribe d
Stoc k	00285 1	MG MT	4016.1	0	0	0	0	0	22383.9	Availabl e-for-sale financial assets	New shar es subs cribe d

Stock	300616	SPZP	20109.5	0	0	0	0	0	47970.5	Available-for-sale financial assets	New shares subscribed
Stock	300618	HRGY	5689.65	0	0	0	0	0	42894.02	Available-for-sale financial assets	New shares subscribed
Stock	002852	DDQ	17832.1	0	0	0	0	0	42423.433	Available-for-sale financial assets	New shares subscribed
Stock	300620	GKJ	2766.06	0	0	0	0	0	11882.2	Available-for-sale financial assets	New shares subscribed
Stock	300622	BSYJ	1916.85	0	0	195	0	8667.75	0	Available-for-sale financial assets	New shares subscribed
Stock	300623	JJWD	5526	0	0	0	0	0	13674	Available-for-sale financial assets	New shares subscribed
Stock	300621	WYGF	4016.2	0	0	467	0	16489.77	0	Available-for-sale financial assets	New shares subscribed

Stock	300625	SXJG	10885.2	0	0	0	0	0	21996	Available-for-sale financial assets	New shares subscribed
Stock	002856	MZGF	3831.3	0	0	330	0	13008.6	0	Available-for-sale financial assets	New shares subscribed
Stock	002855	JRJS	3256.92	0	0	498	0	10059.6	0	Available-for-sale financial assets	New shares subscribed
Stock	300626	HRGF	2362.5	0	0	315	0	8026.2	0	Available-for-sale financial assets	New shares subscribed
Stock	300627	HCDH	2949.87	0	0	231	0	9106.02	0	Available-for-sale financial assets	New shares subscribed
Stock	300630	PLZY	4389.18	0	0	382	0	8415.46	0	Available-for-sale financial assets	New shares subscribed
Stock	002774	KYDT	5124	0	0	840	0	11886	0	Available-for-sale financial assets	New shares subscribed

Stock	002859	JMKJ	6798.96	0	0	228	0	6798.96	0	Available-for-sale financial assets	New shares subscribed
Stock	300635	DA GF	3605.49	0	0	291	0	5191.44	0	Available-for-sale financial assets	New shares subscribed
Stock	300632	GPGF	2549.55	0	0	345	0	2549.55	0	Available-for-sale financial assets	New shares subscribed
Stock	300241	RFGD	232,711,950.00	13,155,000	4.76%	13,155,000	4.76%	176,540,100	-35,650,050	Trading financial assets	
Other security investment held at period-end			0	0	--	0	--	0	0	--	--
Total			232,865,557.57	13,155,000	--	13,159,122	--	176,640,299.35	-35,280,096.40	--	--
Disclosure date of the board announcement on securities investment approval						N/A					
Disclosure date of the general meeting announcement on securities investment approval (if any)						N/A					

VI Investments in derivative financial instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Source of investment funds	USD financing
Lawsuit (if applicable)	N/A
Disclosure date of the announcement about the board's consent for the investment	05/24/2014
Disclosure date of the announcement about the general	06/10/2014

meeting's consent for the investment	
Risk analysis and risk control measures for positions held in derivatives in the Reporting Period	We engage in forward forex transactions to reduce the currency risk when securing foreign-currency financing. This is very needed in our routine operation and is in compliance with the applicable laws and regulations. We have formulated the Management Rules of Konka Group Co., Ltd. for Investment In Derivative Financial Instruments, making clear the relevant consideration and approval procedure, risk control, etc.. We always sign forward forex contracts with large banks such as the Bank of China, which operate steadily and have good credit standing, which could help prevent loss on forward forex contracts due to bank failure.
Changes in market price or fair value of derivatives invested in the Reporting Period (specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives)	How we usually measure the fair value of derivative financial instruments: Based on the forward forex sales and purchase contracts that are signed between the Company and banks and have not expired in a Reporting Period, we recognize the differences between the quotations for these contracts on the balance sheet dates provided by the banks and the contractual prices as transactional financial assets or liabilities, and the profit/loss on fair value changes is recognized accordingly. Because these contracts have locked in exchange rates, no changes will occur when comparing the fair value on signing dates with that on delivery dates.
Significant changes in the Company's accounting policies and specific accounting principles for derivatives in the Reporting Period as compared to the prior period	N/A
Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control	It is considered necessary for the Company to lock in foreign-currency financing costs through financial instruments, because it could effectively reduce the currency risk when securing foreign-currency financing. The Company has formulated the internal control mechanism for investment in derivative financial instruments, and the relevant risk control measures that the Company has taken are considered effective.

