

KONKA GROUP CO., LTD.

INTERIM REPORT 2020

2020-90

August 2020

Part I Important Notes, Table of Contents and Definitions

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

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

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

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

The Company has no interim dividend plan, either in the form of cash or stock.

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

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Definitions

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

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

Hainan Technology	Hainan Konka Technology Industry Development Co., Ltd.
Shengxing Industrial	Shenzhen Konka Shengxing Industrial Co., Ltd.
Industrial Park Development	Shenzhen Konka Industrial Park Development Co., Ltd.
Zhitong Technology	Shenzhen Konka Zhitong Technology Co., Ltd.
Kangjiatong	Sichuan Kangjiatong Technology Co., Ltd.
Electronics Technology	Shenzhen Konka Electronics Technology Co., Ltd.
XingDa HongYe	GuangDong XingDa HongYe Electronic Co., Ltd.
Shanghai Xinfeng	Shanghai Xinfeng Zhuoqun PCB Co., Ltd.
Anhui Zhilian	Anhui Konka Zhilian E-Commerce Co., Ltd.
Nanjing Konka	Nanjing Konka Smart Technology Co., Ltd.
Youzhihui	Shenzhen Youzhihui Technology Co., Ltd.
Xiaojia Technology	Shenzhen Xiaojia Technology Co., Ltd.
Haimen Konka	Haimen Konka Smart Technology Co., Ltd.
Chengdu Konka Smart	Chengdu Konka Smart Technology Co., Ltd.
Chengdu Konka Electronic	Chengdu Konka Electronic Co., Ltd.
Econ Technology	Shandong Econ Technology Co., Ltd.
Beijing Econ	Beijing Econ Runfeng Technology Co., Ltd.
Shanghai Jiyi	Shanghai Jiyi Environmental Technology Co., Ltd.
Binzhou Econ Zhongke	Binzhou Econ Zhongke Environmental Technology Co., Ltd.
Lairun Holding	Laizhou Lairun Holding Co., Ltd.
Lairun Environmental Protection	Laizhou Lairun Environmental Protection Co., Ltd.
Lairun Wastewater	Laizhou Lairun Wastewater Treatment Co., Ltd.
Binhai Wastewater	Laizhou Binhai Wastewater Treatment Co., Ltd.
Econ Environmental Engineering	Econ Environmental Engineering Co., Ltd.
Rushan Econ	Rushan Econ Water Environment Management Co., Ltd.
Binzhou Weiyijie	Binzhou Weiyijie Environmental Technology Co., Ltd.
Binzhou Beihai Jingmai	Binzhou Beihai Jingmai Industrial Development Co., Ltd.
Chunzhiran	Yantai Chunzhiran Environmental Technology Co., Ltd.
Donggang Kangrun	Donggang Kangrun Environmental Management Co., Ltd.
Yantai Kangrun	Kangrunhong environmental protection technology (Yantai) Co., Ltd.
Dayi Kangrun Water	Dayi Kangrun Water Co., Ltd.
Suining Pengxi Kangrun	Suining Pengxi Kangrun Environmental Management Co., Ltd.
Subei Kangrun Water	Subei Mongol Autonomous County Kangrun Water Co., Ltd.
Weifang Sihai Kangrun	Weifang Sihai Kangrun Investment Operation Co., Ltd.

Lushan Kangrun Environmental	Lushan Kangrun Environmental Management Co., Ltd.
Funan Kangrun Water	Funan Kangrun Water Co., Ltd.
Wuhan Runyuan Wastewater	Wuhan Runyuan Wastewater Treatment Co., Ltd.
Tongchuan Kangrun Honghui	Tongchuan Kangrun Honghui Environmental Management Co., Ltd.
Boxing Xingkang Environmental	Boxing Xingkang Environmental Technology Co., Ltd.
Tingyuan Environmental	Tingyuan Environmental Technology (Shanghai) Co., Ltd.
Yantai Kangyun	Yantai Kangyun Industrial Development Co., Ltd.
Yantai Laikang	Yantai Laikang Industrial Development Co., Ltd.
Konka Huanjia	Konka Huanjia (Dalian) Environmental Technology Co., Ltd.
Konka Huanjia (Henan)	Konka Huanjia (Henan) Environmental Technology Co., Ltd.
Shanghai Konka	Shanghai Konka Industrial Co., Ltd.
Yantai Konka Industrial	Yantai Konka Industrial Co., Ltd.
Yantai Kangjin	Yantai Kangjin Technology Development Co., Ltd.
Shandong Kangxin	Shandong Kangxin Industrial Development Co., Ltd.
Jiangxi Konka	Jiangxi Konka New Material Technology Co., Ltd.
Xinfeng Microcrystalline	Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.
Nano Crystallized Glass	Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.
Shenzhen Nianhua	Shenzhen Nianhua Enterprise Management Co., Ltd.
Shenzhen KONSEMI	Shenzhen KONSEMI Co., Ltd.
Shenzhen Meixin	Shenzhen Meixin Semiconductor Technology Co., Ltd.
Zhengmao Semiconductor	Chongqing Zhengmao Semiconductor Co., Ltd.
Hefei KONSEMI	Hefei KONSEMI Storage Technology Co., Ltd.
Yihe Electronic	Hefei Yihe Electronic Co., Ltd.
Chongqing Konka	Chongqing Konka Technology Development Co., Ltd.
Shenzhen Huiying Technology	Shenzhen Konka Huiying Technology Co., Ltd.
Chongqing Huiying Technology	Chongqing Konka Huiying Technology Co., Ltd.
Konka Eco-Development	Shenzhen Konka Eco-Development Investment Co., Ltd.
Suining Konka Industrial Park	Suining Konka Industrial Park Development Co., Ltd.
Konka Ronghe	Konka Ronghe Industrial Technology (Foshan) Co., Ltd.
Suining Electronic Technological Innovation	Suining Konka Electronic Technological Innovation Co., Ltd.
Dongguan Konka Investment	Dongguan Konka Investment Co., Ltd.
Shenzhen Chuangzhi Electrical Appliances	Shenzhen Konka Chuangzhi Electrical Appliances Co., Ltd.
Kanghong (Yantai) Environmental	Kanghong (Yantai) Environmental Technology Co., Ltd.
Kanghong (Yantai) Environmental Technology	Kanghong (Yantai) Environmental Technology Park Co., Ltd.

Park	
Chongqing Kangxingrui	Chongqing Kangxingrui Environmental Technology Co., Ltd.
Chongqing Optoelectronic Technology Research Institute	Chongqing Konka Optoelectronic Technology Research Institute Co., Ltd.
Xinying Semiconductor	Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.
Jiangkang (Shanghai) Technology	Jiangkang (Shanghai) Technology Co., Ltd.
Chongqing Property Development	Chongqing Konka Property Development Co., Ltd.
Chongqing Xingyi Property Development	Chongqing Konka Xingyi Property Development Co., Ltd.
Chongqing Fuze Property	Chongqing Konka Fuze Property Co., Ltd.
Ningbo Kanghanrui Electrical Appliances	Ningbo Kanghanrui Electrical Appliances Co., Ltd.
Konka Intelligent Manufacturing	Shenzhen Konka Intelligent Manufacturing Technology Co., Ltd.
Debao New Material	Anhui Konka Debao New Material Technology Co., Ltd.
Suining Jiarun Property	Suining Jiarun Property Co., Ltd.
Chuzhou Kangxin Health Industry	Chuzhou Kangxin Health Industry Development Co., Ltd.
Kangxinlong Environmental Protection	Hubei Kangxinlong Environmental Protection Co., Ltd.
E3info	E3info (Hainan) Technology Co., Ltd.
Yifang Technology	Shenzhen Konka Yifang Technology Co., Ltd.
Zhongshan Kangxin	Zhongshan Kangxin Electronic Technology Co., Ltd.
Liaoyang Kangshun	Liaoyang Kangshun Intelligent Technology Co., Ltd.
Nanjing Konka Electronics	Nanjing Konka Electronics Co., Ltd.
Gaoping Kangrun	Gaoping Kangrun Environmental Protection & Water Co., Ltd.
Mengcheng Kangrun	Mengcheng Kangrun Anjian Water Co., Ltd.
Xixian Kangrun	Xixian Kangrun Xijian Water Environment Development Co., Ltd.
Morsemi Semiconductor (Hong Kong)	Morsemi Semiconductor Technology (Hong Kong) Limited
Kangxingrui Automobile Recycling	Chongqing Kangxingrui Scraped Automobile Recycling Co., Ltd.
Konka Xinyun	Konka Xinyun Semiconductor Technology (Yancheng) Co., Ltd.
Chongqing Kanglei	Chongqing Kanglei Optoelectronic Technology Co., Ltd.
Yibin Kangrun	Yibin Kangrun Environmental Technology Co., Ltd.
CSRC	The China Securities Regulatory Commission
SZSE	The Shenzhen Stock Exchange
CSRC Shenzhen	The Shenzhen Bureau of the China Securities Regulatory Commission
RMB, RMB'0,000, RMB'00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	Konka Group-A, Konka Group-B	Stock code	000016, 200016
Changed stock name (if any)	N/A		
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	康佳集团股份有限公司		
Abbr. (if any)	康佳集团		
Company name in English (if any)	KONKA GROUP CO.,LTD		
Abbr. (if any)	KONKA GROUP		
Legal representative	Liu Fengxi		

II Contact Information

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

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2019 Annual Report.

2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's periodic reports in the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2019 Annual Report.

IV Key Financial Information

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

Yes No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	17,524,183,896.74	26,036,442,813.84	-32.69%
Net profit attributable to the listed company's shareholders (RMB)	94,701,792.63	352,767,020.73	-73.15%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-650,010,495.47	-622,911,633.57	-4.35%
Net cash generated from/used in operating activities (RMB)	-1,076,366,927.48	-2,042,956,171.77	47.31%
Basic earnings per share (RMB/share)	0.0393	0.1465	-73.17%
Diluted earnings per share (RMB/share)	0.0393	0.1465	-73.17%
Weighted average return on equity (%)	1.16%	4.25%	-3.09%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	43,508,804,666.20	42,586,955,452.27	2.16%
Equity attributable to the listed company's shareholders (RMB)	8,042,493,415.89	8,068,505,598.13	-0.32%

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

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No such differences for the Reporting Period.

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

Applicable Not applicable

No such differences for the Reporting Period.

XI Exceptional Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	560,267,507.91	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	305,771,698.07	
Gain or loss on assets entrusted to other entities for investment or management	29,457,327.63	
Gain or loss on fair-value changes in trading and derivative financial assets and liabilities & income from disposal of trading and derivative financial assets and liabilities and investments in other debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	40,692,289.31	
Gain or loss on loan entrustments	265,166.88	
Non-operating income and expense other than the above	-607,468.60	
Other gains and losses that meet the definition of exceptional gain/loss	65,597,934.45	
Less: Income tax effects	174,757,890.66	
Non-controlling interests effects (net of tax)	81,974,276.89	
Total	744,712,288.10	

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

Applicable Not applicable

Item	Amount involved (RMB)	Reason
Tax rebates on software	15,323,154.27	Government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's uniform standards

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

(I) The Consumer Electronic Division

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

1. The Multimedia Sub-Division

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

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

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

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

2. The White Goods Sub-Division

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

(II) The Industry Trade Business

In the industry trade business, the Company benefits from purchasing and processing IC chips, LC D screens, etc., which are raw materials in its traditional core business, from upstream suppliers and selling them to downstream customers. The industry trade business can help the Company establish

good relationships with its upstream suppliers and downstream customers, and keep it informed of prices of the materials used in its production for better cost control over its existing products.

(III) The Environmental Protection Division

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

(IV) The Semi-Conductor Division

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

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	No significant change
Fixed assets	No significant change
Intangible assets	No significant change
Construction in progress	The ending amount of construction in progress increased 14.00% from the beginning amount, primarily driven by new environment engineering in progress.

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

The Company's core competitiveness lies in its R&D ability, brand, marketing network and human resources. It has developed a three-level R&D system of "Konka Research Institute-Multimedia R&D Centre-specialized design institutes", with close to 100 core technologies and approximately

1,500 R&D personnel. Meanwhile, it has introduced approximately 100 technological professionals for its two programs of Micro LED and master storage chips. It also boasts a strong brand presence among consumers, as well as among banks and other financing channels. Additionally, its domestic marketing and service network, including more than 40 branch companies, over 200 offices and about 3,000 after-sales service stations across the country, directly connect to around 3,000 retail terminals, along with a well-established overseas marketing network. Meanwhile, it has high-level personnel with years of rich management and industry experience, as well as a high-quality team with strong execution capabilities.

Part IV Operating Performance Discussion and Analysis

I Overview

In the Reporting Period, the Company carried on with its long-term development strategy of “Technology + Industry + Parks”. Focusing on “Semiconductor + New Consumer Electronics + Technology Parks”, the Company continued to move towards a technology-driven platform. What the Company has accomplished in the Reporting Period is summarized as follows:

1. R&D investment was stepped up to help the Company move towards a technology company. R&D investment increased 64.14% in the Reporting Period compared to the same period of last year and extended its reach to key areas in the upstream of the consumer electronics industry. In terms of its consumer electronics business, the Company actively integrated cutting-edge technologies such as 8K, 5G, AI and IoT to its products. The APHAEA-A5 AI TV launched by the Company is a master control system in smart home for it can connect to other smart appliances through voice control. During the national “Two Sessions” in 2020, the Company took part in the building of a “5G+8K” UHD live broadcasting system with its new Micro LED 8K TV. The program of “5G+ UHD End-to-End Live Broadcasting System” led by the Company was selected in the “Top 10 Demonstration Programs of Shenzhen for 5G Application”. The programs of the Research and Industrialization of the Next-generation Internet Intelligent Terminal Key Technology and the A Method for Fuzzy Control of the Rotating Speed of Variable Frequency Compressor for Refrigerator, both led by the Company, won the Guangdong Provincial Second Prize for Progress in Science and Technology and the Henan Province Scientific and Technological Achievement Award respectively. As for new businesses, construction of the closed beta test base for semiconductor in Yancheng has commenced; and development of Micro LED-related technologies and products is in steady progress.

2. The Company continued to enhance branding. During the Reporting Period, branding was enhanced to boost the appeal of the Company’s brand to technology lovers and young consumers through the following measures, including participating in China’s central TV station CCTV’s Top National Brands promotion program, planning events such as the 40th anniversary of Konka, organizing a “5G+8K+satellite” UHD live broadcasting event for five cities in China to the audience end of Xinhua News, being the only company in the industry to sponsor the online drama Cross Fire (in Chinese: 《穿越火线》), etc. Branding expenditure increased 39.13% in the Reporting Period compared to a year ago.

3. Affected by the COVID-19 pandemic, the Company saw a loss in the first quarter of 2020. As the pandemic is contained, market demand is in recovery and the Company adopted various cost

actions, the second quarter of 2020 saw gradual improvement in the Company's operating performance. However, due to a year-on-year drop of 32.69% in operating revenue in the Reporting Period, net profit attributable to the listed company's shareholders was RMB95 million, down 73.15% year-on-year.

II Analysis of Core Businesses

See "I Overview" above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2020	H1 2019	Change (%)	Main reason for change
Operating revenue	17,524,183,896.74	26,036,442,813.84	-32.69%	Affected by the pandemic
Cost of sales	16,268,993,432.88	24,674,042,371.13	-34.06%	
Selling expense	969,224,381.98	1,067,945,914.36	-9.24%	
Administrative expense	440,915,780.44	347,924,642.43	26.73%	
Finance costs	387,040,866.75	414,260,463.03	-6.57%	
Income tax expense	73,425,522.47	10,311,393.19	612.08%	Disposal of assets and receipt of government subsidies
R&D expense	258,049,586.29	157,210,338.94	64.14%	Increase in R&D investments
Net cash generated from/used in operating activities	-1,076,366,927.48	-2,042,956,171.77	47.31%	
Net cash generated from/used in investing activities	-142,693,107.96	-673,736,084.26	78.82%	
Net cash generated from/used in financing activities	1,256,220,908.63	3,992,809,825.25	-68.54%	No external financings of a large amount in the Reporting Period
Net increase in cash and cash equivalents	44,203,902.08	1,267,096,052.81	-96.51%	

Material changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

No such changes.

Breakdown of operating revenue:

Unit: RMB

	H1 2020	H1 2019	Change (%)
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	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	17,524,183,896.74	100%	26,036,442,813.84	100%	-32.69%
By operating division					
Electronics	5,944,882,118.18	33.92%	6,174,716,355.26	23.72%	-3.72%
Environment business	1,498,623,593.33	8.55%	4,863,145,443.76	18.68%	-69.18%
Industry trade	9,566,197,970.86	54.59%	14,549,000,969.03	55.88%	-34.25%
Semiconductor	223,849,167.50	1.28%	118,013,037.16	0.45%	89.68%
Other	290,631,046.87	1.66%	331,567,008.63	1.27%	-12.35%
By product category					
Color TVs	3,218,278,547.14	18.36%	3,844,847,424.42	14.77%	-16.30%
White goods	1,918,628,399.97	10.95%	1,637,709,425.79	6.29%	17.15%
Environment business	1,498,623,593.33	8.55%	4,863,145,443.76	18.68%	-69.18%
Industry trade	9,566,197,970.86	54.59%	14,549,000,969.03	55.88%	-34.25%
Semiconductor	223,849,167.50	1.28%	118,013,037.16	0.45%	89.68%
Other	1,098,606,217.94	6.27%	1,023,726,513.68	3.93%	7.31%
By operating segment					
Domestic	10,681,530,016.92	60.95%	16,274,631,867.43	62.51%	-34.37%
Overseas	6,842,653,879.82	39.05%	9,761,810,946.41	37.49%	-29.90%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Electronics	5,944,882,118.18	5,095,324,726.77	14.29%	-3.72%	-6.15%	2.21%
Environment business	1,498,623,593.33	1,337,882,701.47	10.73%	-69.18%	-70.43%	3.77%
Industry trade	9,566,197,970.86	9,423,055,276.96	1.50%	-34.25%	-34.38%	0.19%
By product category						

Color TVs	3,218,278,547.14	2,742,839,819.16	14.77%	-16.30%	-23.73%	8.31%
White goods	1,918,628,399.97	1,650,949,066.11	13.95%	17.15%	22.69%	-3.88%
Environment business	1,498,623,593.33	1,337,882,701.47	10.73%	-69.18%	-70.43%	3.77%
Industry trade	9,566,197,970.86	9,423,055,276.96	1.50%	-34.25%	-34.38%	0.19%
By operating segment						
Domestic	10,681,530,016.92	10,488,685,488.53	1.81%	-34.37%	-33.76%	-0.91%
Overseas	6,842,653,879.82	5,780,307,944.35	15.53%	-29.90%	-34.62%	6.09%

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

Applicable Not applicable

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

Applicable Not applicable

Affected by the pandemic, the Company recorded a decrease in operating revenue and cost of sales in the Reporting Period.

III Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of total profit	Source/Reason	Recurrent or not
Return on investment	598,693,576.59	410.99%	Transfer of equity interests in Nanjing K-Star Technology Park Operation and Management Co., Ltd. in the current period	Not recurrent
Gain/loss on changes in fair value	0.00	0.00%		Not recurrent
Asset impairments	-1,985,659.95	-1.36%		Not recurrent
Non-operating income	8,661,773.48	5.95%		Not recurrent
Non-operating expense	7,136,875.35	4.90%		Not recurrent

IV Analysis of Assets and Liabilities

1. Material Changes in Asset Composition

Unit: RMB

	30 June 2020		31 December 2019		Change in percentage (%)	Reason for material change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	6,417,472,335.73	14.75%	5,670,267,120.55	14.95%	-0.20%	
Accounts receivable	5,723,176,839.47	13.15%	5,468,498,179.21	14.41%	-1.26%	
Inventories	5,532,819,450.49	12.72%	5,810,235,773.06	15.31%	-2.59%	
Investment property	393,652,901.29	0.90%	208,008,718.57	0.55%	0.35%	
Long-term equity investments	3,515,965,754.73	8.08%	2,846,608,296.03	7.50%	0.58%	
Fixed assets	2,604,608,094.07	5.99%	2,228,083,633.72	5.87%	0.12%	
Construction in progress	4,892,296,487.39	11.24%	2,776,018,241.52	7.32%	3.92%	
Short-term borrowings	11,476,582,374.41	26.38%	13,163,667,813.10	34.70%	-8.32%	
Long-term borrowings	5,700,546,887.07	13.10%	1,284,700,000.00	3.39%	9.71%	

2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								

1. Trading financial assets (derivative financial assets excluded)	61,494,666.97					-61,494,666.97		
4. Investments in other equity instruments	21,642,170.36		-9,800,000.00		1.00			21,642,171.36
Subtotal of financial assets	83,136,837.33		-9,800,000.00		1.00	-61,494,666.97		21,642,171.36
Others	1,896,295,999.65	-28,549,619.05	21,207,708.78		79,865,016.45	-143,174,271.82		1,804,437,125.23
Total of the above	1,979,432,836.98	-28,549,619.05	11,407,708.78		79,865,017.45	-204,668,938.79		1,826,079,296.59

Other changes

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Other non-current financial assets	1,753,121,727.83	-28,549,619.05	21,207,708.78		1,000,000.00			1,725,572,108.78
Accounts receivable financing	143,174,271.82				78,865,016.45	-143,174,271.82		78,865,016.45

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

 Yes No

3. Restricted Asset Rights as at the Period-End

Item	Ending carrying value (RMB)	Reason for restriction
Monetary assets	1,879,566,516.43	Among them, RMB1,842,648,357.77 is margin deposit, pledge is used for borrowing or issuing bank acceptance bill, RMB17,629,564.81 is financial supervision account fund; RMB15,000,000.00 is fixed deposit that can not be withdrawn in advance; RMB4,288,593.85 is restricted due to other reasons.

Item	Ending carrying value (RMB)	Reason for restriction
Notes receivable	1,429,985,596.82	The company uses the bank acceptance bill with book value of RMB 1,429,985,596.82 as pledge for comprehensive financing business such as issuing bank acceptance bill, letter of credit, letter of guarantee, trade financing, etc.
Fixed assets	429,770,903.61	For mortgage borrowings, financing lease and mortgage guarantees.
Intangible assets	63,631,018.81	For mortgage borrowings and guarantees
Long-term receivables	349,314,656.44	For pledge borrowings
Total	4,152,268,692.11	

V Investments Made

1. Total Investment Amount

Applicable Not applicable

Total investment amount in the Reporting Period (RMB)	Total investment amount in the same period of last year (RMB)	Change
8,670,001.00	1,156,259,360.00	-99.25%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Item	Investment method	Fixed assets investment or not	Industry involved	Input amount in the Reporting Period	Accumulative actual input amount as of the period-end	Capital resources	Progress	Estimated revenues	Accumulative realized revenues as of the period-end	reason for not meeting the schedule and expected revenues	Disclosure date (if any)	Disclosure index (if any)
Dongguan Konka Smart Industrial Park	Self-build	Yes	Electronic industry	1,500,000.00	205,064,970.00	Self-owned funds				N/A	11 March 2017	http://www.cninfo.com.cn/new/index
Yibin Konka Smart Terminal High-Tech	Self-build	Yes	Electronic industry	14,179,510.64	107,255,345.86	Self-owned funds				N/A	16 December 2017	

Park			stry			s						
Suining Konka Electronic Technology Industrial Park	Self- build	Yes	Elect ronic indu stry	54,035, 333.77	117,356,8 11.54	Self- own ed fund s				N/A	17 October 2018	
Konka (Chuzhou) Smart Appliances and Equipment Industrial Park	Self- build	Yes	Elect ronic indu stry	143,396 ,936.68	336,189,3 36.68	Self- own ed fund s				N/A	5 December 2018	
Chongqing Konka Semiconduct or Photoelectric Industrial Park	Self- build	Yes	Elect ronic indu stry	35,211, 636.20	101,981,3 00.00	Self- own ed fund s				N/A	14 June 2019	
Guxian Environment al Protection Technology Town	Self- build	Yes	Envi ron ment al prote ction indu stry	0	0	Self- own ed fund s				N/A	26 November 2019	
Yancheng Semiconduct or Assembly & Test Base	Othe r	Yes	Elect ronic indu stry	90,000	90,000	Self- own ed fund s				N/A	26 November 2019	
Manufacturi ng Base of Konka Smart Terminal for Export	Self- build	Yes	Elect ronic indu stry	0	0	Self- own ed fund s				N/A	6 June 2020	
Total	--	--	--	248,413 ,417.29	867,937,7 64.08	--	--			--	--	--

Note: With respect to Konka Smart Appliances and Equipment Industrial Park and Yibin Konka Smart Terminals Industrial Park, the lands used for projects have been obtained, among which, the project of Ankang Smart Plan will be completed and delivered for use at the end of the year and the Yibin Plant will be completed and accepted at the end of September. As for Dongguan Konka Smart Industrial Park, Chongqing Konka Semiconductor Photoelectric Industrial Park, Yancheng Semiconductor Assembly & Test Base and Suining Konka Electronic Technology Industrial Park, the land has been obtained and are in construction. As for Manufacturing Base of Konka Smart Terminal for Export and Guxian Environmental Protection Technology Town, preparations are underway and the Company is waiting for the local government to put out the project target land for bids.

4. Financial Assets at Fair Value

Applicable Not applicable

Unit: RMB

Type of assets	Initial investment cost	Gain/loss on fair value changes in the Reporting Period	Accumulated fair value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Accumulated return on investment	Ending amount	Funding source
Fund	1,204,134.40	-28,549,619.05	21,207,708.78	1,000,000.00			1,226,342,108.78	Self-owned funds
Others	735,341.10		-9,800,000.00	78,865,017.45	-204,668,938.79	3,405,333.03	599,737,187.81	Self-owned funds
Total	1,939,475.50	-28,549,619.05	11,407,708.78	79,865,017.45	-204,668,938.79	3,405,333.03	1,826,079,296.59	--

5. Financial Investments

(1) Securities Investments

Applicable Not applicable

No such cases in the Reporting Period.

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

No such cases in the Reporting Period.

VI Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

Counterparty	Assets sold	Date of sale	Selling price (RMB'0,000)	Amount contributed by the	Effect of the sale on the	Amount contributed by	Party	Related-party transaction or not	Relationship between counter	Ownership	Credit and debt involving fully	Executed as scheduled	Disclosure date	Index to disclosed information
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				assets to net income of the Company from period-beginning to date of sale (RMB'0,000)	Company	the sale to net income of the Company as a percent age of the Company's net income (%)			party and the Company (if applicable)	transferred or not	transferred or not	or not, if not, state reason and actions taken		
Shenzhen Konka Holdings Group Co., Ltd.	68 patents related to cloud big data operation	23 June 2020	9,860	0	Optimizing the Company's allocation of assets, increasing capital liquidity	120.29%	Assessing the Company's assets and liabilities	Yes	The same actual controller	Yes	Yes	Yes	24 June 2020	http://www.cninfo.com.cn/new/index

2. Sale of Major Equity Investments

√ Applicable □ Not applicable

Counterparty	Equity interests sold	Date of sale	Selling price (RMB'0,000)	Amount contributed by the equity interests to net income of the Company from period-beginning to date of sale (RMB'0,000)	Effect of the sale on the Company	Amount contributed by the sale to net income of the Company as a percentage of the Company's net income	Pricing principle	Related-party transaction or not	Relationship between counterparty and the Company	Ownership fully transferred or not	Executed as scheduled or not, if not, state reason and actions taken	Disclosure date	Index to disclosed information
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				00)		(%)							
Shenzhen Konkang Holdings Group Co., Ltd.	34% equity of Nanjing K-Star Technological Industrial Park Management Co., Ltd.	28 June 2020	47,098.65	0.00	Optimizing the Company's allocation of assets, increasing capital liquidity	455.41%	Assessed value	Yes	The same actual controller	Yes	Yes	6 June 2020	http://www.cninfo.com.cn/new/index

VII Principal Subsidiaries and Joint Stock Companies

√ Applicable □ Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shandong Econ Technology Co., Ltd. (Consolidated)	Subsidiary	Public service-water management	RMB164,000,000	7,882,643,993.35	1,255,626,825.87	725,770,854.14	102,877,541.08	96,019,839.22
Chongqing Konka Optoelectronic Technology Research Institute Ltd.	Subsidiary	R&D, manufacturing and sales of semiconductors, optoelectronic devices and display screens	RMB2,000,000,000	1,521,459,475.85	1,191,679,182.60	226,762,578.21	65,571,106.28	44,647,457.62

Shenzhen Wankaida Science and Technology Co., Ltd.	Subsidiary	Production and sale of multimedia products	RMB10,000,000	179,353,268.36	173,363,831.34	47,552,440.00	49,160,831.29	36,671,193.40
Hong Kong Konka Co., Ltd.	Subsidiary	Export & import of electromechanical and electronics	HKD500,000	3,004,127,739.56	214,649,640.19	2,006,249,547.46	42,505,580.95	32,306,574.92
E2info	Subsidiary	Internet and related services	RMB20,174,070.81	376,426,447.59	219,571,198.90	141,093,463.01	32,982,960.46	28,031,548.28
Konka Electrical Appliances International Trading Co., Ltd.	Subsidiary	Export & import of electromechanical and electronics	HKD500,000	1,324,162,526.21	-132,098,105.54	590,271,535.69	25,941,607.95	25,941,607.95
Jiali International (Hong Kong) Limited	Subsidiary	Electronics trade, storage and transportation	HKD5,000,000	773,724,592.53	41,435,274.49	3,092,214,040.05	16,984,571.43	16,984,573.01
Chain Kingdom Memory Technologies Co., Limited	Subsidiary	The supply chain management business	USD1,500,000	1,401,789,580.60	116,025,039.74	1,974,917,750.88	14,758,544.63	12,234,256.61
Chongqing Kangxingrui Environmental Technology Co., Ltd.	Subsidiary	Processing trade-renewable resources	RMB50,000,000	295,163,615.99	66,495,695.81	772,969,446.01	11,944,497.83	11,647,970.43
Suining Konka Industrial Park Development Co., Ltd.	Subsidiary	Industrial park development and construction, operation and management	RMB200,000,000	527,541,315.88	525,930,190.00	-	15,273,786.45	11,199,972.51

Anhui Konka Tongchuang Electrical Appliances Co., Ltd.	Subsidiary	Manufacturing and sales of household appliances such as refrigerators and washing machines	RMB502,000,000	1,848,443,634.26	408,897,890.50	1,169,027,231.72	11,781,870.73	12,529,053.61
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Subsidiaries obtained or disposed of in the Reporting Period:

√ Applicable □ Not applicable

Subsidiary	How subsidiary was obtained or disposed in the Reporting Period	Effects on overall operations and operating performance
Zhongshan Kangxin Electronic Technology Co., Ltd.	Newly established	Beneficial to the development of the Company's relevant business
Liaoyang Kangshun Intelligent Technology Co., Ltd.	Newly established	
Nanjing Konka Electronics Co., Ltd.	Newly established	
Gaoping Kangrun Environmental Protection & Water Co., Ltd.	Newly established	
Mengcheng Kangrun Anjian Water Co., Ltd.	Newly established	
Xixian Kangrun Xijian Water Environment Development Co., Ltd.	Newly established	
Morsemi Semiconductor Technology (Hong Kong) Limited	Newly established	
Chongqing Kangxingrui Scraped Automobile Recycling Co., Ltd.	Newly established	
Konka Xinyun Semiconductor Technology (Yancheng) Co., Ltd.	Newly established	
Chongqing Kanglei Optoelectronic Technology Co., Ltd.	Newly established	
Yibin Kangrun Environmental Technology Co., Ltd.	Newly established	No material influence
Yuekang Semiconductor Technology (Yantai) Co., Ltd.	De-registered	
E3info (Hainan) Technology Co., Ltd.	Transfer equity	
Shenzhen Kangjia Yifang Technology Co., Ltd.		

Information about principal subsidiaries and joint stock companies:

None

VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Operating Performance Forecast for January-September 2020

Warning of a forecast negative net profit for the January-September period of the current year or a considerable YoY change therein, as well as the reasons:

Applicable Not applicable

X Risks Facing the Company and Countermeasures

Consumer Electronic Division: Affected by COVID-19 and the increasingly intense industrial competition, the Company experienced a decline in the business performance of this division. It will take a combination of measures, including increasing R&D spending, speeding up the conversion of achievements, integrating upstream and downstream resources and strengthening business collaboration, to enhance product competitiveness and improve the user operation level. It will also proactively address risks through stronger internal management and other related measures.

Environmental Protection Division & Semi-Conductor Division: In the environmental protection area, the Company has won environmental protection projects with a total contract amount of more than RMB10 billion, which raises higher requirements on the Company's management and operation capacity. The Company will actively promote the highly efficient operation of existing projects, and engage in continuous innovation to enhance the data- and intelligence-based level of environmental protection and drive the efficient implementation of operation management. In the semi-conductor area, facing the increasing R&D spending and uncertainties in the R&D results, the Company will step up effort to expand business in the areas of storage, optoelectronics and semi-conductor application and service, and make active steps to break through the technological bottleneck of Micro LED business towards faster conversion and output of technology.

Part V Significant Events

I Annual and Extraordinary General Meeting Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Index to disclosed information
The 2019 Annual General Meeting	Annual General Meeting	24.38%	18 May 2020	19 May 2020	http://www.cninfo.com.cn/new/index
The First Extraordinary General Meeting of 2020	Extraordinary General Meeting	24.32%	22 June 2020	23 June 2020	

2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

II Interim Dividend Plan

Applicable Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

III Commitments of the Company's De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the Period-End

Applicable Not applicable

No such cases in the Reporting Period.

IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

Yes No

The interim financial statements of the Company have not been audited.

V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year

Applicable Not applicable

VII Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII Legal Matters

Significant lawsuits and arbitrations:

Applicable Not applicable

General information	Involvement amount (RMB '0,000)	Provision	Progress	Decisions and effects	Execution of decisions	Disclosure date	Index to disclosed information
As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request China Energy Electric Fuel Co., Ltd., China Energy (Shanghai) Enterprise Co., Ltd., Shanghai Nengping industrial Co., Ltd., and Shenzhen Qianhai Baoying Factoring Co., Ltd. to pay the bill and the corresponding interest to the Company.	5,000	Not	The Company has won the case and the judgment was in effect.	The Company won the case. At present, it is in the execution stage. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	The court has adopted property preservation, which are currently in the implementation stage. The Company has applied for the corresponding shareholder to be the additional respondent.	25 June 2019	http://www.cninfo.com.cn/new/index
As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Shanghai Huaxin International Group Co., Ltd. and Tianjin International Trade Petrochemical Co., Ltd. to pay the bill and the corresponding interest to the Company.	5,000	Not	The judgment of the first instance has been made.	The Company won the case. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to	The court has adopted property preservation and now the judgment of the first instance is being served.		

				accounting policies.	
As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Shanghai Huaxin International Group Co., Ltd. Qingdao Bonded Zhongshe International Trading Co., Ltd. and Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd. to pay the bill and the corresponding interest to the Company.	15,000	Not	The Company has won the case and the judgment was in effect.	The Company won the case. At present, it is in the execution stage. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	The court has adopted property preservation, which are currently in the implementation stage.
As matured notes were failed to be accepted, Konka Factoring has filed a lawsuit with the court to request Tahoe Group Co., Ltd., Fuzhou Taijia Enterprise Co., Ltd., and Xiamen Lianchuang Microelectronics Co., Ltd. to pay the bill and the corresponding interest to Konka Factoring.	5,067.67	Not	The court has adopted property preservation. The case is at trial.	The case is on trial and no effective verdict has been issued. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	The court has adopted property preservation. The case is on trial and no effective verdict has been issued.
As matured notes were failed to be accepted, the Company has filed a lawsuit with the court to request Hefei Huajun Trading Co., Ltd. and Wuhan Jialian Agricultural Technology Development Co., Ltd. to pay the bill and the corresponding interest to the Company.	8,000	Not	The case is at trial. The court has adopted property preservation.	The case is on trial. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting	Suit pending

				policies.	
The customer of Hong Kong Konka, H-BUSTER SAO PAULO INDUSTRIAE COMERCIO S.A (Brazil) was insolvent, and obtained the approval of the judicial reorganization application of Cotia Third Civil Court of the Court of Sao Paulo, Brazil in May 2013. As the creditor of H-BUSTER, Hong Kong Konka filed the debt declaration documents, and in August 2014, the amount confirmed of debt was USD2.78 million.	1,939.38	Not	The restructuring plan was rejected by the creditors' meeting and the case is still pending.	The case is awaiting judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	Suit pending
Due to the Jiangxi Xinxin Jian'an Engineering Co., Ltd. (hereinafter referred to as the "Jiangxi Xinxin"), Jiangxi Shanshi Technology Development Co., Ltd. (hereinafter referred to as the "Jiangxi Shanshi"), Jiangxi Zhongyi Decoration Materials Co., Ltd. (hereinafter referred to as the "Jiangxi Zhongyi") failed to repay the loan and its interest of China Great Wall AMC Jiangxi Branch (hereinafter referred to as the "Great Wall Jiangxi Branch"), the Great Wall Jiangxi Branch sued to the court, and required Jiangxi Xinxin, Jiangxi Shanshi, Jiangxi Zhongyi to repay RMB300 million with RMB108,000 liquidated damages, and RMB13.65 million of interest. Meanwhile, 9 guarantors including Jiangxi Konka, Xinfeng Microcrystalline and Nanocrystal are required to undertake joint liability guaranty. The judgment of first instance was required Jiangxi Xinxin, Jiangxi Zhongyi and Jiangxi Shanshi shall repay the principal, interest and liquidated damages to Great Wall Jiangxi Branch and the guarantors bear the joint liability for satisfaction to the debts. The defendants have appealed against the first instance judgment. So	31,375.8	Yes	The case is at the second trial	The case is awaiting the second trial. The corresponding liability of risk assumed by the Company's controlled companies involved in the case is controllable. Other defendants exclusive of the controlled companies of the Company are solvent, and at the same time, the Company has outstanding payments to the other defendants in this case. The above amount can be offset against the Company's debt obligations in the future. Based on	Suit pending

far, the case has not yet been heard in court.				the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.		
Due to the dispute of sales contract, Wumart Chain Co., Ltd. sued the Beijing Branch of Wumart to the court of Shijingshan District of Beijing, and requested the Beijing Branch to return the prepayment of goods.	1,073.67	Not	The case is on the second trial.	The case is awaiting trial/judgment. Based on the principle of prudence, the Company has withdrawn relevant impairment provision according to accounting policies.	Suit pending	

Other legal matters:

Applicable Not applicable

IX Doubts from Media

Applicable Not applicable

The Company had no issues about which media generally raised doubts in the Reporting Period.

X Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

XI Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

XIII Major Related-Party Transactions

1. Continuing Related-Party Transactions

√ Applicable □ Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price	Total value (RMB' 0,000)	As % of total value of all same-type transactions	Approved transaction line (RMB' 0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions	Disclosure date	Index to disclosed information
OCT Enterprises Co., Ltd and its subsidiaries	Under the same actual controller	Purchase of commodities and services	Purchase of materials and services	Negotiated price	Market price	1,782.38	0.11%	3,000	Not	Cash	N/A	22 April 2020	http://www.cninfo.com.cn/new/index
OCT Enterprises Co., Ltd and its subsidiaries	Under the same actual controller	Sales of goods and services	Sales of LCD and services	Negotiated price	Market price	939.32	0.29%	20,000	Not	Cash	N/A	22 April 2020	
Total				--	--	2,721.70		23,000	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period				The Company has published the Forecasting Public Notice on Routine Related-party Transaction for Y2020 on Securities Times, Shanghai Securities News, and China Securities Journal as well as the Internet website designated by CSRC http://http://www.cninfo.com.cn/new/index on 22 April 2020. In the Reporting Period, the basis for pricing, transaction price, transaction amount and settlement methods of raw materials purchased by the Company were basically in accordance with the forecast. The total amount was RMB27.217 million.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				N/A									

2. Related-Party Transactions Regarding Purchase or Disposal of Assets or Equity Investments

√ Applicable □ Not applicable

Refer to Part V-XIII -5. Other Major Related-Party Transactions for details.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Credits and Liabilities with Related Parties

Applicable Not applicable

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

Yes No

Credits receivable with related parties:

Related party	Related relationship	Forming reason	Whether there is occupation on non-operating capital or not	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
Yibin OCT Sanjiang Properties Co., Ltd.	Subsidiary of controlling shareholder	Demand of business development	No	10,000	0	0	5.70%	288.17	10,000
Chuzhou Kangjin Health Industry Development Co., Ltd.	Subsidiary of controlling shareholder	Demand of business development	No	5,880	11,270	0	7.00%	439.4	17,150
Effects of credits with related parties on the Company's operating results and financial conditions		No effect to the normal operation of the Company. Other shareholders of Yibin OCT Sanjiang Properties Co., Ltd. and Chuzhou Kangjin Health Industry Development Co., Ltd. offer financial assistance under the same conditions in accordance to their shareholding ratio.							

Liabilities payable with related parties:

Related party	Related relationship	Forming reason	Beginning balance (RMB'0,000)	Increased in the Reporting Period (RMB'0,000)	Recovered in the Reporting Period (RMB'0,000)	Interest rate	Interest in the Reporting Period (RMB'0,000)	Ending balance (RMB'0,000)
OCT Enterprises Co., Ltd.	Controlling shareholder	The Company applies entrusted loan to it	150,000.00		150,000.00	4.06%	2,926.58	0

	r		93,406.00		93,406.00	4.14%	1,904.75	0
			90,000.00		6,594.00	3.93%	1,786.71	83,406.00
Effects of liabilities with related parties on the Company's operating results and financial conditions			The Company applies entrusted loan from OCT Enterprises Co., Ltd. which meets the needs of the company's existing business development and reduces the financing cost.					

5. Other Major Related-Party Transactions

√ Applicable □ Not applicable

(1) Transferring 34% equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd.: At the Twenty-Eighth Meeting of the Ninth Session of the Board of Directors on 5 June 2020 and the First Extraordinary General Meeting of 2020 on 22 June 2020, the Company considered and approved the *Proposal on the Transfer of 34% Equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd.*. According to the decision, the Company would transfer to Shenzhen Konka Holdings Group Co., Ltd. 34% equity of Nanjing K-Star it held through non-disclosure agreement at a price of RMB470,986,500. As of now, the Company has received all equity transfer payments and shareholders' borrowings, and the administrative procedures for changes in the business registration of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd. have been completed.

(2) Transferring some patents in relation to cloud big data operations: At the Twenty-Ninth Meeting of the Ninth Session of the Board of Directors on 23 June 2020, the Company considered and approved the *Proposal on the Transfer of Some Patents in Relation to Cloud Big Data*. According to the decision, the Company would transfer to Shenzhen Konka Holdings Group Co., Ltd. 68 patents in relation to cloud big data at a price of RMB98,600,000. As of now, the Company has received the patent transfer payment from Shenzhen Konka Holdings Group Co., Ltd., and the administrative procedures for changes in the registration of patentee have been completed.

(3) Initiating the establishment of Wuzhen Jiayu Digital Economy Industry Fund: At the Twenty-Fourth Meeting of the Ninth Session of the Board of Directors on 27 March 2020 and the Annual General Meeting of 2019 on 18 May 2020, the Company considered and approved the *Proposal on Initiating the Establishment of Wuzhen Jiayu Digital Economy Industry Fund*. According to the decision, the Company (or its wholly-owned subsidiary) would contribute a capital of no more than RMB200 million as a limited partner to initiate the establishment of Wuzhen Jiayu Digital Economy Industry Fund of no more than RMB500 million together with the cooperator. As of now, business registration for the Fund has been completed. Filing with Asset Management Association of China is in progress.

(4) Signing with the subscription object a termination contract for the share subscription agreement with conditional entry into force: At the Twenty-Seventh Meeting of the Ninth Session of the Board of Directors and the Eighth Meeting of the Ninth Session of the Board of Supervisors on 22 May

2020, the Company considered and approved the *Proposal on the Company Signing with the Subscription Object a 'Termination Contract for the Share Subscription Agreement with Conditional Entry into Force'*. It was agreed that the Company would sign the *Termination Contract for the Share Subscription Agreement with Conditional Entry into Force* with Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd. (hereinafter referred to as "OCT Capital"), a wholly-owned subsidiary of OCT Group. As of now, the Company has entered into the *Termination Contract for the Share Subscription Agreement with Conditional Entry into Force*, specifying the termination of the *Agreement for the Subscription of Non-Public Offering of Stock with Conditional Entry into Force* signed by and between the Company and OCT Capital on 28 March 2019.

(5) Providing advertising services to OCT Group: At the Twenty-Eighth Meeting of the Ninth Session of the Board of Directors on 5 June 2020, the Company considered and approved the *Proposal on Providing Advertising Services to OCT Group*. According to the decision, the Company would provide OCT Group with advertising services at intelligent terminals with a service transaction price of RMB100 million.

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

Title of public announcement	Disclosure date	Disclosure website
Proposal on Initiating the Establishment of Wuzhen Jiayu Digital Economy Industry Fund and Related-party Transaction	28 March 2020	http://www.cninfo.com.cn/new/index
Announcement on the Company Signing with the Subscription Object a 'Termination Contract for the Share Subscription Agreement with Conditional Entry into Force' and Related-party Transaction	23 May 2020	
Announcement on Providing Advertising Services to OCT Group and Related-party Transaction	6 June 2020	
Announcement on the Transfer of 34% Equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd. and Related-party Transaction	6 June 2020	
Announcement on the Transfer of Some Patents in Relation to Cloud Big Data and Related-party Transaction	24 June 2020	
Announcement on Completing Changes of Registration for the Transfer of 34% Equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd.	30 June 2020	
Announcement on Progress of the Transfer of Some Patents in Relation to Cloud Big Data	1 July 2020	

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

Applicable Not applicable

No such cases in the Reporting Period.

XV Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

Note to leases

No significant leases in the Reporting Period.

The rent of Konka Development Building has received RMB35.6573 million in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

(1) Guarantees

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Yibin OCT Sanjiang Properties Co., Ltd.	19 September 2018	40,000	29 September 2019	14,000	Joint-liability	Three years	Not	Yes
Kunshan Kangsheng Investment Development Co., Ltd.	19 September 2018	24,500	23 September 2019	24,500	Joint-liability	Three years	Not	Yes
Jiangxi Xinxin	—	10,000	12 December	10,000	Joint-liability	Two	Not	Not

Jian'an Engineering Co., Ltd.			2016			years		
Jiangxi Zhongyi Decoration Materials Co., Ltd.	—	10,000	12 December 2016	10,000	Joint-liability	Two years	Not	Not
Jiangxi Shanshi Technological Development Co., Ltd.	—	10,000	12 December 2016	10,000	Joint-liability	Two years	Not	Not
Total approved line for such guarantees in the Reporting Period (A1)			39,200	Total actual amount of such guarantees in the Reporting Period (A2)				0
Total approved line for such guarantees at the end of the Reporting Period (A3)			133,700	Total actual balance of such guarantees at the end of the Reporting Period (A4)				68,500
Guarantees provided between the Company and subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Econ Technology	19 September 2018	120,000	23 April 2019	2,000	Joint-liability	One and a half years	Not	Not
			28 October 2019	3,000	Joint-liability	One year	Not	Not
			31 March 2020	5,000	Joint-liability	One year	Not	Not
			29 April 2020	8,800	Joint-liability	One year	Not	Not
			25 May 2020	5,000	Joint-liability	One year	Not	Not
			5 June 2020	24,000	Joint-liability	One year	Not	Not
XingDa HongYe	19 September 2018 and 30 March 2019	12,500	21 November 2018	5,800	Joint-liability	Two years	Not	Not
			9 December 2019	2,500	Joint-liability	Two and a	Not	Not

						half years		
			15 June 2020	3,300	Joint-liability	One year	Not	Not
Pengrun Technology	19 September 2018	20,000	24 June 2019	5,000	Joint-liability	One and a half years	Not	Not
Jiangxi Konka	31 October 2018	60,000	4 December 2018	10,000	Joint-liability	Two years	Not	Not
			7 December 2018	5,000	Joint-liability	Two years	Not	Not
			18 March 2019	11,961	Joint-liability	Two years	Not	Not
			26 June 2019	5,500	Joint-liability	Three years	Not	Not
			30 October 2019	6,500	Joint-liability	Three years	Not	Not
			20 March 2020	990	Joint-liability	Two years	Not	Not
			28 June 2020	6,000	Joint-liability	One year	Not	Not
Xinfeng Microcrystalline	30 March 2019	25,000	27 December 2019	7,200	Joint-liability	One year	Not	Not
			19 May 2020	5,000	Joint-liability	Three years	Not	Not
			29 May 2020	3,479	Joint-liability	Two years	Not	Not
			18 June 2020	7,200	Joint-liability	One year	Not	Not
Nano Crystallized Glass	30 March 2019	45,000	26 June 2019	10,000	Joint-liability	Three years	Not	Not
			20 December 2019	5,000	Joint-liability	Three years	Not	Not
			8 January 2020	5,000	Joint-liability	Two years	Not	Not
			8 January 2020	5,000	Joint-liability	Three years	Not	Not
			20 March 2020	990	Joint-liability	Two years	Not	Not

			29 May 2020	5,975	Joint-liability	Two years	Not	Not
			24 June 2020	7,000	Joint-liability	One year	Not	Not
Anhui Konka	31 March 2017	110,000	31 July 2019	26,800	Joint-liability	One year	Not	Not
			19 August 2019	8,000	Joint-liability	One year	Not	Not
Anhui Tongchuang	31 March 2017, 23 May 2018 and 19 September 2018	90,000	1 August 2019	4,500	Joint-liability	One year	Not	Not
			7 November 2019	5,500	Joint-liability	One year	Not	Not
			25 December 2019	5,000	Joint-liability	One year	Not	Not
			13 January 2020	3,500	Joint-liability	One year	Not	Not
			24 June 2019	3,000	Joint-liability	One year	Not	Not
			5 November 2019	3,000	Joint-liability	One year	Not	Not
			11 March 2020	5,800	Joint-liability	One year	Not	Not
Electronics Technology	19 September 2018	350,000	18 April 2019	58,000	Joint-liability	One and a half years	Not	Not
			20 June 2019	5,000	Joint-liability	Two years	Not	Not
			7 January 2020	50,000	Joint-liability	One year	Not	Not
			9 June 2020	6,000	Joint-liability	One year	Not	Not
Sichuan Konka	31 March 2018	55,000	18 March 2019	4,000	Joint-liability	Three years	Not	Not
Boluo Konka Precision	31 March 2018	5,000	20 February 2019	2,500	Joint-liability	Two years	Not	Not
Dongguan Konka	19 September 2018	10,000	8 November 2019	2,000	Joint-liability	Five years	Not	Not
			16 January 2020	3,000	Joint-liability	One year	Not	Not

Hong Kong Konka	31 March 2017 and 31 October 2018	355,000	18 July 2019	9,557	Joint-liability	One year	Not	Not
			15 November 2019	9,522	Joint-liability	One year	Not	Not
			6 March 2020	14,159	Joint-liability	One year	Not	Not
Total approved line for such guarantees in the Reporting Period (B1)		38,000		Total actual amount of such guarantees in the Reporting Period (B2)			185,193	
Total approved line for such guarantees at the end of the Reporting Period (B3)		1,986,052		Total actual balance of such guarantees at the end of the Reporting Period (B4)			401,033	
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Sichuan Konka	—	14,000	28 May 2018	14,000	Joint-liability	Seven years	Not	Not
XingDa HongYe	—	1,000	13 November 2018	950	Joint-liability	Two years	Not	Not
Rushan Yike Water Environment Management Co., Ltd.	—	29,000	29 December 2016	29,000	Joint-liability	Ten years	Not	Not
Wuhan Runyuan Wastewater Treatment Co., Ltd.	21 January 2020	55,200	20 January 2020	55,200	Joint-liability	Twenty years	Not	Not
Subei Mongol Autonomous County Kangrun Water Co., Ltd.	24 March 2020	77,600	10 March 2020	77,600	Joint-liability	Fifteen years	Not	Not
Dayi Kangrun Water Co., Ltd.	13 May 2020	27,400	29 April 2020	27,400	Joint-liability	Fifteen years	Not	Not
Total approved line for such guarantees in the Reporting Period (C1)		178,200		Total actual amount of such guarantees in the Reporting Period (C2)			160,200	
Total approved line for such guarantees at the end of the Reporting Period (C3)		204,200		Total actual balance of such guarantees at the end of the Reporting Period (C4)			204,150	

Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)	255,400	Total actual guarantee amount in the Reporting Period (A2+B2+C2)	345,393
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	2,323,952	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	673,683
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets		83.77%	
Of which:			
Balance of guarantees provided for shareholders, actual controller and their related parties (D)		38,500	
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)		673,683	
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)		271,558	
Total of the three amounts above (D+E+F)		673,683	
Joint responsibilities possibly borne in the Reporting Period for undue guarantees (if any)		N/A	
Provision of external guarantees in breach of the prescribed procedures (if any)		N/A	

Compound guarantees:

None

(2) Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

3. Cash Entrusted for Wealth Management

Applicable Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank financial products	Self-owned	0.00	1,500.00	0.00
Total		0.00	1,500.00	0.00

High-risk wealth management transactions with a significant single amount, or with low security, low liquidity or no principal protection:

Applicable Not applicable

Situation where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable Not applicable

4. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVI Corporate Social Responsibility (CSR)

1. Major Environmental Issues

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

Yes

Name of polluter	Name of major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration	Discharge standards implemented	Total discharge	Approved total discharge	Excessive discharge
XingDa HongYe	Pollution sources of waste water: PH, copper, COD, ammonia nitrogen, total nitrogen, total phosphorus	Discharge of stationary pollution sources	1	Main discharge outlet of the waste water station	PH6-9; copper $\leq 0.5\text{mg/L}$; COD $\leq 80\text{mg/L}$; ammonia nitrogen $\leq 15\text{mg/L}$; total nitrogen $\leq 20\text{mg/L}$; total phosphorus $\leq 1\text{mg/L}$	Electroplating water pollutant discharge standard DB44/1597-2015 Table 1	0.448 million tons/year	Total discharge 448,500 tons/year; pollutant COD 24.891 tons/year; ammonia nitrogen 3.982 tons/year; total nitrogen 9.373 tons/year; total phosphorus 0.439 tons/year	None
	waste gas pollutants: sulfuric acid fume, hydrogen chloride, formaldehyde, hydrogen cyanide, nitrogen oxide, ammonia, benzene, methylbenzene	Discharge of stationary pollution sources	14	Three on the roof of plant 1, ten on the roof of plant 2 and one on the roof of the	sulfuric acid fume $\leq 30\text{mg/m}^3$; nitrogen oxide $\leq 200\text{mg/m}^3$; hydrogen chloride $\leq 30\text{mg/m}^3$; TVOC $\leq 90\text{mg/m}^3$; benzene $\leq 12\text{mg/m}^3$; methylbenzene $\leq 40\text{mg/m}^3$; dimethylbenzene $\leq 70\text{mg/m}^3$; tin and its compounds $\leq 8.5\text{mg/m}^3$;	Emission Standard for Electroplating Pollutants GB21900-2008 Air Emission Limits Table 5, Guangdong Air Pollutant Emission Standard DB44/27-2001 the Second Level Standard in the Second Period, Emission standard for Odor Pollutants (GB	2,986,560,000 standard cube/year	2,986,560,000 standard cube/year (note: the total discharge is not stated in the latest version of national discharge permit in 2018; two exhaust towers were added in 2018; calculated based on air volume in environmental	None

	, TVOC, tin and its compounds, PM (dust), oil fume			canteen	PM (dust) ≤120mg/m ³ ; oil fume ≤2mg/m ³	14554-1993) Table 2 Standard, Emission standard of cooking fume (GB18483-2001)		impact assessment)	
Boluo Konka and Boluo Konka Precision	Pollution sources of waste water: PH, copper, COD, ammonia nitrogen, total nitrogen, total phosphorus	Discharge of stationary pollution sources	1	Main discharge outlet of the waste water station	PH: 6-9 (dimensionless); copper ≤0.5mg/L; COD ≤30mg/L; ammonia nitrogen ≤1.5mg/L; total nitrogen ≤10mg/L; total phosphorus ≤0.3mg/L	Electroplating water pollutant discharge standard DB44/1597-2015 Table 1 Discharge standards for the Pearl River Delta: BFBH [2019] No. 58 document: In terms of COD, ammonia nitrogen and total phosphorus, the water quality should meet the Grade IV water quality standard in the Environmental Quality Standards for Surface Water (GB3838-2002). Discharge of the total phosphorus should reach 50% of the discharge concentration limit requirement of the corresponding industry.	276,000 tons/year	Total discharge pollutant COD 19.2 tons/year; ammonia nitrogen 3.6 tons/year; total nitrogen 4.8 tons/year	None
	waste gas pollutants: sulfuric acid fume, hydrogen chloride, formaldehyde, hydrogen cyanide, nitrogen oxide, ammonia, benzene, methylbenzene, TVOC, tin	Discharge of stationary pollution sources	20	Six on the roof of plant 1, thirteen on the roof of plant 2 and one in sewage station	sulfuric acid fume ≤30mg/m ³ ; nitrogen oxide ≤200mg/m ³ ; hydrogen chloride ≤30mg/m ³ ; TVOC ≤90mg/m ³ ; benzene ≤12mg/m ³ ; methylbenzene ≤40mg/m ³ ; 3; dimethylbenzene ≤70mg/m ³ ; tin and its compounds ≤8.5mg/m ³ ; PM (dust) ≤120mg/m ³ ;	Emission Standard for Electroplating Pollutants GB21900-2008 Air Emission Limits Table 5, Guangdong Air Pollutant Emission Standard DB44/27-2001 the Second Level Standard in the Second Period, Emission standard for Odor Pollutants (GB 14554-1993) Table 2	/	The total discharge is not stated in the latest version of national discharge permit in 2020	None

and its compounds, P M (dust), oil fume				oil fume \leq 2mg/m ³	Standard, Emission standard of cooking fume (GB18483-2001)			
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(1) The construction of anti-pollution facilities and its operation situation

① XingDa HongYe

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

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

② Boluo Konka and Boluo Konka Precision

All production equipment of Boluo Konka and Boluo Konka Precision has been reported for environmental assessment, review and approval. The supporting environmental protection and pollution control facilities have been designed by pollutant type and concentration and effectively operated in a targeted manner. During the Reporting Period, the discharge standards were met in terms of industrial waste water, exhaust and factory noise, and all industrial waste generated was disposed of in compliance with environmental laws and regulations.

Boluo Konka was established in 2000. To manufacture single sided PCBs, it invested approximately RMB 5 million in constructing a sewage treatment station without the biochemical treatment function and featuring a discharge capacity of 300 tons per day. In 2007, Boluo Konka expanded its factory by starting the Phase II project, which was submitted for environmental assessment as Boluo Konka PCB Double Sided and Multi-Layer PCB Project (later the project owner was changed into Boluo Konka Precision). It spent about RMB 10 million on constructing the Phase II sewage treatment station to add the biochemical treatment function with a discharge capacity of 800 tons per day.