Unit: RMB'0,000

Type of derivative financial instrument	Opening contractual amount	Closing contractual amount	Profit/loss in the Reporting Period	Closing investment amount as a percentage of the Company's closing net assets
Forward forex contract	137,247.18	153,500.38	-1,659.10	52.38%

VII Visits paid to the Company in the Reporting Period for purposes of research, communication, interview, etc.

Applicable Not applicable

No such cases in the Reporting Period.

VIII Illegal provision of guarantees for external parties

Applicable Not applicable

No such cases in the Reporting Period.

IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

Applicable Not applicable

No such cases in the Reporting Period.

Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by Konka Group Co., Ltd.

March 31, 2017

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,329,841,813.95	2,617,606,256.42
Settlement reserve		
Interbank lendings		
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	193,258,692.37	252,084,994.12
Derivative financial assets		
Notes receivable	2,793,422,570.38	2,871,633,498.82
Accounts receivable	2,038,181,138.03	2,307,965,548.49
Accounts paid in advance	1,120,269,312.59	274,810,658.72
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	820,013.85	1,342,063.84
Dividends receivable	10,171,609.48	10,171,609.48
Other accounts receivable	283,647,558.38	222,389,921.80
Financial assets purchased under agreements to resell		
Inventories	5,494,420,460.51	4,287,413,944.35
Assets held for sale		
Non-current assets due within one year		
Other current assets	439,759,267.01	562,204,116.20
Total current assets	14,703,792,436.55	13,407,622,612.24
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	315,008,440.18	314,967,639.36

Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	313,648,120.37	309,648,120.37
Investment property	220,679,085.69	222,086,904.26
Fixed assets	1,556,678,058.00	1,573,978,914.03
Construction in progress	347,616,910.58	315,536,437.05
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	255,029,607.52	302,045,627.44
R&D expenses		
Goodwill	3,597,657.15	3,597,657.15
Long-term deferred expenses	88,824,182.52	91,901,533.39
Deferred tax assets	714,228,493.19	701,734,152.68
Other non-current assets	20,000,000.00	
Total non-current assets	3,835,310,555.20	3,835,496,985.73
Total assets	18,539,102,991.75	17,243,119,597.97
Current liabilities:		
Short-term borrowings	7,855,946,916.74	6,562,834,226.51
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period	5,720,009.41	337,263.13
Derivative financial liabilities		
Notes payable	959,618,467.71	863,709,138.39
Accounts payable	2,777,439,129.23	3,160,073,575.56
Accounts received in advance	1,593,377,657.51	1,201,426,223.70
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	201,373,491.43	273,059,516.65
Taxes payable	105,214,729.16	121,905,421.18
Interest payable	17,875,291.84	21,344,172.45
Dividends payable		

Other accounts payable	1,394,683,434.33	1,444,349,986.74
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year	41,025.60	41,025.60
Other current liabilities		
Total current liabilities	14,911,290,152.96	13,649,080,549.91
Non-current liabilities:		
Long-term borrowings	70,000,000.00	70,000,000.00
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable	30,102,564.14	30,102,564.14
Long-term payroll payable	16,836,847.08	18,151,659.90
Special payables		
Estimated liabilities	7,551,985.10	7,551,985.10
Deferred income	128,221,227.04	130,571,125.42
Deferred tax liabilities	26,610,301.90	19,162,818.83
Other non-current liabilities		
Total non-current liabilities	279,322,925.26	275,540,153.39
Total liabilities	15,190,613,078.22	13,924,620,703.30
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	79,723,092.04	79,723,092.04
Less: Treasury shares		
Other comprehensive income	-4,281,841.29	-6,932,104.65
Special reserve		
Surplus reserve	847,908,466.28	847,908,466.28
Provisions for general risks		

Retained earnings	-400,917,900.80	-427,163,254.63
Equity attributable to owners of the Company	2,930,377,224.23	2,901,481,607.04
Minority interests	418,112,689.30	417,017,287.63
Total owners' equity	3,348,489,913.53	3,318,498,894.67
Total liabilities and owners' equity	18,539,102,991.75	17,243,119,597.97