In 2019, according to the requirements in the documents issued by Boluo County Ecology and Environment Bureau, the two sewage treatment stations of Boluo Konka and Boluo Konka Precision must be upgraded towards higher standards. Through comprehensive assessment of the professional environmental protection company, it was decided that the sewage treatment stations of the said companies be combined to meet the upgrading requirements. Boluo County Ecology and

Environment Bureau approved the combination of the discharge outlets of the aforementioned companies, and Boluo Konka would appoint Boluo Konka Precision to treat sewage. After the combination, the discharge capacity would reach 1,100 tons per day. The aforementioned companies spent about RMB 20 million between 2019 and 2020 on upgrading the sewage treatment stations towards higher standards, and added industrial advanced processes and treatment systems, such as RO water treatment, Fenton oxidation and MBR films. After the technological improvements and expansion, the sewage treatment reaches 2,200 tons per day (with a discharge capacity of 1,100 tons per day) with a reuse rate of more than 60%. At present, the waste water treatment facilities are operating in good conditions; the discharge of major pollutants meets the discharge standards. After advanced treatment of the water reuse facilities, the water treated by the sewage stations that meets the standards will be reused in the plants, while the remaining water will be discharged to the municipal pipe network to be processed by the urban and rural water treatment factory before being discharged to the Dongjiang River.

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

① XingDa HongYe

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

In December 2012, Guangdong Xingda Hongye Electronics Co., Ltd. commissioned Zhongshan Research Institute of Environmental Protection Science to conduct the assessment of environmental impact for the technical improvement and expansion project of Guangdong Xingda Hongye Electronics Co., Ltd. On 31 December 2012, it obtained the approval document titled Reply to the Report on the Environmental Impact of the Technical Improvement and Expansion Project of Guangdong Xingda Hongye Electronics Co., Ltd. (ZHJS (2012) No. 115) from Zhongshan Environmental Protection Bureau. The document granted the approval for addition of the production of six-layer PCB, eight-layer PCB and above and HDI boards and for reduction of the production of single-sided PCB. After the technical improvement and expansion, the total production capacity of single-sided PCB would be 200,000 m²/year, of double-sided PCB would be 250,000 m²/year, of four-layer PCB would be 300,000 m²/year, of six-layer PCB would be 200,000 m²/year, of eight-layer PCB and above would be 150,000 m²/year and of HDI boards would be 100,000 m²/year. In the project, while the original plating equipment and processes remained

unchanged, the brown oxide process was added to the original production process; all the increased plating capacity would be outsourced. The technical improvement and expansion project was commenced in 2013 and completed in January 2018. The commissioning was carried out from 10 February 2018 to 8 July 2018. The construction of the project complied with the requirements for environmental impact assessment and met the criteria for the acceptance of environmental protection for the completion of construction projects. In 2018, the Company obtained the state sewage permit, certificate No.: 91442000768405216J001P.

② Boluo Konka and Boluo Konka Precision

In 2000, Boluo Konka obtained the approval from the Huizhou Municipal Ecology and Environment Bureau (HSHJ [2000] No. 23). The project was completed and put into operation in the same year. The pollutant discharge permit No. is 91441322721121283N001U.

In January 2007, Boluo Konka appointed Huizhou Institute of Environmental Sciences to conduct the environmental impact assessment of the Boluo Konka Expansion Project. On February 8, 2007, Boluo Konka received the *Document of Approval for the Environmental Impact Report on the Project of Boluo Konka Double Sided and Multi-Layer Boards* (HSHJ [2007] No. J32). According to the Document, approval was given to the addition of double sided and multi-layer circuit boards in the project expansion. The production capacity for single sided circuit boards would reach 1 million square meters per year, and double sided and multi-layer circuit boards would reach 650,000 square meters per year after the project expansion. In addition, electroplating equipment and process would be added in the expansion project. The construction of the project met the environmental assessment requirements and satisfied the conditions for the environmental protection in the project inspection and acceptance. The pollutant discharge permit was obtained in the same year. The aforementioned project was later renamed as Boluo Konka Precision. In 2020, Boluo Konka Precision obtained the national pollutant discharge permit with the permit No. 91441322799316208F001V.

(3) Contingency plan for emergent environmental incident

① XingDa HongYe

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

Furthermore, Guangdong Xingda Hongye Electronics Co., Ltd. has built an emergency pool (which

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

② Boluo Konka and Boluo Konka Precision

Boluo Konka and Boluo Konka Precision strictly abides by *Emergency Response Law of the People's Republic of China*, *Interim Measures for the Management of Emergency Plans for Unexpected Environmental Incidents*, other related laws and regulations as well as the requirements of relevant documents. They have established risk prevention measures and emergency plans, such as *Emergency Plan for Unexpected Environmental Incidents*, and have their emergency equipment run in a normal status. In addition, they have filed with Boluo County Ecology and Environment Bureau in Huizhou, Guangdong, with the file No. BHYJB 2018-22. They organize all staff to conduct drills for major environmental pollution incidents every year to improve their ability for the emergency response to unexpected environmental pollution incidents.

Boluo Konka and Boluo Konka Precision are well equipped with all necessary facilities for emergency response to unexpected incidents, including an emergency response pool of industrial waste water (500m³, under the ground of the sewage treatment station) and a firefighting reservoir (located beside the staff dormitory building). In the event of an unexpected environmental incident, such as leakage or failure of a waste water transporting pipe, the emergency response pool will prevent any accident of industrial waste water; in the event of a fire safety accident, the firefighting reservoir will be put into use. All departments are required to discharge pollutants strictly in accordance with pollutant discharge standards to reduce the costs of waste water treatment by properly and reasonably dividing solution and waste water discharged from the plants. The chemical warehouses are managed by designated personnel, with standard control and requirements over the loading and unloading of chemical products by suppliers. In terms of emergency response supplies, a full set of emergency rescue tools are prepared, including gas masks, acid and alkaline resistant boots, gloves, goggles, safety ropes, helmets, fire sand and submersible pumps.

(4) Environmental self-monitoring plan

① XingDa HongYe

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

In the case of normal production, the results will be updated on a daily basis, with online monitoring data disclosed in real time and manual monitoring data disclosed on the next day after completion. In the case of public holidays, the operation monitoring data for the holiday period will be disclosed on the first working day after the holiday. Items monitored on a monthly basis will be disclosed by the 25th day of the month. Items inspected on a quarterly basis will be disclosed by the 25th day of the last month of the quarter. The annual self-monitoring report for the previous year will be disclosed at the end of January each year. In the case of shutdown with days off, the number of days off will be indicated in the information bar and related proofs will be submitted to the monitoring center of the municipal environmental bureau for record. The results are disclosed on Guangdong Province Key Pollution Source Regulatory Information Platform and on National Pollution Source Monitoring Information Management and Sharing Platform for public monitoring.

② Boluo Konka and Boluo Konka Precision

In line with the requirements of environmental departments, Boluo Konka and Boluo Konka Precision attach great importance to environmental monitoring and management. Based on the *Measures for the Self-Monitoring and Information Publicity of Enterprises under National Key Monitoring, Environmental Impact Report* and the opinions stated in reply to the environmental assessment, they have established the *Environmental Self-Monitoring Plan of Enterprises* and filed a record with the municipal ecology and environment bureau. According to the plan, they have installed an online monitoring system to monitor the PH value, total flow, COD, ammonia nitrogen and total phosphorus of the waste water, and networked with the ecology and environment bureau.

They appoint a qualified third-party online monitoring equipment operation and maintenance organization to perform regular maintenance of the automatic monitoring equipment and the monitoring data networking equipment, and a qualified third-party monitoring organization to perform the monitoring of the “three wastes”. All self-monitoring results will be reported and published on public platforms and subject to public monitoring.

(5) Other environmental information that should be disclosed

① XingDa HongYe

The environmental protection investment of Guangdong Xingda Hongye Electronics Co., Ltd. for H1 2020 was approximately RMB7.6362 million, mainly used as the environmental engineering investment (approximately RMB1.8743 million) and the operation of environmental protection equipment (approximately RMB5.7616 million).

② Boluo Konka and Boluo Konka Precision

Boluo Konka and Boluo Konka Precision spent about RMB20 million on environmental protection in 2019, including RMB10 million for upgrading pollution control facilities, RMB5 million for the reclaimed water system, and RMB5 million for waste gas treatment facilities and various environmental protection operation costs.

(6) Other Environmental Information

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

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

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

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

The Company purchased agricultural products of RMB106,500 from Tianzhu County and Sansui County in Guizhou Province in H1 2020.

(3) Results of Targeted Poverty Alleviation

Index	Unit of measurement	Amount/implementation
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I. Overall situation	—	—
Of which: 1.1 Funds	RMB'0,000	10.65
II. Itemized investment	—	—
9. Other plans	—	—
9.2 Investment amount	RMB'0,000	10.65

(4) Subsequent Plans

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

XVII Other Significant Events

√ Applicable □ Not applicable

(I) Private placement of corporate bonds: currently, the private placement of corporate bonds of RMB2.3 billion and RMB0.6 billion are in moving forward.

(II) Private placement of A-shares: CSRC has terminated its review on the Company's private placement of A-shares at the request of the Company.

(III) Launch and establishment of the fund: Currently, Orient Konka Industry M&A Fund respectively holds 7.75%, 2.75% 3.32% and 11.73% equity interest in Jiangxi Yahua Electronic Materials Co., Ltd., Genew Technologies Co., Ltd., Roshow Science and Technology Co., Ltd. and Shenzhen Grentech RF Communication Co., Ltd. Emerging Industrial Development Investment Fund has completed the filing in Asset Management Association of China. Wuzhen Jiayu Digital Economy Industry Fund and Yibin Kanghui Emerging Industry Fund have accomplished the signing of the partnership agreement and now the filing in Asset Management Association of China is underway.

(IV) Disclosure index of significant information

Announcement No.	Date	Title	Page on newspaper	Link on http://www.cninfo.com.cn
2020-01	14 January 2020	Announcement on Resignation of Vice President of the Company	Securities Times B29, Shanghai Securities News 40 etc.	http://www.cninfo.com.cn/new/index
2020-02	17 January 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B24, Shanghai Securities News 68 etc.	
2020-03	21 January 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B64, Shanghai Securities News 89 etc.	
2020-04	21 January 2020	Announcement on Signing Strategic Framework Agreement	Securities Times B64, Shanghai Securities News 89 etc.	
2020-05	5 February	Announcement on Abnormal Volatility of	Securities Times B33, Shanghai Securities News	

	2020	Stock Trading	60 etc.
2020-06	7 February 2020	Announcement on Abnormal Volatility of Stock Trading	Securities Times B46, Shanghai Securities News 68 etc.
2020-07	10 February 2020	Announcement on Abnormal Volatility of Stock Trading	Securities Times B11, Shanghai Securities News 44 etc.
2020-08	13 February 2020	Announcement on Abnormal Volatility of Stock Trading	Securities Times B31, Shanghai Securities News 52 etc.
2020-09	21 February 2020	Announcement on Abnormal Volatility of Stock Trading	Securities Times B29, Shanghai Securities News 57 etc.
2020-10	25 February 2020	Announcement on Reply for the Concern Letter of Shenzhen Stock Exchange	Securities Times B19, Shanghai Securities News 5 etc.
2020-11	27 February 2020	Announcement on Progress of Reply for the Concern Letter of Shenzhen Stock Exchange	Securities Times B79, Shanghai Securities News 76 etc.
2020-12	3 March 2020	Announcement on the Resolution of the 23 rd Meeting of the 9 th Board of Directors	Securities Times B44, Shanghai Securities News 65 etc.
2020-13	3 March 2020	Announcement on Launch and Establishment of Emerging Industry Development Investment Fund	Securities Times B44, Shanghai Securities News 65 etc.
2020-14	3 March 2020	Announcement on Receiving the Reply on Enquiry of Any Planned Events with Significant Effects on the Company by Controlling Shareholders	Securities Times B44, Shanghai Securities News 65 etc.
2020-15	4 March 2020	Supplementary Announcement on Launch and Establishment of Emerging Industry Development Investment Fund	Securities Times B6, Shanghai Securities News 36 etc.
2020-16	18 March 2020	Announcement on Offering Overseas Loan under Domestic Guarantee to Foreign Wholly-owned Subsidiary	Securities Times B25, Shanghai Securities News 44 etc.
2020-17	24 March 2020	Announcement on Offering Guarantees by the Majority-owned Subsidiary to its Majority-owned Subsidiary	Securities Times B24, Shanghai Securities News 60 etc.
2020-18	28 March 2020	Announcement on the Resolution of the 24 th Meeting of the 9 th Board of Directors	Securities Times B33, Shanghai Securities News 28 etc.
2020-19	28 March 2020	Proposal on Initiating the Establishment of Wuzhen Jiayu Digital Economy Industry Fund and Related-party Transaction	Securities Times B33, Shanghai Securities News 28 etc.
2020-20	11 April 2020	Announcement on the Progress of Offering Guarantees to the Wholly-owned Subsidiary	Securities Times B40, Shanghai Securities News 24 etc.

2020-21	14 April 2020	Announcement on Expiration of Financial Aids of RMB8.9 million to Chongqing Qingjia	Securities Times B18, Shanghai Securities News 81 etc.
2020-22	15 April 2020	Announcement on the 2019 Earnings Forecasts	Securities Times B214, Shanghai Securities News 249 etc.
2020-23	15 April 2020	Announcement on the 2020 First Quarter Earnings Forecasts	Securities Times B214, Shanghai Securities News 249 etc.
2020-24	22 April 2020	Announcement on the Resolution of the 6 th Meeting of the 9 th Supervisory Committee	Securities Times B226, Shanghai Securities News etc.
2020-25	22 April 2020	Announcement on the Expectation of the 2020 Routine Related Transaction	Securities Times B226, Shanghai Securities News etc.
2020-26	22 April 2020	Announcement on Revising Corporate Systems such as Articles of Associations, etc.	Securities Times B225, Shanghai Securities News etc.
2020-27	22 April 2020	Announcement on Appointment of the Auditor for Financial Statements and Internal Control in 2020	Securities Times B226, Shanghai Securities News etc.
2020-28	22 April 2020	Announcement on the Changes of Part of Accounting Policies	Securities Times B226, Shanghai Securities News etc.
2020-29	22 April 2020	Announcement on Plan of Profit Distribution for 2019	Securities Times B226, Shanghai Securities News etc.
2020-30	22 April 2020	2019 Annual Report	
2020-31	22 April 2020	Abstract of the 2019 Annual Report	Securities Times B225, Shanghai Securities News etc.
2020-32	22 April 2020	Announcement on Assets Impairment Provision in 2019	Securities Times B226, Shanghai Securities News etc.
2020-33	22 April 2020	Announcement on the Resolution of the 25 th Meeting of the 9 th Board of Directors	Securities Times B226, Shanghai Securities News etc.
2020-34	22 April 2020	Notice on Convening the 2019 Annual General Meeting	Securities Times B226, Shanghai Securities News etc.
2020-35	30 April 2020	Text of the 2020 First Quarter Report	Securities Times , Shanghai Securities News 609 etc.
2020-36	30 April 2020	2020 First Quarter Report	
2020-37	13 May 2020	Announcement on Offering Guarantees by the Majority-owned Subsidiary to its Majority-owned Subsidiary	Securities Times B56, Shanghai Securities News 108 etc.
2020-38	15 May 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B24, Shanghai Securities News 64 etc.

2020-39	15 May 2020	Indicative Announcement on Do's and Don'ts for Participating in the Annual General Meeting of 2019 during the Period of the Epidemic Preservation and Control	Securities Times B24, Shanghai Securities News 64 etc.
2020-40	19 May 2020	Announcement on Resolutions of the 2019 Annual General Meeting	Securities Times B87, Shanghai Securities News 25 etc.
2020-41	23 May 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B58, Shanghai Securities News 49 etc.
2020-42	23 May 2020	Announcement on the Resolution of the 27 th Meeting of the 9 th Board of Directors	Securities Times B58, Shanghai Securities News 49 etc.
2020-43	23 May 2020	Announcement on Terminating Private Placement of A-Shares	Securities Times B58, Shanghai Securities News 49 etc.
2020-44	23 May 2020	Announcement on the Company Signing with the Subscription Object a 'Termination Contract for the Share Subscription Agreement with Conditional Entry into Force' and Related-party Transaction	Securities Times B58, Shanghai Securities News 49 etc.
2020-45	23 May 2020	Announcement on the Resolution of the 8 th Meeting of the 9 th Supervisory Committee	Securities Times B58, Shanghai Securities News 49 etc.
2020-46	5 June 2020	Announcement on Signing Project Cooperative Agreement with Municipal Government of Xinxiang	Securities Times B45, Shanghai Securities News 100 etc.
2020-47	6 June 2020	Announcement on Plan of Private Placement of Corporate Bonds	Securities Times B74, Shanghai Securities News 65 etc.
2020-48	6 June 2020	Announcement on Providing Advertising Services to OCT Group and Related-party Transaction	Securities Times B74, Shanghai Securities News 65 etc.
2020-49	6 June 2020	Announcement on the Transfer of 34% Equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd. and Related-party Transaction	Securities Times B75, Shanghai Securities News 65 etc.
2020-50	6 June 2020	Notice on Convening the 1 st Extraordinary General Meeting of 2020	Securities Times B74, Shanghai Securities News 65 etc.
2020-51	6 June 2020	Announcement on Constructing the Manufacturing Base of Konka Smart Terminal for Export by Investments	Securities Times B74, Shanghai Securities News 65 etc.
2020-52	6 June 2020	Announcement on Offering Guarantee Limit to the Joint Stock Companies and Related-party Transactions	Securities Times B74, Shanghai Securities News 65 etc.

2020-53	6 June 2020	Announcement on External Guarantees	Securities Times B74, Shanghai Securities News 65 etc.
2020-54	6 June 2020	Announcement on the Resolution of the 28 th Meeting of the 9 th Board of Directors	Securities Times B74, Shanghai Securities News 65 etc.
2020-55	12 June 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times A41, Shanghai Securities News 60 etc.
2020-56	16 June 2020	Announcement on Receiving the Notice on Terminating the Review of the Application for Administration Permission of China Securities Regulatory Commission	Securities Times B84, Shanghai Securities News 108 etc.
2020-57	17 June 2020	Announcement on the Progress of Offering Guarantees to the Majority-owned Subsidiary	Securities Times B28, Shanghai Securities News 89 etc.
2020-58	23 June 2020	Announcement on Resolutions of the 1 st Extraordinary General Meeting of 2020	Securities Times B2, Shanghai Securities News 100 etc.
2020-59	24 June 2020	Announcement on the Resolution of the 29 th Meeting of the 9 th Board of Directors	Securities Times B106, Shanghai Securities News 124 etc.
2020-60	24 June 2020	Announcement on Extending the Investment Term of Orient Konka Industrial M&A Fund	Securities Times B106, Shanghai Securities News 124 etc.
2020-61	24 June 2020	Announcement on the Transfer of Some Patents in Relation to Cloud Big Data and Related-party Transaction	Securities Times B106, Shanghai Securities News 124 etc.
2020-62	30 June 2020	Announcement on Completing Changes of Registration for the Transfer of 34% Equity of Nanjing K-Star Science and Technology Industry Park Operation and Management Co., Ltd.	Securities Times B11, Shanghai Securities News 224 etc.

XVIII Significant Events of Subsidiaries

Applicable Not applicable

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

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

Reasons for the share changes:

 Applicable Not applicable

Approval of the share changes:

 Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Holdings as at the Period-End

Unit: share

Number of ordinary shareholders		145,344		Number of preferred shareholders with resumed voting rights (if any) (see note 8)			0	
5% or greater ordinary shareholders or top 10 ordinary shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total ordinary shares held at the period-end	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge or frozen	
							Status	Shares
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	State-owned legal person	21.75%	523,746,932	0	0	523,746,932		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.56%	182,100,202	0	0	182,100,202		
GUOYUAN SECURITIES BROKER	Foreign legal person	2.47%	59,497,225	5,293,446	0	59,497,225		

(HK) CO., LTD.								
HOLY TIME GROUP LIMITED	Foreign legal person	2.33%	56,139,100	0	0	56,139,100		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0	0	52,801,250		
WANG JINGFENG	Domestic natural person	1.01%	24,250,000	16,550,000	0	24,250,000		
NAM NGAI	Foreign natural person	0.92%	22,063,940	856,600	0	22,063,940		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.83%	19,973,520	-3,020,504	0	19,973,520		
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.52%	12,452,154	-1,370,000	0	12,452,154		
SPDR Portfolio Emerging Markets ETF	Foreign legal person	0.46%	11,176,363	1,022,500	0	11,176,363		
Strategic investor or general legal person becoming a top-10 ordinary shareholder due to rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 ordinary shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Happy Bloom Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.							
Top 10 unrestricted ordinary shareholders								
Name of shareholder	Unrestricted ordinary shares held at the period-end	Shares by type						
		Type	Shares					
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	523,746,932	RMB-denominated ordinary stock	523,746,932					
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	182,100,202	Domestically listed foreign stock	182,100,202					
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	59,497,225	Domestically listed foreign	59,497,225					

		stock	
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
WANG JINGFENG	24,250,000	RMB-denominated ordinary stock	24,250,000
NAM NGAI	22,063,940	Domestically listed foreign stock	22,063,940
CHINA MERCHANTS SECURITIES (HK) LIMITED	19,973,520	Domestically listed foreign stock	19,973,520
Haitong International Securities Company Limited-Account Client	12,452,154	Domestically listed foreign stock	12,452,154
SPDR Portfolio Emerging Markets ETF	11,176,363	Domestically listed foreign stock	11,176,363
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 shareholders	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 common shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Happy Bloom Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	Wang Jingfeng holds 23,000,000 A-shares in the Company through his securities account for customer credit trading guarantee in Guotai Junan Securities Co., Ltd.		

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.

IV Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

Part VII Preferred Shares

Applicable Not applicable

No Preferred shares in the Reporting Period.

Part VIII Convertible Corporate Bonds

Applicable Not applicable

No convertible corporate bonds in the Reporting Period.

Part IX Directors, Supervisors and Senior Management

I Change in Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

No changes occurred to the shareholdings of the directors, supervisors and senior management in the Reporting Period. See the 2019 Annual Report for more details.

II Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
He Jianjun	Vice president	Left	13 January 2020	Resignation for job changes
He Haibin	Director	Left	10 August 2020	Resignation for job changes

Part X Corporate Bonds

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

I. Basic Information of the Corporate Bonds

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

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

II. List of the Bond Trustee and the Rating Organization

Bond trustee:							
Name	Industrial Securities Co., Ltd	Office address	Room 601, No. 35 Jinshifang Street, Xicheng District, Beijing	Contact person	Pu Hang, and Zhang Huifang	Contact number	010- 50911203
Rating organization executed the tracking rating of the corporate bonds of the Reporting Period:							

Name	United Ratings Co., Ltd.	Office address	No.2 Jianwai Street, Chaoyang District, Beijing
Alternation reasons, execution process and influences on the investors' interests etc. if there was alternation of the bond trustees and the credit rating agencies engaged by the Company during the Reporting Period (if applicable)		No	

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

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

IV. Rating Situation of the Corporate Bonds Information

In June 2020, United Credit Ratings Co., Ltd. made the tracking rating for the entity and relevant bonds (including “19 Konka 01”, “19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06”) of the Company. The entity of the Company was rated as Grade AA invariably and as “Stable” for its rating prospect; the bonds “19 Konka 01”, “19 Konka 02”, “19 Konka 03”, “19 Konka 04”, “19 Konka 05” and “19 Konka 06” issued by Konka Group Co., Ltd. were rated as Grade AAA invariably for their credit and as “Stable” for their rating prospect. The tracking rating result is consistent with that issued at the time of corporate bonds issuance. The related rating report has been published on the website of Shenzhen Stock Exchange in June 2020.

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

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

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

No bonds holders meeting was convened during the Reporting Period.

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

During the Reporting Period, Industrial Securities Co., Ltd., the Company's bond trustee manager, proactively performed its trusteeship, continued to be concerned with the Company's routine production and operation and financial conditions, and endeavored to maintain the legitimate rights and interests of the bond holder strictly in accordance with related laws, regulations, the Management Measures for the Issue and Trading of Corporate Bonds, the Prospectus and the Agreement for the Bond Trusteeship Management.

VIII. The Major Accounting Data and the Financial Indicators of the Company up the Period-end of the Year and the Period-end of Last Year (or the Reporting Period and the Same Period of Last Year)

Unit: RMB'0,000

Item	30 June 2020	30 June 2019	Increase/decrease
Current ratio	116.65%	114.80%	1.85%
Asset-liability ratio	77.16%	76.69%	0.47%
Quick ratio	91.35%	90.78%	0.57%
	H1 2020	H1 2019	Increase/decrease
Times interest earned of EBITDA	1.73	2.75	-37.09%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage	100.00%	100.00%	0.00%

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

Applicable Not applicable

The EBITDA-to-interest coverage decreased primarily due to a year-on-year decline in total profit in the Reporting Period.

IX. Overdue Debts of the Company

Applicable Not applicable

No such cases in the Reporting Period.

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

No such cases in the Reporting Period.

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

As of the end of the Reporting Period, the Company acquired bank credit lines of RMB15.79 billion, and used RMB11.691 billion. All bank loans can be repaid on schedule without any overdue situations.

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

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

XIII. Significant Events Occurring during the Reporting Period

During the Reporting Period, the Company has timely disclosed current announcements regarding significant events occurring the website of Shenzhen Stock Exchange (<http://www.szse.cn/>) and cninfo (<http://www.cninfo.com.cn/new/index>). As of the disclosure date of this Report, related significant events have no subsequent progress yet.

XIV. Whether there Was Guarantor of the Corporate Bonds

Yes No

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

Yes No

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

Yes No

The Company shall separately provide financial statements (indicate whether audited) of the guarantor within two months from the ending date of the first half of every accounting year.

Part XI Financial Statements

I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes No

The interim financial statements of the Company have not been audited by an independent auditor.

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Konka Group Co., Ltd.

30 June 2020

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary assets	6,417,472,335.73	6,599,360,051.61
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets		61,494,666.97
Derivative financial assets		
Notes receivable	1,790,831,882.98	2,838,041,432.89
Accounts receivable	5,723,176,839.47	4,416,179,657.87
Accounts receivable financing	78,865,016.45	143,174,271.82
Prepayments	2,055,015,964.35	2,072,550,811.86
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	2,096,587,670.34	1,772,183,366.49
Including: Interest receivable	20,197,445.29	7,807,400.40
Dividends receivable	547,848.62	547,848.62
Financial assets purchased under resale agreements		
Inventories	5,532,819,450.49	5,318,503,044.69
Contract assets	30,698,835.93	
Assets held for sale		

Current portion of non-current assets	105,802,707.58	108,087,016.22
Other current assets	1,685,482,577.97	2,093,212,552.25
Total current assets	25,516,753,281.29	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	406,414,838.42	410,509,555.85
Long-term equity investments	3,515,965,754.73	3,465,541,196.89
Investments in other equity instruments	21,642,171.36	21,642,170.36
Other non-current financial assets	1,725,572,108.78	1,753,121,727.83
Investment property	393,652,901.29	400,197,374.07
Fixed assets	2,604,608,094.07	2,561,254,191.55
Construction in progress	4,892,296,487.39	4,291,544,368.52
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	1,175,090,192.24	1,213,271,713.22
Development costs		
Goodwill	779,260,296.41	779,260,296.41
Long-term prepaid expense	122,914,607.94	107,590,078.88
Deferred income tax assets	977,043,685.78	987,763,182.17
Other non-current assets	1,377,590,246.50	1,172,472,723.85
Total non-current assets	17,992,051,384.91	17,164,168,579.60
Total assets	43,508,804,666.20	42,586,955,452.27
Current liabilities:		
Short-term borrowings	11,476,582,374.41	10,332,687,239.63
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	962,487,388.11	1,319,396,374.37
Accounts payable	5,422,094,873.24	5,797,822,479.60
Advances from customers		1,076,856,387.08

Contract liabilities	848,237,128.69	
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	286,100,155.12	426,870,498.58
Taxes payable	211,598,176.66	607,845,294.99
Other payables	2,511,115,136.03	2,374,287,243.20
Including: Interest payable	217,842,648.33	227,831,108.53
Dividends payable	120,397,270.40	
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	156,936,974.97	210,066,077.13
Other current liabilities		
Total current liabilities	21,875,152,207.23	22,145,831,594.58
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	5,700,546,887.07	4,890,315,729.90
Bonds payable	4,990,461,215.98	4,987,709,643.64
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	548,489,971.61	383,287,104.62
Long-term employee benefits payable	5,326,969.34	5,565,646.72
Provisions	93,742,032.32	206,591.51
Deferred income	163,197,764.55	151,874,258.45
Deferred income tax liabilities	90,279,421.81	95,467,096.05
Other non-current liabilities	106,356,896.20	
Total non-current liabilities	11,698,401,158.88	10,514,426,070.89
Total liabilities	33,573,553,366.11	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	-21,609,807.99	-21,293,103.52
Specific reserve		
Surplus reserves	1,211,721,109.67	1,211,721,109.67
General reserve		
Retained earnings	4,214,068,129.12	4,239,763,606.89
Total equity attributable to owners of the Company as the parent	8,042,493,415.89	8,068,505,598.13
Non-controlling interests	1,892,757,884.20	1,858,192,188.67
Total owners' equity	9,935,251,300.09	9,926,697,786.80
Total liabilities and owners' equity	43,508,804,666.20	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	30 June 2020	31 December 2019
Current assets:		
Monetary assets	2,744,677,596.72	2,498,077,198.12
Held-for-trading financial assets		61,494,666.97
Derivative financial assets		
Notes receivable	1,421,289,007.19	2,148,312,821.38
Accounts receivable	5,757,197,738.90	9,564,720,940.39
Accounts receivable financing		66,002,903.68
Prepayments	997,574,760.35	911,315,168.95
Other receivables	9,998,902,666.47	10,552,820,915.47
Including: Interest receivable	9,652,188.83	7,431,353.86
Dividends receivable	522,819,271.02	518,580,871.02
Inventories	216,310,704.47	218,644,308.47
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	835,821,579.38	1,096,689,897.40

Total current assets	21,971,774,053.48	27,118,078,820.83
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	8,686,847,379.26	7,712,084,967.88
Investments in other equity instruments	12,940,215.36	12,940,214.36
Other non-current financial assets	250,230,000.00	250,230,000.00
Investment property	393,652,901.29	400,197,374.07
Fixed assets	433,937,544.20	444,107,402.57
Construction in progress	56,971,744.94	40,933,270.51
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	76,427,525.88	80,470,750.60
Development costs		
Goodwill		
Long-term prepaid expense	15,403,163.88	39,047,325.68
Deferred income tax assets	799,639,462.15	883,234,085.45
Other non-current assets		
Total non-current assets	10,726,049,936.96	9,863,245,391.12
Total assets	32,697,823,990.44	36,981,324,211.95
Current liabilities:		
Short-term borrowings	5,351,872,747.45	5,014,312,913.74
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	2,088,345,443.40	2,610,991,473.69
Accounts payable	5,692,768,111.90	11,078,648,690.19
Advances from customers		318,839,961.84
Contract liabilities	987,888,282.21	
Employee benefits payable	62,326,362.38	125,402,307.95
Taxes payable	5,597,829.82	9,305,344.42
Other payables	3,919,872,978.82	3,193,392,734.69
Including: Interest payable	214,053,062.68	223,847,860.57

Dividends payable	120,397,270.40	
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	122,000,000.00	130,512,375.00
Other current liabilities		
Total current liabilities	18,230,671,755.98	22,481,405,801.52
Non-current liabilities:		
Long-term borrowings	3,150,379,401.85	3,438,055,729.90
Bonds payable	4,990,461,215.98	4,987,709,643.64
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables	26,432,152.59	21,855,688.19
Long-term employee benefits payable		
Provisions	7,082,379.29	206,591.51
Deferred income	48,269,020.80	59,545,839.30
Deferred income tax liabilities		
Other non-current liabilities	57,672,988.87	
Total non-current liabilities	8,280,297,159.38	8,507,373,492.54
Total liabilities	26,510,968,915.36	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	2,440,009,032.41	2,245,698,875.22
Total owners' equity	6,186,855,075.08	5,992,544,917.89
Total liabilities and owners' equity	32,697,823,990.44	36,981,324,211.95

3. Consolidated Income Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Revenue	17,524,183,896.74	26,036,442,813.84
Including: Operating revenue	17,524,183,896.74	26,036,442,813.84
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	18,353,408,488.70	26,698,772,822.16
Including: Cost of sales	16,268,993,432.88	24,674,042,371.13
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	29,184,440.36	37,389,092.27
Selling expense	969,224,381.98	1,067,945,914.36
Administrative expense	440,915,780.44	347,924,642.43
R&D expense	258,049,586.29	157,210,338.94
Finance costs	387,040,866.75	414,260,463.03
Including: Interest expense	532,953,584.28	529,683,836.52
Interest income	124,261,830.72	118,673,531.77
Add: Other income	318,094,852.34	343,884,971.36
Return on investment (“-” for loss)	598,693,576.59	559,161,027.92
Including: Share of profit or loss of joint ventures and associates	44,717,625.76	8,541,274.56
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)		-3,005,381.67
Credit impairment loss (“-” for loss)	-39,887,507.18	-49,476,223.76
Asset impairment loss (“-” for loss)	-1,985,659.95	-11,717,767.29
Asset disposal income (“-” for loss)	98,454,282.86	293,705,840.64
3. Operating profit (“-” for loss)	144,144,952.70	470,222,458.88

Add: Non-operating income	8,661,773.48	22,269,442.09
Less: Non-operating expense	7,136,875.35	3,469,741.51
4. Profit before tax (“-” for loss)	145,669,850.83	489,022,159.46
Less: Income tax expense	73,425,522.47	10,311,393.19
5. Net profit (“-” for net loss)	72,244,328.36	478,710,766.27
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	72,244,328.36	478,710,766.27
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	94,701,792.63	352,767,020.73
5.2.1 Net profit attributable to non-controlling interests	-22,457,464.27	125,943,745.54
6. Other comprehensive income, net of tax	1,158,124.63	-3,108,112.33
Attributable to owners of the Company as the parent	-316,704.47	-3,659,886.69
6.1 Items that will not be reclassified to profit or loss		-4,800,000.00
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		-4,800,000.00
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	-316,704.47	1,140,113.31
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 Credit impairment allowance for 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	-316,704.47	1,140,113.31
6.2.7 Other		
Attributable to non-controlling interests	1,474,829.10	551,774.36

7. Total comprehensive income	73,402,452.99	475,602,653.94
Attributable to owners of the Company as the parent	94,385,088.16	349,107,134.04
Attributable to non-controlling interests	-20,982,635.17	126,495,519.90
8. Earnings per share		
8.1 Basic earnings per share	0.0393	0.1465
8.2 Diluted earnings per share	0.0393	0.1465

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	H1 2020	H1 2019
1. Operating revenue	3,375,446,030.89	5,368,021,710.40
Less: Cost of sales	2,951,099,830.85	5,264,149,493.15
Taxes and surcharges	2,456,004.49	3,050,245.87
Selling expense	346,758,543.10	602,937,451.39
Administrative expense	159,850,052.74	116,641,903.32
R&D expense	25,536,247.49	21,884,250.47
Finance costs	174,356,605.73	263,815,281.41
Including: Interest expense	430,353,727.41	484,646,778.75
Interest income	242,970,045.01	225,398,798.03
Add: Other income	60,280,939.33	25,883,962.58
Return on investment (“-” for loss)	508,865,061.70	185,975,738.88
Including: Share of profit or loss of joint ventures and associates	-699,839.38	3,928,528.71
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)	-10,198,271.78	-6,660,947.01
Asset impairment loss (“-” for loss)	5,726,253.37	-3,172,282.22
Asset disposal income (“-” for loss)	98,600,000.00	200.00
2. Operating profit (“-” for loss)	378,662,729.11	-705,435,624.65
Add: Non-operating income	315,565.50	1,522,859.81
Less: Non-operating expense	225,566.38	957,357.54
3. Profit before tax (“-” for loss)	378,752,728.23	-704,870,122.38

Less: Income tax expense	84,301,541.05	-175,447,791.41
4. Net profit (“-” for net loss)	294,451,187.18	-529,422,330.97
4.1 Net profit from continuing operations (“-” for net loss)	294,451,187.18	-529,422,330.97
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 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 arising from changes in own credit risk		
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 Credit impairment allowance for 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	294,451,187.18	-529,422,330.97
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	17,398,919,184.79	25,473,835,784.74
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	108,772,128.38	507,670,463.23
Cash generated from other operating activities	2,067,915,221.82	2,148,795,820.05
Subtotal of cash generated from operating activities	19,575,606,534.99	28,130,302,068.02
Payments for commodities and services	17,115,676,821.64	26,800,524,727.57
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	917,713,468.04	926,887,184.41
Taxes paid	628,428,831.21	453,909,943.55
Cash used in other operating activities	1,990,154,341.58	1,991,936,384.26
Subtotal of cash used in operating activities	20,651,973,462.47	30,173,258,239.79
Net cash generated from/used in operating activities	-1,076,366,927.48	-2,042,956,171.77
2. Cash flows from investing activities:		
Proceeds from disinvestment	387,119,277.60	221,738,210.00
Return on investment	80,623,751.66	73,227,388.55
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	40,444,106.56	100,441,951.60
Net proceeds from the disposal of subsidiaries and other business units	3,287,293.86	32,675,173.25
Cash generated from other investing activities	1,208,757,541.14	1,396,866,878.42
Subtotal of cash generated from investing activities	1,720,231,970.82	1,824,949,601.82
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	1,701,324,660.79	642,392,906.08

Payments for investments	8,670,001.00	1,156,259,360.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	152,930,416.99	700,033,420.00
Subtotal of cash used in investing activities	1,862,925,078.78	2,498,685,686.08
Net cash generated from/used in investing activities	-142,693,107.96	-673,736,084.26
3. Cash flows from financing activities:		
Capital contributions received	94,836,439.00	165,523,493.96
Including: Capital contributions by non-controlling interests to subsidiaries	94,836,439.00	165,523,493.96
Borrowings raised	10,423,573,485.62	15,051,901,964.42
Cash generated from other financing activities	945,876,029.73	350,346,627.50
Subtotal of cash generated from financing activities	11,464,285,954.35	15,567,772,085.88
Repayment of borrowings	8,790,985,658.27	11,054,191,049.91
Interest and dividends paid	383,175,132.72	255,889,282.00
Including: Dividends paid by subsidiaries to non-controlling interests	10,513,500.00	
Cash used in other financing activities	1,033,904,254.73	264,881,928.72
Subtotal of cash used in financing activities	10,208,065,045.72	11,574,962,260.63
Net cash generated from/used in financing activities	1,256,220,908.63	3,992,809,825.25
4. Effect of foreign exchange rates changes on cash and cash equivalents	7,043,028.89	-9,021,516.41
5. Net increase in cash and cash equivalents	44,203,902.08	1,267,096,052.81
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	4,537,905,819.30	4,701,245,534.53

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,385,079,007.56	10,761,635,579.27
Tax rebates	35,643,807.10	30,608,798.86
Cash generated from other operating activities	6,304,828,904.25	6,301,905,413.21
Subtotal of cash generated from operating activities	9,725,551,718.91	17,094,149,791.34
Payments for commodities and services	2,037,612,946.86	8,915,821,945.44
Cash paid to and for employees	193,201,951.98	376,948,025.22