Legal representative: Liu Fengxi

Accounting head for this Report: Li Chunlei

Head of the accounting department: Feng Junxiu

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	1,191,529,650.54	982,562,273.45
Financial assets measured at fair value with fair value changes included in the profit and loss for the Reporting Period	16,153,593.63	39,894,844.12
Derivative financial assets		
Notes receivable	2,648,160,798.97	2,513,459,083.61
Accounts receivable	1,717,714,673.86	3,145,529,199.35
Accounts paid in advance	942,982,151.59	523,905,219.52
Interest receivable	12,432,279.56	4,502,350.43
Dividends receivable		
Other accounts receivable	2,482,317,325.16	1,725,494,161.08
Inventories	2,838,250,836.90	1,926,824,243.11
Assets held for sale		
Non-current assets due within one year		
Other current assets	346,247,339.25	505,418,961.79
Total current assets	12,195,788,649.46	11,367,590,336.46
Non-current assets:		
Available-for-sale financial assets	270,217,639.36	270,217,639.36
Held-to-maturity investments	170,000,000.00	170,000,000.00
Long-term accounts receivable		
Long-term equity investments	2,423,970,009.87	2,383,970,009.87
Investment property	220,679,085.69	222,086,904.26
Fixed assets	498,904,455.22	499,826,176.39
Construction in progress	18,414,554.20	11,754,885.34
Engineering materials		

Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	89,693,779.27	90,880,022.23
R&D expenses		
Goodwill		
Long-term deferred expenses	64,787,788.84	66,995,753.17
Deferred tax assets	669,747,746.93	656,704,805.39
Other non-current assets	20,000,000.00	
Total non-current assets	4,446,415,059.38	4,372,436,196.01
Total assets	16,642,203,708.84	15,740,026,532.47
Current liabilities:		
Short-term borrowings	5,744,550,912.48	5,436,958,840.80
Financial liabilities measured at fair value with fair value changes included in the profit and loss for the Reporting Period	5,720,009.41	337,263.13
Derivative financial liabilities		
Notes payable	1,729,962,097.76	1,454,982,347.31
Accounts payable	3,944,601,090.75	3,710,175,718.31
Accounts received in advance	717,171,976.85	322,402,357.59
Payroll payable	111,223,674.82	131,415,800.19
Taxes payable	9,241,720.10	19,823,949.08
Interest payable	24,405,190.47	23,767,528.97
Dividends payable		
Other accounts payable	1,549,442,206.14	1,760,751,455.81
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	13,836,318,878.78	12,860,615,261.19
Non-current liabilities:		
Long-term borrowings	40,000,000.00	40,000,000.00
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		

Special payables		
Estimated liabilities	7,551,985.10	7,551,985.10
Deferred income	82,093,048.08	82,166,818.30
Deferred tax liabilities	3,810,512.81	12,026,251.50
Other non-current liabilities		
Total non-current liabilities	133,455,545.99	141,745,054.90
Total liabilities	13,969,774,424.77	13,002,360,316.09
Owners' equity:		
Share capital	2,407,945,408.00	2,407,945,408.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	64,794,108.39	64,794,108.39
Less: Treasury shares		
Other comprehensive income	6,714,437.62	6,714,437.62
Special reserve		
Surplus reserve	847,908,466.28	847,908,466.28
Retained earnings	-654,933,136.22	-589,696,203.91
Total owners' equity	2,672,429,284.07	2,737,666,216.38
Total liabilities and owners' equity	16,642,203,708.84	15,740,026,532.47

3. Consolidated income statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	4,686,318,957.34	4,072,311,262.92
Including: Sales income	4,686,318,957.34	4,072,311,262.92
Interest income		
Premium income		
Fee and commission income		
2. Operating costs	4,733,743,173.50	4,087,027,057.79
Including: Cost of sales	4,023,149,407.98	3,295,207,195.04
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		

Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	18,889,210.59	30,983,026.43
Selling expenses	518,071,670.57	581,981,228.20
Administrative expenses	135,856,678.53	128,846,125.87
Finance costs	42,775,464.29	49,908,929.45
Asset impairment loss	-4,999,258.46	100,552.80
Add: Profit on fair value changes (“-” means loss)	-69,332,778.97	-48,325,831.76
Investment income (“-” means loss)	34,979,227.70	-1,304,925.71
Including: Share of profit/loss of associates and joint ventures		-4,870,387.27
Exchange gains (“-” means loss)		
3. Operating profit (“-” means loss)	-81,777,767.43	-64,346,552.34
Add: Non-operating income	113,572,905.33	95,656,195.94
Including: Profit on disposal of non-current assets		
Less: Non-operating expense	767,810.90	1,657,321.74
Including: Loss on disposal of non-current assets	319,760.30	435,798.87
4. Total profit (“-” means loss)	31,027,327.00	29,652,321.86
Less: Corporate income tax	5,067,406.90	15,988,231.88
5. Net profit (“-” means loss)	25,959,920.10	13,664,089.98
Net profit attributable to owners of the Company	26,245,353.83	8,429,549.66
Minority interests' income	-285,433.73	5,234,540.32
6. Other comprehensive income net of tax	2,713,427.50	475,840.93
Other comprehensive income net of tax attributable to owners of the Company	2,650,263.36	623,958.73
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss	2,650,263.36	623,958.73
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets		-1,875.00

6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences	2,650,263.36	625,833.73
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests	63,164.14	-148,117.80
7. Total comprehensive income	28,673,347.60	14,139,930.91
Attributable to owners of the Company	28,895,617.19	9,053,508.39
Attributable to minority interests	-222,269.59	5,086,422.52
8. Earnings per share		
8.1 Basic earnings per share	0.0109	0.0035
8.2 Diluted earnings per share	0.0109	0.0035

Where business mergers under the same control occurred in this Reporting Period, the net profit achieved by the merged parties before the business mergers was RMB , with the corresponding amount for the last period being RMB .

Legal representative: Liu Fengxi

Accounting head for this Report: Li Chunlei

Head of the accounting department: Feng Junxiu

4. Income statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Operating revenues	3,528,146,131.01	3,854,840,193.45
Less: Operating costs	3,096,777,598.35	3,347,575,734.55
Taxes and surtaxes	5,965,647.75	18,102,003.16
Selling expenses	384,384,952.78	439,392,583.89
Administrative expenses	97,836,429.53	67,824,174.31
Finance costs	100,233,983.39	25,796,188.79
Asset impairment loss		
Add: profit on fair value changes (“-” means loss)	-34,248,996.77	-17,929,885.83
Investment income (“-” means loss)	46,382,940.03	5,058,973.00
Including: Share of profit/loss of associates and joint ventures		-1,400,941.31
2. Operating profit (“-” means loss)	-144,918,537.53	-56,721,404.08
Add: Non-operating income	58,888,782.88	72,920,014.47
Including: Profit on disposal of non-current assets		
Less: Non-operating expense	465,857.89	438,291.21

Including: Loss on disposal of non-current assets	48,234.28	17,639.35
3. Total profit (“-” means loss)	-86,495,612.54	15,760,319.18
Less: Corporate income tax	-21,258,680.23	5,046,558.67
4. Net profit (“-” means loss)	-65,236,932.31	10,713,760.51
5. Other comprehensive income net of tax		-1,875.00
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss		-1,875.00
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets		-1,875.00
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	-65,236,932.31	10,711,885.51
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	January-March 2017	January-March 2016
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,504,876,874.27	4,128,537,310.84
Net increase in money deposits from customers and interbank placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		

Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received	102,339,410.87	118,489,827.76
Cash received from other operating activities	118,039,119.57	100,254,946.62
Subtotal of cash inflows from operating activities	3,725,255,404.71	4,347,282,085.22
Cash paid for goods and services	4,440,141,644.59	3,061,319,272.92
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	458,532,563.30	472,208,935.22
Taxes paid	135,715,221.18	236,824,221.56
Cash paid for other operating activities	320,303,048.58	281,683,913.71
Subtotal of cash outflows due to operating activities	5,354,692,477.65	4,052,036,343.41
Net cash flows from operating activities	-1,629,437,072.94	295,245,741.81
2. Cash flows from investing activities:		
Cash received from retraction of investments	112,806.75	16,140.00
Cash received as investment income	30,385,376.69	9,635,784.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	78,346,069.28	112,952.43
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	557,451,449.68	1,020,011,000.00
Subtotal of cash inflows from investing activities	666,295,702.40	1,029,775,877.36
Cash paid to acquire fixed assets, intangible assets and other long-term assets	73,620,997.55	21,789,341.60
Cash paid for investment	4,157,113.94	10,455.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	285,575,000.00	498,374,070.44
Subtotal of cash outflows due to investing activities	363,353,111.49	520,173,867.04