Taxes paid	7,317,308.11	30,146,084.97
Cash used in other operating activities	7,103,806,174.57	7,232,326,927.95
Subtotal of cash used in operating activities	9,341,938,381.52	16,555,242,983.58
Net cash generated from/used in operating activities	383,613,337.39	538,906,807.76
2. Cash flows from investing activities:		
Proceeds from disinvestment	395,943,265.00	105,558,710.00
Return on investment	15,939,575.07	40,874,813.31
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	53,456.56	198,805.64
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	1,129,057,041.14	672,765,551.82
Subtotal of cash generated from investing activities	1,540,993,337.77	819,397,880.77
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	44,012,965.74	39,488,957.39
Payments for investments	966,864,001.00	551,150,000.00
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	112,930,416.99	4,224,938,500.00
Subtotal of cash used in investing activities	1,123,807,383.73	4,815,577,457.39
Net cash generated from/used in investing activities	417,185,954.04	-3,996,179,576.62
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	7,094,864,642.27	7,442,215,982.73
Cash generated from other financing activities	132,563,907.20	
Subtotal of cash generated from financing activities	7,227,428,549.47	7,442,215,982.73
Repayment of borrowings	6,842,198,610.76	3,053,659,242.73
Interest and dividends paid	322,326,562.77	204,582,931.37
Cash used in other financing activities	381,866,448.33	8,079,215.50
Subtotal of cash used in financing activities	7,546,391,621.86	3,266,321,389.60
Net cash generated from/used in financing activities	-318,963,072.39	4,175,894,593.13
4. Effect of foreign exchange rates changes on cash and cash equivalents	3,386,774.26	-9,427,666.78
5. Net increase in cash and cash equivalents	485,222,993.30	709,194,157.49
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	1,822,565,180.22	2,206,988,713.34

7. Consolidated Statements of Changes in Owners' Equity

H1 2020

Unit: RMB

Item	H1 2020														
	Equity attributable to owners of the Company as the parent											Non-controlling interests	Total owners' equity		
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings			Other	Subtotal
		Preferred shares	Perpetual	Other											
1. Balance as at the end of the prior year	2,407,945,408.00				230,368,577.09		-21,293,103.52		1,211,721,109.67		4,239,763,606.89		8,068,505,598.13	1,858,192,188.67	9,926,697,786.80
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	2,407,945,408.00				230,368,577.09		-21,293,103.52		1,211,721,109.67		4,239,763,606.89		8,068,505,598.13	1,858,192,188.67	9,926,697,786.80
3. Increase/ decrease in the period							-316,704.47				-25,695,477.77		-26,012,182.24	34,565,695.53	8,553,513.29

("-" for decrease)														
3.1 Total comprehensive income														
3.2 Capital increased and reduced by owners														
3.2.1 Ordinary shares increased by owners														
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners' equity														
3.2.4 Other														
3.3 Profit distribution														
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)														
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														

3.4.4 Changes in defined benefit schemes transferred to retained earnings														
3.4.5 Other comprehensive income transferred to retained earnings														
3.4.6 Other														
3.5 Specific reserve														
3.5.1 Increase in the period														
3.5.2 Used in the period														
3.6 Other														
4. Balance as at the end of the period	2,407,945,408.00			230,368,577.09	-21,609,807.99	1,211,721,109.67	4,214,068,129.12	8,042,493,415.89	1,892,757,884.20	9,935,251,300.09				

Unit: RMB

Item	H1 2019													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent											Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings		Other		
	Preferred shares	Reserve	Other												
1. Balance as at the end of the prior year	2,407,945,408.00				208,356,624.21		-10,538,219.08		1,227,564,785.19		4,271,408,192.21	8,104,736,790.53	1,346,631,520.26	9,451,368,310.79	
Add: Adjustment for change in accounting policy											-2,884,254.62	-2,884,254.62		-2,884,254.62	
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	2,407,945,408.00				208,356,624.21		-10,538,219.08		1,227,564,785.19		4,268,523,937.59	8,101,852,535.91	1,346,631,520.26	9,448,484,056.17	
3. Increase/ decrease in the period ("-" for decrease)					29,405,337.77		-3,659,886.69	71,737.0			111,972,479.93	137,789,668.09	247,437,548.62	385,227,216.71	

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3.1 Total comprehensive income														
3.2 Capital increased and reduced by owners														
3.2.1 Ordinary shares increased by owners														
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments included in owners' equity														
3.2.4 Other														
3.3 Profit distribution														
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)														
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														

3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other					29,405,337.77			71,737.08				29,477,074.85		29,477,074.85	
4. Balance as at the end of the period	2,407,945,408.00				237,761,961.98		-14,198,105.77	71,737.08	1,227,564,785.19		4,380,496,417.52		8,239,642,204.00	1,594,069,068.88	9,833,711,272.88

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

H1 2020

Unit: RMB

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Prefer- red shares	Perpetu- al bonds	Other								
1. Balance as at the end of the prior year	2,407,945,408.00				114,018,066.79		-2,682,217.31		1,227,564,785.19	2,245,698,875.22		5,992,544,917.89
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments										20,256,240.41		20,256,240.41
2. Balance as at the beginning of the year	2,407,945,408.00				114,018,066.79		-2,682,217.31		1,227,564,785.19	2,265,955,115.63		6,012,801,158.30
3. Increase/ decrease in the period (“-” for decrease)										174,053,916.78		174,053,916.78
3.1 Total comprehensive income										294,451,187.18		294,451,187.18
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												

3.2.4 Other												
3.3 Profit distribution											-120,397,270.40	-120,397,270.40
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)											-120,397,270.40	-120,397,270.40
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												

4. Balance as at the end of the period	2,407,945,408.00				114,018,066.79		-2,682,217.31		1,227,564,785.19	2,440,009,032.41		6,186,855,075.08
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Item	H1 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferre d shares	Perpetu al bonds	Other								
1. Balance as at the end of the prior year	2,407,945,408.00				114,018,066.79		-1,182,217.31		1,227,564,785.19	3,040,171,940.85		6,788,517,983.52
Add: Adjustment for change in accounting policy										-2,127,505.16		-2,127,505.16
Adjustment for correction of previous error												
Other adjustments										7,971,211.72		7,971,211.72
2. Balance as at the beginning of the year	2,407,945,408.00				114,018,066.79		-1,182,217.31		1,227,564,785.19	3,046,015,647.41		6,794,361,690.08
3. Increase/ decrease in the period ("-" for decrease)										-770,216,871.77		-770,216,871.77
3.1 Total comprehensive income										-529,422,330.97		-529,422,330.97
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												

3.3 Profit distribution											-240,794,540.80		-240,794,540.80
3.3.1 Appropriation to surplus reserves													
3.3.2 Appropriation to owners (or shareholders)											-240,794,540.80		-240,794,540.80
3.3.3 Other													
3.4 Transfers within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Loss offset by surplus reserves													
3.4.4 Changes in defined benefit schemes transferred to retained earnings													
3.4.5 Other comprehensive income transferred to retained earnings													
3.4.6 Other													
3.5 Specific reserve													
3.5.1 Increase in the period													
3.5.2 Used in the period													
3.6 Other													
4. Balance as at the end of the period	2,407,945,408.00				114,018,066.79		-1,182,217.31		1,227,564,785.19	2,275,798,775.64			6,024,144,818.31

Konka Group Co., Ltd.

Notes to Financial Statements for H1 2020

(All amounts are expressed, unless otherwise stated, in Renminbi (RMB).)

I. Company Profile

1. Establishment

Konka Group Co., Ltd. (hereinafter referred to as “Company” or “the Company”), is a joint-stock limited company reorganized from the former Shenzhen Konka Electronic Co., Ltd. in August 1991 upon approval of the People’s Government of Shenzhen Municipality, and has its ordinary shares (A-share and B-share) listed on Shenzhen Stock Exchange with prior consent from the People’s Bank of China Shenzhen Special Economic Zone Branch. On 29 August 1995, the Company was renamed to “Konka Group Co., Ltd.” (Credibility code: 914403006188155783) with its main business electronic industry. And now the headquarters locates in No. 28 of No. 12 of Keji South Rd., Science & Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province.

2. Share capital

After the distribution of bonus shares, allotments, increased share capital and new shares issued over the years, as of 30 June 2020, the company has issued a total of 2,407,945,408.00 shares (denomination of 1 yuan per share) with a registered capital of 2,407,945,408.00 yuan.

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

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

4. The financial statements contained herein have been approved for issue by the Board of Directors of the Company on 26 August 2020.

II. Consolidation scope

1. As of 30 June 2020, the company has a total of 154 subsidiaries included in the consolidation scope. For details, please refer to Note 8 "Equity in Other Entities". The consolidation scope of the company this year increased by 11 households and decreased by 3 households compared to the previous year. For details, please refer to Note 7 “Changes in the consolidation scope”.

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

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

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

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

Corporate name	Abbreviation
Binzhou Econ Zhongke Environmental Protection Technology Co., Ltd.	Binzhou Econ Zhongke
Laizhou Lairun Holding Co., Ltd.	Lairun Holding
Laizhou Lairun Environmental Protection Co., Ltd.	Lairun Environmental Protection
Laizhou Lairun Sewage Treatment Co., Ltd.	Lairun Sewage
Laizhou Binhai Sewage Treatment Co., Ltd.	Binhai Sewage
Econ Environmental Engineering Co., Ltd.	Econ Environmental Engineering
Rushan Yike Water Environment Management Co., Ltd.	Rushan Yike
Binzhou Weiyijie Environmental Technology Co., Ltd.	Binzhou Weiyijie
Binzhou Beihai Jingmai Industrial Development Co., Ltd.	Binzhou Beihai Jingmai
Yantai Chunzhiran Environmental Technology Co., Ltd.	Chunzhiran
Donggang Kangrun Environment Management Co., Ltd.	Donggang Kangrun
Kangrunhong Environmental Technology (Yantai) Co., Ltd.	Yantai Kangrun
Dayi Kangrun Water Co., Ltd.	Dayi Kangrun Water
Suining Pengxi Kangrun Environment Management Co., Ltd.	Suining Pengxi Kangrun
Subei Mongolian Autonomous County Kangrun Water Co., Ltd.	Subei Kangrun Water
Weifang Sihai Kangrun Investment and Operation Co., Ltd.	Weifang Sihai Kangrun
Lushan Kangrun Environment Management Co., Ltd.	Lushan Kangrun Environment
Funan Kangrun Water Co., Ltd.	Funan Kangrun Water
Wuhan Runyuan Sewage Treatment Co., Ltd.	Wuhan Runyuan Sewage
Tongchuan Kangrun Honghui Environment Management Co., Ltd.	Tongchuan Kangrun Honghui
Boxing Xingkang Environmental Technology Co., Ltd.	Boxing Xingkang Environmental
Tingyuan Environmental Technology (Shanghai) Co., Ltd.	Tingyuan Environmental
Yantai Kangyun Industry Development Co., Ltd.	Yantai Kangyun
Yantai Laikang Industry Development Co., Ltd.	Yantai Laikang
Konka Huanjia (Dalian) Environmental Technology Co., Ltd.	Konka Huanjia
Konka Huanjia (Henan) Environmental Technology Co., Ltd.	Konka Huanjia (Henan)
Shanghai Konka Industrial Co., Ltd.	Shanghai Konka
Yantai Konka Industrial Co., Ltd.	Yantai Konka Industrial
Yantai Kangjin Technology Development Co., Ltd.	Yantai Kangjin
Shandong Kangxin Industrial Development Co., Ltd.	Shandong Kangxin
Jiangxi Konka New Material Technology Co., Ltd.	Jiangxi Konka
Jiangxi Xinfeng Microcrystalline Jade Co., Ltd.	Xinfeng Microcrystalline
Jiangxi Golden Phoenix Nano Crystallized Glass Co., Ltd.	Nano Crystallized Glass
Shenzhen Nianhua Enterprise Management Co., Ltd.	Shenzhen Nianhua

Corporate name	Abbreviation
Shenzhen KONSEMI Co., Ltd.	Shenzhen KONSEMI
Shenzhen Meixin Semiconductor Technology Co., Ltd.	Shenzhen Meixin
Chongqing Zhengmao Semiconductor Co., Ltd.	Zhengmao Semiconductor
Hefei KONSEMI Storage Technology Co., Ltd.	Hefei KONSEMI
Hefei Yihe Electronic Co., Ltd.	Yihe Electronic
Chongqing Konka Technology Development Co., Ltd.	Chongqing Konka
Shenzhen Konka Huiying Technology Co., Ltd.	Shenzhen Huiying Technology
Chongqing Konka Huiying Technology Co., Ltd.	Chongqing Huiying Technology
Shenzhen Konka Eco-Development Investment Co., Ltd.	Konka Eco-Development
Suining Konka Industrial Park Development Co., Ltd.	Suining Konka Industrial Park
Konka Ronghe Industrial Technology (Foshan) Co., Ltd.	Konka Ronghe
Suining Konka Electronic Technological Innovation Co., Ltd.	Suining Electronic Technological Innovation
Dongguan Konka Investment Co., Ltd.	Dongguan Konka Investment
Shenzhen Konka Chuangzhi Electrical Appliances Co., Ltd.	Shenzhen Chuangzhi Electrical Appliances
Kanghong (Yantai) Environmental Protection Technology Co., Ltd.	Kanghong (Yantai) Environmental Protection
Kanghong (Yantai) Environmental Protection Technology Industrial Park Co., Ltd.	Kanghong (Yantai) Environmental Protection Industrial Park
Chongqing Kangxingrui Environmental Protection Technology Co., Ltd.	Chongqing Kangxingrui
Chongqing Konka Optoelectronic Technology Institute Co., Ltd.	Chongqing Optoelectronic Institute
Konka Xinying Semiconductor Technology (Shenzhen) Co., Ltd.	Xinying Semiconductor
Jiangkang (Shanghai) Technology Co., Ltd.	Jiangkang (Shanghai) Technology
Chongqing Konka Real Estate Development Co., Ltd.	Chongqing Real Estate Development
Chongqing Konka Xingyi Real Estate Co., Ltd.	Chongqing Xingyi Real Estate
Chongqing Konka Fuze Real Estate Co., Ltd.	Chongqing Fuze Real Estate
Ningbo Kanghanrui Electrical Appliances Co., Ltd.	Ningbo Kanghanrui Electrical Appliances
Shenzhen Konka Zhizao Technology Co., Ltd.	Konka Zhizao
Anhui Konka Debao New Material Technology Co., Ltd.	Debao New Material Technology
Suining Jiarun Real Estate Co., Ltd.	Suining Jiarun Real Estate
Chuzhou Kangxin Health Industry Development Co., Ltd.	Chuzhou Kangxin Health Industry
Hubei Kangxinglong Environmental Protection Co., Ltd.	Kangxinglong Environmental Protection
E3info (Hainan) Technology Co., Ltd.	E3info
Shenzhen Konka Yifang Technology Co., Ltd.	Yifang Technology
Zhongshan Kangxin Electronic Technology Co., Ltd.	Zhongshan Kangxin
Liaoyang Kangshun Intelligent Technology Co., Ltd.	Liaoyang Kangshun
Nanjing Konka Electronics Co., Ltd.	Nanjing Konka Electronics

Corporate name	Abbreviation
Gaoping Kangrun Environmental Protection & Water Co., Ltd.	Gaoping Kangrun
Mengcheng Kangrun Anjian Water Co., Ltd.	Mengcheng Kangrun
Xixian Kangrun Xijian Water Environment Development Co., Ltd.	Xixian Kangrun
Morsemi Semiconductor Technology (Hong Kong) Limited	Morsemi Semiconductor (Hong Kong)
Chongqing Kangxingrui Scraped Automobile Recycling Co., Ltd.	Kangxingrui Automobile Recycling
Konka Xinyun Semiconductor Technology (Yancheng) Co., Ltd.	Konka Xinyun
Chongqing Kanglei Optoelectronic Technology Co., Ltd.	Chongqing Kanglei
Yibin Kangrun Environmental Technology Co., Ltd.	Yibin Kangrun

III. Basis for the Preparation of Financial Statements

1. Basic for the preparation

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with The Accounting Standards for Business Enterprises issued by the Ministry of Finance and other regulations as well as the accounting policies and estimations stipulated in the Note IV “Significant Accounting Policies and Estimations”.

2. Going-concern

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

IV. Important Accounting Policies and Estimations

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

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company’s financial positions, business results and cash flows, and other relevant information.

2. Fiscal Period

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

3. Operating Cycle

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

4. Recording Currency

The Company adopted Renminbi as the bookkeeping base currency.

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

As the combining party, the assets and liabilities obtained by the Company in a business combination

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

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

6. Methods for Preparing Consolidated Financial Statements

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

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

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

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

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

assets shall offset the beginning retained earnings and current profits and losses of the comparative statement period respectively.

For subsidiaries acquired through business combination under the different control, the operating results and cash flow shall be included in the consolidated financial statements from the date when the Company obtains the control right. When preparing the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

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

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

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

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

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

The Company classifies joint arrangements into joint operations and joint ventures. For a joint operation, the Company, as a joint operator, recognizes the assets and liabilities that it holds and bears in the joint operation, and recognizes the jointly-held assets and jointly-borne liabilities according to the Company's stake in the joint operation; recognizes relevant income and expense according to the Company's stake in the joint operation. When the Company purchases or sells the assets not constituting business with the joint operation, the Company only recognized the share of the other joint operators in the gains and losses arising from the transaction.

8. Cash and Cash Equivalents

In the Company's understanding, the cash in the cash flow statement includes cash on hand and deposits that can be used for cover, the cash equivalents in the cash flow statement include high

circulating investments held within three months which are easily convertible into known amount of cash and whose risks in change of value are minimal.

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

(1) Conversion method for foreign currency transactions

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

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

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

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

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

(3) Conversion method of foreign currency financial statements

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

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

to the current profit or loss in full or in proportion to the disposal of the overseas operations.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated at the current average exchange rate on the cash flow date. The impact of exchange rate changes on cash is used as an adjustment item and is presented separately in the cash flow statement.

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

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

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

10. Financial Assets and Financial Liabilities

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

(1) Financial assets

1) Classification, recognition and measurement of financial assets

The Company classifies the financial assets into financial assets measured at amortized cost, financial assets measured by the fair value and the changes recorded in other comprehensive income and financial assets at fair value through profit or loss based on the business model for financial assets management and characteristics of contractual cash flow of financial assets

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

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

The Company recognizes interest income according to the effective interest rate method. Interest income is calculated and determined according to the book balance of the financial asset multiplied by the actual interest rate, except for the following circumstances: ① For the financial asset with

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

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

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

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

2) Recognition and measurement of financial assets transfer

The Company derecognizes a financial asset when one of the following conditions is met:

1) the rights to receive cash flows from the asset have expired; 2) the enterprise has transferred its rights to receive cash flows from the asset to a third party under a pass-through arrangement; or 3) the enterprise has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

(2) Financial liabilities

1) Classification, recognition and measurement of financial liabilities

The Company's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss and other financial liabilities.

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

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

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

2) Derecognition of financial liabilities

In case of current obligation of financial liabilities (or partial financial liabilities) being terminated, derecognition of such financial liabilities (or partial financial liabilities) is conducted by the Company. If the Company (borrower) concludes an agreement with the lender to replace existing financial liabilities with new ones and contract terms of new financial liabilities are different from those of existing financial liabilities, derecognition of existing financial liabilities and recognition of new financial liabilities shall be conducted. In case of material alteration of contract terms of existing financial liabilities (partial financial liabilities) by the Company, derecognition of existing financial liabilities and recognition of new financial liabilities as per modified terms shall be conducted. In case of derecognition of financial liabilities (partial financial liabilities), the Company includes the balance between its carrying value and payment consideration into the current profit or loss.

(3) Determination of financial assets and liabilities' fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Company uses quoted price in the active market to establish its fair value. The quoted price in the active market refers to the price that can be regularly obtained from exchange market, agencies, industry associations, pricing authorities; it represents the fair market trading price in the actual transaction. For a financial instrument which does not have an active market, the Company establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The Company measures initially and subsequently the fair value of an interest rate swap at the value of a competitor's interest rate swap quoted by a recognized financial institution as at the Company's balance sheet date in accordance with the principle of consistency. In valuation, the Company adopts applicable valuation techniques supported by sufficient utilizable data and other information in current circumstances, selects input values consistent with asset or liability characteristics considered in relevant asset or liability transactions of market participants and prioritizes the applying relevant observable input values. Unobservable input values shall not be applied unless relevant observable input values are not accessible or feasible.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity. All types of distribution (excluding stock dividends) made by the Company to holders of equity instruments are deducted from shareholders'

equity. The Company does not recognize any changes in the fair value of equity instruments.