Net cash flows from investing activities	302,942,590.91	509,602,010.32
3. Cash flows from financing activities:		
Cash received from capital contributions	265,000.00	4,900,000.00
Including: Cash received from minority shareholder investments by subsidiaries	265,000.00	4,900,000.00
Cash received as borrowings	2,238,876,860.00	402,000,000.00
Cash received from issuance of bonds		
Cash received from other financing activities	444,080,082.06	717,390,962.65
Subtotal of cash inflows from financing activities	2,683,221,942.06	1,124,290,962.65
Repayment of borrowings	1,143,869,292.69	1,652,225,338.64
Cash paid for interest expenses and distribution of dividends or profit	105,020,297.25	16,401,232.21
Including: dividends or profit paid by subsidiaries to minority interests		
Cash paid for other financing activities	318,701.97	18,138,337.59
Sub-total of cash outflows due to financing activities	1,249,208,291.91	1,686,764,908.44
Net cash flows from financing activities	1,434,013,650.15	-562,473,945.79
4. Effect of foreign exchange rate changes on cash and cash equivalents	5,263,241.18	-3,722,947.81
5. Net increase in cash and cash equivalents	112,782,409.30	238,650,858.53
Add: Opening balance of cash and cash equivalents	2,020,902,945.14	1,488,154,851.35
6. Closing balance of cash and cash equivalents	2,133,685,354.44	1,726,805,709.88

6. Cash flow statement of the Company

Unit: RMB

Item	January-March 2017	January-March 2016
1. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	4,295,329,683.99	3,339,394,183.83
Tax refunds received	26,891,931.97	77,823,014.80
Cash received from other operating activities	707,878,209.00	189,560,391.00
Subtotal of cash inflows from operating activities	5,030,099,824.96	3,606,777,589.63
Cash paid for goods and services	3,920,920,891.18	3,160,511,022.15
Cash paid to and for employees	276,264,044.77	267,788,226.72
Taxes paid	46,694,339.02	156,747,638.23
Cash paid for other operating activities	1,124,083,766.45	417,545,747.64
Subtotal of cash outflows due to operating activities	5,367,963,041.42	4,002,592,634.74
Net cash flows from operating activities	-337,863,216.46	-395,815,045.11

2. Cash flows from investing activities:		
Cash received from retraction of investments		5,685.00
Cash received as investment income	32,123,053.44	17,509,465.52
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	98,058.25	110,602.00
Net cash received from disposal of subsidiaries or other business units		
Cash received from other investing activities	557,000,000.00	1,122,000,000.00
Subtotal of cash inflows from investing activities	589,221,111.69	1,139,625,752.52
Cash paid to acquire fixed assets, intangible assets and other long-term assets	15,173,135.90	2,400,854.44
Cash paid for investment	40,000,000.00	8,016,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	333,255,000.00	570,030,000.00
Subtotal of cash outflows due to investing activities	388,428,135.90	580,446,854.44
Net cash flows from investing activities	200,792,975.79	559,178,898.08
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received as borrowings	471,029,374.72	402,000,000.00
Cash received from issuance of bonds		
Cash received from other financing activities	141,159,013.75	
Subtotal of cash inflows from financing activities	612,188,388.47	402,000,000.00
Repayment of borrowings	165,708,656.06	
Cash paid for interest expenses and distribution of dividends or profit	101,133,666.93	2,671,625.00
Cash paid for other financing activities	318,701.97	310,717,730.59
Sub-total of cash outflows due to financing activities	267,161,024.96	313,389,355.59
Net cash flows from financing activities	345,027,363.51	88,610,644.41
4. Effect of foreign exchange rate changes on cash and cash equivalents	7,947,240.71	-462,682.54
5. Net increase in cash and cash equivalents	215,904,363.55	251,511,814.84
Add: Opening balance of cash and cash equivalents	973,613,753.40	478,267,624.53
6. Closing balance of cash and cash equivalents	1,189,518,116.95	729,779,439.37

II Auditor's report

Is this Report audited?

Yes No

This Report is not audited.

The Board of Directors

Konka Group Co., Ltd.

April 28, 2017