An equity instrument distributing dividends during the period of continued existence (including the “interest” generated from those classified as equity instrument) shall be treated as profit distribution.

(4) Offsetting financial assets and financial liabilities

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

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

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

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

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

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

11. Impairment of Financial Assets

The Company needs to confirm that the financial assets subject to the impairment loss are the financial assets measured based on the amortized cost, the debt instrument investment measured based on the fair value with its variations included into other comprehensive incomes and the lease outlay receivable, mainly including notes receivable, account receivable, other receivables, investment on creditor’s rights, other investments on creditor’s rights and long-term receivables etc. Besides, in respect of the contract assets and partial financial guarantee contract, corresponding impairment provisions shall be calculated and withdrawn and corresponding credit impairment losses recognized according to various accounting policies mentioned in this part.

(1) Methods for the Recognition of Impairment Provisions

For all mentioned items above, the Company shall calculate and withdraw corresponding impairment

provisions and recognize corresponding credit impairment losses according to applicable expected credit loss measurement methods (general methods or simplified methods) with the expected credit loss as the basis.

Credit loss refers to the difference between all receivable contract cash flows and all expected cash flows that are discounted to the present value based on the original actual interest rate -- the present value of all cash shortfall. However, for the purchased or original financial assets subject to the credit impairment, the Company shall realize the discounting based on the actual interest rate subject to the credit adjustment.

General methods applied to measure the expected credit loss can be described as: the Company shall evaluate whether the credit risk of the financial assets (including the contract assets and other applicable items; the same below) increases remarkably after the initial recognition on the balance sheet day; if the credit risk increases remarkably after the initial recognition, the Company shall measure the provision for loss based on the specific expected credit loss amount during the entire period of existence; if not, the Company shall measure the provision for loss based on the specific expected credit loss amount in the following 12 months. While evaluating the expected credit loss, the Company shall take all reasonable and well-founded information into consideration, including the forward-looking information.

For the financial instrument of lower credit risk on the balance sheet day, the Company shall assume that its credit risk does not increase remarkably after the initial recognition, and corresponding provision for loss shall be measured according to the expected credit loss in the following 12 months.

(2) Standards for Judging Whether the Credit Risk Increases Remarkably after the Initial Recognition

If any financial assets' probability of default within the expected period of existence determined on the balance sheet day is obviously higher than that within the expected period of existence determined during the initial recognition, it shall indicate the remarkable increase of the financial assets' credit risk. Unless it is under special circumstances, the Company shall adopt various variations in the default risk in the following 12 months as the reasonable basis for estimating corresponding variations in the default risk within the entire period of existence and determining whether the credit risk increases remarkably after the initial recognition.

(3) Combined Method for Evaluating the Expected Credit Risk based on Corresponding Combination

For the financial assets with remarkably different credit risk, the Company shall separately evaluate its credit risk, including the receivables from related parties, receivables involved in any dispute with the other party or any lawsuit and arbitration, and receivables with obvious evidence showing that the debtor cannot fulfill the due payment obligation etc.

Except for the financial assets whose credit risk shall be separately evaluated, the Company shall divide these financial assets into different combinations based on the specific risk features, on which basis, corresponding credit risks can be evaluated.

(4) Accounting Treatment Methods Applied to the Impairment of Financial Assets

At the end of the period, the Company shall calculate the expected credit losses of various financial assets. If the expected credit loss is higher than the carrying amount of its current impairment provision, the difference shall be recognized as the impairment loss; if lower, the difference shall be recognized as the gain from the impairment.

(5) Methods for Determining the Credit Loss of Various Financial Assets

① Notes Receivables

For notes receivable, the Company shall measure the provision for loss based on the specific expected credit loss during the entire period of existence. According to the credit risk characteristics thereof, except those with separate evaluation of credit risk, notes receivable can be divided into different combinations:

Item	Basis
Bank Acceptance	The Acceptor shall be the bank with high credit

	level and low risks
Trade Acceptance	Classified by credit risk of acceptors (the same as accounts receivable)

② Account Receivable and Contract Assets

For account receivable and contract assets excluding significant financing composition, the Company shall measure the provision for loss according to the specific expected credit loss amount within the entire period of existence.

For account receivable, contract assets and lease payment receivable including significant financing composition, the Company shall always measure the provision for loss according to the specific expected credit loss amount within the period of existence.

Except the account receivable and contract assets whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risks:

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

③ Other Receivables

By determining whether the credit risk of other receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except other receivables whose credit risks shall be separately evaluated, the Company shall divide them into different combinations based on the specific credit risk features:

Item	Basis
Aging Combination	This portfolio is accounts receivable with aging as the credit risk feature.
Low Risk Combination	This combination shall regard other receivables of extremely low risk (including the revolving fund, the cash deposit and the guarantee deposit) as the credit risk feature.
Related party combination	Other receivables within the scope of consolidation.

④ Long-term Receivables (except the account receivable and the lease payment receivable including the significant financing composition)

By determining whether the credit risk of long-term account receivables increases remarkably after the initial recognition, the Company shall measure the impairment loss based on the specific expected credit loss in the following 12 months or during the entire period of existence. Except long-term account receivables whose credit risks shall be separately evaluated, the Company shall

divide them into different combinations based on the specific credit risk features:

Item	Basis
Financing Lease Combination	Regarding the long-term receivables related to the financing lease as the credit risk characteristics
Franchise Combination	Regarding the long-term receivables related to the PPP Project as the credit risk characteristics

12. Inventory

(1) Classification

The Company's inventories mainly include raw materials, goods in process; merchandise on hand, goods delivered, circulating materials, consigned processing materials and property inventories (development product, and development cost), and finished but unsettled assets of construction contract.

- ① Development product refers to the finished and held-for-sale property.
- ② Development costs refers to the unfinished property with the development purpose for sale.
- ③ The finished but unsettled assets of construction contract refers to the excess amount of the sum of accumulatively incurred costs and recognized gross margin (loss) of contract in process over the settled amount.

(2) Pricing method for outgoing inventories

① Pricing method of common inventories

The inventories shall be measured in light of their cost when obtained. The cost of inventory consists of purchase costs, processing costs and other costs. Inventory is accounted by weight average method upon receiving and giving. For merchandise on hand shall be accounted by planned cost, if the difference between planned cost of and actual cost of raw materials is accounted through the cost variance item, and the planned cost is adjusted to the actual cost according to the cost difference which the carryover and given-out inventory should shoulder in the period.

② Pricing method of property inventories

The property inventories are initially measured at the costs, and inventories mainly include materials in stock, development product in process (development costs), finished development product, and development product intended to sell but rent temporarily, and etc. The costs of the development product include the land premium, expenditures for supporting infrastructures, expenditures for construction and installation projects, the borrowing costs before the completion of the developed project and other expenses occurred during the development process. When the inventories are delivered, its actual costs shall be recognized by weighted average method.

③ Pricing method of construction contract

The construction contracts shall be measured at actual cost, including all direct and indirect costs related to the execution of the contract from the time signing the contract to completing the contract. The expenses such as travel expenses and bidding fees incurred for the purpose of signing the contract, which can be separately and reliably measured and the contract is likely to be concluded, are included in the contract cost when the contract is obtained; if the above conditions are not met, they are included in the current profit and loss.

The accumulated costs incurred in the contract in progress, the accumulated recognized gross profit (loss) and the settled price are stated in the balance sheet as net offset. The part of the sum of the accumulated costs incurred in the contract in progress and the accumulated recognized gross profit (loss) that exceeds the settled price is stated as the inventory; the part of the settlement costs of the contract in progress that exceeds the sum of the accumulated costs incurred and the accumulated recognized gross profit (loss) are stated as account collected in advance.

(3) Recognition basis of net realizable value and withdrawal method of depreciation reserves for

inventories

The net realizable value refers, in the ordinary course of business, to the account after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of inventories. The net realizable value of inventories shall be fixed on the basis of valid evidence as well as under consideration of purpose of inventories and the effect of events after balance-sheet-date.

On the balance sheet date, the inventories shall be measured according to the cost or the net realizable value, whichever is lower. If the net realizable value is lower than the cost, it shall withdraw the depreciation reserves for inventories, which was withdrawn in accordance with the balance that the cost of individual inventory item exceeding the net realizable value. The inventories with various numbers and low unit price shall be made provisions for depreciation reserves of inventories according to the category of inventories. For inventories that are produced and sold in the same region with same or similar end use or purposes, and hard to be measured separately from other items, it shall be made merger provisions for falling price of inventories.

After withdrawing the depreciation reserves for inventories, if the factors, which cause any write-down of the inventories, have disappeared, causing the net realizable value of inventories is higher than its carrying amount; the amount of write-down shall be reversed from the original amount of depreciation reserve for inventories. The reversed amount shall be included in the profits and losses of the current period.

(4) The perpetual inventory system is maintained for stock system.

(5) Amortization method of the low-value consumption goods and packing articles

The low-value consumption goods should be amortized by one time amortization when acquiring and the packing articles are amortized by one time amortization when acquiring.

13. Contract Assets

(1) Confirmation methods and standards of contract assets

Contract assets refer to the right of the company to receive consideration after transferring goods to customers, and this right depends on factors other than the passage of time. If the company sells two clearly distinguishable products to customers, it has the right to receive payment because one of the products has been delivered, but the payment is also dependent on the delivery of the other product, the company has the right to receive payment as a contract assets.

(2) Determination method and accounting treatment method of expected credit loss of contract assets

The method of determining the expected credit loss of contract assets, refer to the description of "Financial Asset Impairment".

The company calculates the expected credit loss of contract assets on the balance sheet date. If the expected credit loss is greater than the book value of the current contract asset impairment provision, the company will recognize the difference as an impairment loss and debit the "credit impairment loss". Credited "Contract asset impairment provision". On the contrary, the company recognizes the difference as an impairment gain and keeps the opposite accounting records.

If the company actually incurs credit losses and determines that the relevant contract assets cannot be recovered, and the written-off is approved, the "contract asset impairment reserve" is debited and the "contracted asset" is credited based on the approved write-off amount. If the written-off amount is greater than the provision for loss that has been withdrawn, the "credit impairment loss" is debited based on the difference.

14. Contract Costs

(1) The method of determining the amount of assets related to contract costs

The company's assets related to contract costs include contract performance costs and contract acquisition costs.

The contract performance cost, that is, the cost incurred by the company for the performance of the contract, does not fall within the scope of other accounting standards and meets the following conditions at the same time, as the contract performance cost is recognized as an asset: the cost and a

current or expected contract Directly related, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly the cost borne by the customer, and other costs incurred only due to the contract; this cost increases the company's future resources for fulfilling its performance obligations; This cost is expected to be recovered.

The contract acquisition cost, that is, the incremental cost incurred by the company to obtain the contract is expected to be recovered, and is recognized as an asset as the contract acquisition cost; if the asset amortization period does not exceed one year, it is included in the current profit and loss when it occurs. Incremental cost refers to the cost (such as sales commission, etc.) that the company will not incur without obtaining the contract. The company's expenses incurred in obtaining the contract, other than the expected incremental cost that can be recovered (such as travel expenses incurred regardless of whether the contract is obtained, etc.), are included in the current profit and loss when they are incurred, but it is clearly borne by the customer except.

(2) Amortization of assets related to contract costs

The company's assets related to contract costs are amortized on the same basis as the commodity revenue recognition related to the asset and included in the current profit and loss.

(3) Impairment of assets related to contract costs

When the company determines the impairment loss of assets related to contract costs, it first determines the impairment loss of other assets related to the contract that are confirmed in accordance with other relevant business accounting standards; then, based on their book value higher than the company's transfer and If the difference between the remaining consideration that the asset-related commodity is expected to obtain and the estimated cost incurred for the transfer of the relevant commodity, the excess shall be provided for impairment and recognized as an asset impairment loss.

If the depreciation factors of the previous period have changed, and the aforementioned difference is higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss, but the book value of the asset after the reversal shall not exceed Assuming no provision for impairment is made, the book value of the asset on the date of reversal.

15. Long-term Equity Investments

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

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

(1) Determination of investment cost

For the long-term equity investment obtained from the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the book value of the shareholders' equity of the merged party in the consolidated financial statements of the final controlling party on the merger date. The difference between the initial investment cost of

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

For the long-term equity investment obtained from the merger of enterprises not under the same control, the initial investment cost of the long-term equity investment shall be taken as the merger cost on the purchase date. The merger cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the equity securities issued.

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

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

(2) Subsequent Measurement and Profit and Loss Recognition Methods

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

① long-term equity investment accounted for by cost method

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

② long-term equity investment accounted for by equity method

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

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted at the same time. The book value of long-term equity investment shall be reduced correspondingly according to the portion of profits or cash dividends declared and distributed by the invested entity. The book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's equity of the invested entity other than net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the investee, the net profit of

the investee shall be confirmed after adjustment based on the fair value of the identifiable assets of the investee at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the Company's accounting policies and accounting periods, and the investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company, associated enterprises and joint ventures, if the assets invested or sold do not constitute business, the unrealized gains and losses on internal transactions shall be offset by the portion attributable to the Company according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses between the Company and the investee shall not be offset if they are impairment losses of the transferred assets.

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

③ Acquisition of minority shares

In the preparation of consolidated financial statements, if the capital reserve (equity premium) is adjusted due to the difference between the long-term equity investment added by the purchase of minority equity and the net asset share that the subsidiary company is entitled to continuously calculate from the date of purchase (or the date of consolidation) according to the added shareholding ratio, and the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.④ disposal of long-term equity investment

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

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

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

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

16. Investment Property

The term “investment property” refers to the real estate held for generating rent and/or capital appreciation. Investment property of the Company include the right to use any land which has already been rented; the right to use any land which is held and prepared for transfer after appreciation; and the right to use any building which has already been rented.

The initial measurement of the investment property shall be made at its cost. Subsequent expenditures incurred for an investment property is included in the cost of the investment property when it is probable that economic benefits associated with the investment property will flow to the Company and the cost can be reliably measured, otherwise the expenditure is recognized in profit or loss in the period in which they are incurred.

The Company shall make a follow-up measurement to the investment property by employing the cost pattern on the date of the balance sheet. An accrual depreciation or amortization shall be made for the investment property in the light of the accounting policies of the use right of buildings or lands.

For details of impairment test method and withdrawal method of impairment provision of investment property, please refer to Note IV. 22. “Long-term assets impairment”.

When owner-occupied real estate or inventories are changed into investment property or investment property is changed into owner-occupied real estate, of which book value prior to the change shall be the entry value after the change.

When an investment property is changed to an owner-occupied real estate, it would be transferred to fixed assets or intangible assets at the date of such change. When an owner-occupied real estate is changed to be held to earn rental or for capital appreciation, the fixed asset or intangible asset is transferred to investment property at the date of such change. If the fixed asset or intangible asset is changed into investment property measured by adopting the cost pattern, whose book value prior to the change shall be the entry value after the change; if the fixed asset or intangible asset is changed into investment property measured by adopting the fair value pattern, whose fair value on the date of such change shall be the entry value after the change

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The amount of proceeds on sale, transfer, retirement or damage of an investment property less its carrying amount and related taxes and expenses is recognized in profit or loss in the period in which it is incurred.

17. Fixed Assets

(1) Conditions for recognition of fixed assets

Fixed assets refer to tangible assets held for the production of commodities, the provision of services, leasing or operation and management, whose service life exceeds one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the company and their costs can be reliably measured. Fixed assets are initially measured at cost, taking into account the impact of expected abandonment costs.

(2) Depreciation methods of each fixed asset

The fixed assets should be withdrawn and depreciation by straight-line depreciation within the useful life since the next month when the fixed assets reach the estimated available state. The useful life, estimated net salvage and the yearly discounted rate of each fixed asset are as follows:

Category of fixed assets	Method	Useful life (Year)	Expected net salvage value (%)	Annual depreciation (%)
Housing and building	Straight-line depreciation	20-40	5-10.00	2.25-4.75

Machinery equipment	Straight-line depreciation	5-10	5-10.00	9.00-19.00
Electronic equipment	Straight-line depreciation	3-5	5-10.00	18.00-31.67
Transportation vehicle	Straight-line depreciation	3-5	5-10.00	18.00-31.67
Other equipment	Straight-line depreciation	5	5-10.00	18.00-19.00

The “expected net salvage value” refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected useful life.

(3) Testing method of impairment and withdrawal method of provision for impairment on fixed assets

For details of the testing method of impairment and withdraw method of impairment provision for impairment on fixed assets, please refer to Note IV. 22 “Long-term assets impairment”.

(4) Recognition basis, pricing and depreciation method of fixed assets by finance lease

The “finance lease” shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. Its ownership may or may not eventually be transferred. The fixed assets by finance lease shall adopt the same depreciation policy for self-owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

(5) Other explanations

The follow-up expenses related to a fixed asset, if the economic benefits pertinent to this fixed asset are likely to flow into the enterprise and its cost can be reliably measured, shall be recorded into cost of fixed assets and ultimately recognized as the carrying value of the replaced part; otherwise, they shall be included in the current profits and losses.

Terminate to recognize the fixed assets when the fixed assets under the disposing state or be estimated that could not occur any economy benefits through using or disposing. When the Company sells, transfers or discards any fixed assets, or when any fixed assets of the Company is damaged or destroyed, the Company shall deduct the carrying value of the fixed assets as well as the relevant taxes from the disposal income, and include the amount in the current profits and losses.

The Company shall check the useful life, expected net salvage value and depreciation method of the fixed assets at the end of the year at least, if there is any change, it shall be regarded as a change of the accounting estimates.

18. Construction in Progress

Construction in process is measured at actual cost. Actual cost comprises construction costs, borrowing costs that are eligible for capitalization before the fixed assets being ready for their intended use and other relevant costs. Construction in process is transferred to fixed assets when the assets are ready for their intended use.

For details of the testing method of impairment and withdraw method of impairment provision on construction in progress, please refer to Note IV. 22 “Long-term assets impairment” .

19. Borrowing Costs

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

The to-be-capitalized amount of interests shall be determined in light of the actual interests incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment; the enterprise shall calculate and determine the to-be-capitalized amount on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

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

20. Intangible Assets

(1) Intangible assets

The term “intangible asset” refers to the identifiable non-monetary assets possessed or controlled by enterprises which have no physical shape.

The intangible assets shall be initially measured according to its cost. The costs related with the intangible assets, if the economic benefits related to intangible assets are likely to flow into the enterprise and the cost of intangible assets can be measured reliably, shall be recorded into the costs of intangible assets; otherwise, it shall be recorded into current profits and losses upon the occurrence.

The use right of land gained is usually measured as intangible assets. For the self-developed and constructed factories and other constructions, the related expenditures on use right of land and construction costs shall be respectively measured as intangible assets and fixed assets. For the purchased houses and buildings, the related payment shall be distributed into the payment for use right of land and the payment for buildings, if it is difficult to be distributed, the whole payment shall be treated as fixed assets.

For intangible assets with a finite service life, from the time when it is available for use, the cost after deducting the sum of the expected salvage value and the accumulated impairment provision shall be amortized by straight line method during the service life. While the intangible assets without certain service life shall not be amortized.

At the end of period, the Company shall check the service life and amortization method of intangible assets with finite service life, if there is any change, it shall be regarded as a change of the accounting estimates. Besides, the Company shall check the service life of intangible assets without certain service life, if there is any evidence showing that the period of intangible assets to bring the economic benefits to the enterprise can be prospected, it shall be estimated the service life and amortized in accordance with the amortization policies for intangible assets with finite service life.

(2) R & D expenses

The expenditures for internal research and development projects of an enterprise shall be classified into research expenditures and development expenditures.

The research expenditures shall be recorded into the profit or loss for the current period.

The development expenditures shall be confirmed as intangible assets when they satisfy the following conditions simultaneously, and shall be recorded into profit or loss for the current period when they don't satisfy the following conditions.

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- ⑤ The development expenditures of the intangible assets can be reliably measured.

As for expenses that can't be identified as research expenditures or development expenditures, the occurred R & D expenses shall be all included in current profits and losses.

(3) Testing method of impairment and withdraw method of impairment provision of intangible assets
For details of the testing method of impairment and withdraw method of impairment provision on intangible assets, see Notes IV. 22 “Long-term assets impairment” .

21. Long-term Deferred Expenses

Long-term deferred expenses refer to general expenses with the apportioned period over one year (one year excluded) that have occurred but attributable to the current and future periods. Long-term deferred expenses shall be amortized averagely within benefit period.

22. Impairment of Long-term Assets

For non-current financial Assets of fixed Assets, projects under construction, intangible Assets with limited service life, investing real estate with cost model, long-term equity investment of subsidiaries, cooperative enterprises and joint ventures, the Company should judge whether decrease in value exists on the date of balance sheet. Recoverable amounts should be tested for decrease in value if it exists. Other intangible Assets of reputation and uncertain service life and other non-accessible intangible assets should be tested for decrease in value no matter whether it exists.

If the recoverable amount is less than carrying value in impairment test results, the provision for impairment of differences should include in impairment loss. Recoverable amounts would be the higher of net value of asset fair value deducting disposal charges or present value of predicted cash flow. Asset fair value should be determined according to negotiated sales price of fair trade. If no sales agreement exists but with asset active market, fair value should be determined according to the Buyer's price of the asset. If no sales agreement or asset active market exists, asset fair value could be acquired on the basis of best information available. Disposal expenses include legal fees, taxes, cartage or other direct expenses of merchantable Assets related to asset disposal. Present value of predicted asset cash flow should be determined by the proper discount rate according to Assets in service and predicted cash flow of final disposal. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single Assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

In impairment test, carrying value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the carrying value of business reputation of asset group or asset group combination, then deduct carrying value of all assets according to proportions of other carrying value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

23. Employee Compensation

Employee compensation of the Company mainly includes short-term employee compensation, departure benefits, demission benefits and other long-term employee compensation. Of which:

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labour union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

Welfare after demission mainly includes setting drawing plan. Defined contribution plans include basic endowment insurance, unemployment insurance and annuity. Deposited amounts are charged to relevant asset costs or current profits and losses during the period in which they are incurred. Defined benefit plan of the Company is internal early retirement plan. According to anticipated accumulative welfare unit, the Company makes estimates by unbiased and consistent actuarial assumption for the demographic variables and financial variables, measures the obligations produced in defined benefit plans, and determines the vesting period. On balance sheet date, the Company will list all obligations in defined benefit plans as present value and include current service costs into current profits and losses.

When terminating labour relations before expiration of contract, or layoffs with compensations, and the Company cannot terminate the labour relations unilaterally or reduce the demission welfare, remuneration and liabilities produced from the demission welfare should be determined and included in current profits and losses when determining the costs of demission welfare and recombination. However, demission welfare not fully paid within 12 months after annual Reporting Period should be handled the same as other long-term employees' payrolls.

The inside employee retirement plan is treated by adopting the same principle with the above dismissal welfare. The Company would recorded the salary and the social security insurance fees paid and so on from the employee's service termination date to normal retirement date into current profits and losses (dismissal welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Company offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

24. Provisions

The Company should recognize the related obligation as a provision for liability when the obligation meets the following conditions: (1) That obligation is a present obligation of the enterprise; (2) It is probable that an outflow of economic benefits from the enterprise will be required to settle the obligation; (3) A reliable estimate can be made of the amount of the obligation.

On the balance sheet date, an enterprise shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies to measure the provisions in accordance with the best estimate of the necessary expenses for the performance of the current obligation.

When all or some of the expenses necessary for the liquidation of an provisions of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. Besides, the amount recognized for the reimbursement should not exceed the carrying value of the estimated liabilities.

25. Revenue

(1) Principles of revenue recognition

The company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, revenue is recognized. Obtaining control over related goods or services means being able to lead the use of the goods or the provision of such services and obtain almost all of the economic benefits from it.

On the starting date of the contract, the company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

When one of the following conditions is met, it is a performance obligation within a certain period of time, otherwise, it is a performance obligation at a certain point in time:

- ① The customer obtains and consumes the economic benefits brought by the company's performance at the same time the company performs the contract.
- ② The customer can control the products under construction during the performance of the company.
- ③ The goods produced during the performance of the company have irreplaceable uses, and the company has the right to collect payments for the cumulative performance of the contract during the entire contract period.

For performance obligations performed within a certain period of time, the company recognizes revenue according to the performance progress during that period. When the performance progress cannot be reasonably determined, if the cost incurred by the company is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the company considers the following signs:

- ① The company enjoys the current right to receive payment for the goods or services.
- ② The company has transferred the legal ownership of the product to the customer.
- ③ The company has transferred the goods in kind to the customer.
- ④ The company has transferred the main risks and rewards of the ownership of the product to the customer.
- ⑤ The customer has accepted the goods or services.

The company has transferred goods or services to customers and the right to receive consideration is listed as contract assets, and contract assets are devalued on the basis of expected credit losses. The company's unconditional right to collect consideration from customers is listed as receivables. The company's obligation to transfer goods or services to customers due to the consideration received from customers is listed as contract liabilities.

(2) Principles of income measurement

① If the contract contains two or more performance obligations, at the beginning of the contract, the company will allocate the transaction price to each individual performance obligation based on the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation. Revenue is measured at the transaction price of each individual performance obligation.

② The transaction price is the amount of consideration that the company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties and payments expected to be returned to customers. The transaction price confirmed by the company does not exceed the amount at which the accumulated confirmed income will most likely not undergo a significant reversal when the relevant uncertainty is eliminated. It is expected that the money returned to the customer will not be included in the transaction price as a liability.

③ If there is variable consideration in the contract, such as cash discounts and price guarantees in part of the contract between the company and its customers, the company determines the best estimate of the variable consideration according to the expected value or the most likely amount, but includes the variable. The transaction price of the consideration shall not exceed the amount at which the accumulated confirmed income is unlikely to be reversed significantly when the relevant

uncertainty is eliminated.

④ For the consideration payable to customers, the company offsets the transaction price from the consideration payable to customers, and offsets the current income at the time when the relevant income is recognized and the payment (or promised to pay) the customer consideration is later, unless the consideration payable is for Obtain other clearly distinguishable products from customers.

⑤ For sales with a sales return clause, when the customer obtains control of the relevant product, the company recognizes revenue based on the amount of consideration expected to be received due to the transfer of the product to the customer, and the expected return due to the sales return is recognized as an estimated liability ; At the same time, according to the expected book value of the returned goods at the time of transfer, the balance after deducting the estimated cost of recovering the goods (including the value impairment of the returned goods) is recognized as an asset, that is, the return cost receivable, according to the transferred goods The book value at the time of the transfer, deducting the net carry-over cost of the aforementioned asset cost. On each balance sheet date, the company re-estimates the future sales returns and re-measures the aforementioned assets and liabilities.

⑥ If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. Using the discount rate that discounts the nominal amount of the contract consideration into the current commodity price, the difference between the determined transaction price and the amount of the consideration promised in the contract is amortized by the actual interest method during the contract period. On the starting date of the contract, the company expects that the time between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, regardless of the significant financing components in the contract.

⑦ According to contractual agreements, legal provisions, etc., the company provides quality assurance for the products sold and the assets built. For guarantee-type quality assurance to assure customers that the goods sold meet the established standards, the company conducts accounting treatment in accordance with "contingent events-estimated liabilities". For the service quality assurance that provides a separate service in order to assure customers that the goods sold meet the established standards, the company regards it as a single performance obligation, based on the stand-alone selling price of the quality assurance of goods and services. In a relative proportion, part of the transaction price is allocated to service quality assurance, and revenue is recognized when the customer obtains control of the service. When assessing whether the quality assurance provides a separate service in addition to ensuring that the products sold meet the established standards, the company considers whether the quality assurance is a legal requirement, the quality assurance period, and the nature of the company's commitment to perform the tasks.

⑧ When the construction contract between the company and the customer is changed: ① If the contract change adds clearly distinguishable construction services and contract prices, and the new contract price reflects the stand-alone selling price of the new construction services, the company will The contract change shall be treated as a separate contract for accounting treatment; ② If the contract change does not fall into the above-mentioned circumstance ①, and there is a clear distinction between the construction services that have been transferred and the construction services that have not been transferred on the date of the contract change, the company Treat it as the termination of the original contract, and at the same time, merge the unfulfilled part of the original contract and the changed part of the contract into a new contract for accounting treatment; ③ If the contract change does not fall into the above situation ①, and the construction service has been transferred on the date of contract change There is no clear distinction between the construction service and the untransferred construction service. The company accounts for the changed part of the contract as a component of the original contract. The resulting impact on the recognized revenue will be adjusted on the date of contract change.

(3) Specific methods of revenue recognition

① Revenue recognized on time

The company's sales of household appliances, electronic components, etc., belong to the performance obligation performed at a certain point in time.

Recognition conditions for income from domestic sales of goods and overseas direct sales of goods: The company has delivered the product to the customer in accordance with the contract and the customer has received the product, the payment has been recovered or the receipt of payment has been obtained, and the relevant economic benefits are likely to flow in. The main risks and rewards have been transferred, and the legal ownership of the goods has been transferred.

Conditions for confirming the income of exported goods: The company has declared the products for export according to the contract, obtained the bill of lading, and delivered the goods to the carrier entrusted by the purchaser. The payment has been recovered or the receipt of payment has been obtained and relevant economic benefits are likely to flow in. The main risks and rewards of commodity ownership have been transferred, and the legal ownership of commodities has been transferred.

② Income confirmed according to the performance progress

The company's business contracts with customers for project construction, online advertising, operating leases, etc. are performance obligations performed within a certain period of time, and revenue is recognized according to the progress of the performance.

26. Government Grants

(1) Types of government grants

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

(2) Accounting treatment method of government grants

The government grants related to assets refer to the government grants obtained by the company for the purchase or construction or other forms of long-term assets. The company's asset-related government grants, offsetting the book value of related assets or recognized as deferred income, and recognized as deferred income, shall be included in the current profit and loss in installments according to a reasonable and systematic method within the useful life of the relevant assets;

Government grants related to income refer to government grants obtained by the company in addition to government grants related to assets. The company's government grants related to income used to compensate the company's related costs or losses in subsequent periods are recognized as deferred income, and during the period when the related costs or losses are recognized, they are included in the current profit or loss or offset related Cost expense or loss; if it is used to compensate the relevant cost expense or loss incurred by the company, it is directly included in the current profit and loss or offset the relevant cost expense or loss.

(3) Confirmation timing of government grants

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

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

27. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Income tax of the current period

On the balance sheet date, for the current income tax liabilities (or assets) of the current period as well as the part formed during the previous period, should be measured by the income tax of the

estimated payable (returnable) amount which be calculated according to the regulations of the tax law. The amount of taxable income on which the current income tax expenses are calculated is calculated after making corresponding adjustments to the current pre tax accounting profits in accordance with the relevant tax laws.

(2) Deferred income tax assets and deferred income tax liabilities

The difference between the carrying value of certain assets and liabilities and their tax assessment basis, as well as the temporary difference occurs from the difference between the carrying value of the items which not be recognized as assets and liabilities but could confirm their tax assessment basis according to the regulations of the tax law, the deferred income tax assets and the deferred income tax liabilities should be recognized by adopting liabilities law of the balance sheet.

No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill, the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). Besides, no deferred tax assets is recognized for the taxable temporary differences related to the investments of subsidiary companies, associated enterprises and joint enterprises, and the investing enterprise can control the time of the reverse of temporary differences as well as the temporary differences are unlikely to be reversed in the excepted future. Otherwise, the Company should recognize the deferred income tax liabilities arising from other taxable temporary difference.

No deferred taxable assets should be recognized for the deductible temporary difference of initial recognition of assets and liabilities arising from the transaction which is not business combination, the accounting profits will not be affected, nor will the taxable amount or deductible loss be affected at the time of transaction. Besides, no deferred taxable assets should be recognized for the deductible temporary difference related to the investments of the subsidiary companies, associated enterprises and joint enterprises, which are not likely to be reversed in the expected future or is not likely to acquire any amount of taxable income tax that may be used for making up such deductible temporary differences. Otherwise, the Company shall recognize the deferred income tax assets arising from a deductible temporary difference basing on the extent of the amount of the taxable income that is likely to be acquired to make up such deductible temporary differences

For any deductible loss or tax deduction that can be carried forward to the next year, the corresponding deferred income tax asset shall be determined to the extent that the amount of future taxable income to be offset by the deductible loss or tax deduction to be likely obtained.

On the balance sheet date, the deferred income tax assets and the deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The carrying value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the carrying value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

The rest current income tax and the deferred income tax expenses or revenue should be included into current gains and losses except for the current income tax and the deferred income tax related to the transaction and events that be confirmed as other comprehensive income or be directly included in the shareholders' equity which should be included in other comprehensive income or shareholders' equity as well as the carrying value for adjusting the goodwill of the deferred income tax occurs from the business combination.

(4) Offset of income tax

The current income tax assets and liabilities of the Company should be listed by the written-off net amount which intend to executes the net amount settlement as well as the assets acquiring and liabilities liquidation at the same time while owns the legal rights of settling the net amount.

The deferred income tax assets and liabilities of the Company should be listed as written-off net amount when having the legal rights of settling the current income tax assets and liabilities by net

amount and the deferred income tax and liabilities is relevant to the income tax which be collected from the same taxpaying bodies by the same tax collection and administration department or is relevant to the different taxpaying bodies but during each period which there is significant reverse of the deferred income assets and liabilities in the future and among which the involved taxpaying bodies intend to settle the current income tax and liabilities by net amount or are at the same time acquire the asset as well as liquidate the liabilities.

28. Leasing

Financing leasing virtually transferred the whole risks and leasing of the compensation related to the assets ownership and their ownership may eventually be transferred or maybe not. Other leasing except for the financing leasing is operating leasing.

(1) Business of operating leases recorded by the Company as the lessee

The rent expenses from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) Business of operating leases recorded by the Company as the lessor

The rent incomes from operating leases shall be recognized as the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs of great amount shall be capitalized when incurred, and be recorded into current profits and losses in accordance with the same basis for recognition of rent incomes over the whole lease term. The initial direct costs of small amount shall be recorded into current profits and losses when incurred. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(3) Business of finance leases recorded by the Company as the lessee

On the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. Besides, the initial direct costs directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period. The balance through deducting unrecognized financing charges from the minimum lease payments shall be respectively stated in long-term liabilities and long-term liabilities due within 1 year.

Unrecognized financing charges shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing charges. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(4) Business of finance leases recorded by the Company as the lessor

On the beginning date of the lease term, the Company shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time. The balance between the sum of the minimum lease receipts, the initial direct costs and the unguaranteed residual value and the sum of their present values shall be recognized as unrealized financing income. The balance through deducting unrealized financing incomes from the finance lease accounts receivable shall be respectively stated in long-term claims and long-term claims due within 1 year.

Unrecognized financing incomes shall be adopted by the effective interest rate method in the lease term, so as to calculate and recognize current financing revenues. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

29. Other Main Accounting Policies and Estimates

(1) Termination of operation

Termination of operation refers to a separately identifiable constituent part that satisfies one of the following conditions that has been disposed of by the Company or is classified as held-for-sale:

① This constituent part represents an independent main business or a separate main business area; ② This constituent part is part of an associated plan that is intended to be disposed of in an independent main business or a separate major business area; ③ This constituent part is a subsidiary that is specifically acquired for resale.

(2) Hedging Accounting

To avoid certain risks, the Company carries out hedging of some financial instruments as hedging tools. The Company treats hedging that meets specified conditions using hedging accounting method. The Company's hedging is fair value hedging, and treats the hedging of foreign exchange risk with definite undertaking at fair value. At the beginning of hedging, the Company records the relationship between hedging tools and hedged items, risk management objectives and strategies for different hedging transactions. In addition, at the beginning and after the hedging, the Company conducts continuous evaluation of the effectiveness of hedging to check whether the hedging is highly effective during the accounting period in which the hedging relationship is designated.

Fair value hedging is a qualified derivative instrument designated for fair value hedging, and the gains or losses resulting from its changes in fair value are included in the current profits and losses. The gains or losses of the hedged items due to hedged risks are also included in the current profits and losses, and the carrying value of the hedged items is also adjusted. When the Company cancels the designation of hedging relationship, the hedging instrument expires or is sold, the contract is terminated or exercised, or the conditions are no longer satisfied, the use of hedging accounting is terminated.

30. Changes in Main Accounting Policies and Estimates

(1) Changes of accounting policies

In 2017, the Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14-Revenue" (referred to as the "New Revenue Standards"). The company will begin accounting treatment in accordance with the newly revised standards from January 1, 2020. According to the convergence regulations, the comparable period information will not be adjusted. The difference between the implementation of the new standards and the current standards on the first day will be adjusted retrospectively. Unallocated at the beginning of the reporting period Profit or other comprehensive income.

The new revenue standard establishes a new revenue recognition model for regulating revenue generated from contracts with customers. In order to implement the new revenue standards, the company reassessed the recognition and measurement, accounting and presentation of main contract revenue. According to the new revenue standard, the company chooses to adjust only the cumulative impact of contracts that have not been completed on January 1, 2020, and for contract changes that occur before the beginning of the earliest comparable period (ie, January 1, 2020) Simplified processing, that is, according to the final arrangement of the contract change, identify the fulfilled and unfulfilled performance obligations, determine the transaction price, and allocate the transaction price between the fulfilled and unfulfilled performance obligations. The cumulative impact amount of the first implementation adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation period (ie January 1, 2020). The 2019 financial statements have not been restated.

The main changes and impacts of the implementation of the new revenue standard on the company are as follows:

The company reclassified the contract consideration received from customers in advance due to the transfer of goods from the item of "Accounts received in advance" to the item of "Contract liabilities" (or other non-current liabilities).

Some of the company's receivables do not meet the conditions for unconditional (that is, only

dependent on the passage of time) to collect consideration from customers, and the company reclassifies them as "contract assets" (or "other non-current assets"); The company reclassifies the warranty receivables that have not reached the collection period as "contract assets" (or "other non-current assets") for presentation.

The impact of the implementation of the new revenue standard on Influence on consolidated and the Company's financial statements is as follows:

Item	31 December 2019 (before adjustment)		1 January 2020 (after adjustment)	
	Consolidated	The Company as the parent	Consolidated	The Company as the parent
Accounts receivable	4,416,179,657.87	9,564,720,940.39	4,419,658,123.40	9,580,894,472.00
Contract assets			26,655,842.40	
Inventories	5,318,503,044.69	218,644,308.47	5,293,903,309.81	207,949,690.07
Other current assets	2,093,212,552.25	1,096,689,897.40	2,104,218,156.06	1,107,384,515.80
Other non-current assets	1,172,472,723.85		1,172,659,348.26	
Contract liabilities			959,538,151.80	269,891,156.62
Advances from customers	1,076,856,387.08	318,839,961.84		
Other payables	2,374,287,243.20	3,193,392,734.69	2,289,729,308.18	3,181,261,535.24
Provisions	206,591.51	206,591.51	101,491,327.80	28,511,322.57
Other non-current liabilities			117,318,235.28	48,948,805.22
Retained earnings	4,239,763,606.89	2,245,698,875.22	4,239,763,606.89	2,245,698,875.22
Surplus reserves	1,211,721,109.67	1,227,564,785.19	1,211,721,109.67	1,227,564,785.19

(2) Change of accounting estimates

There was no any change of accounting estimate of the Company in the Reporting Period.

31. Critical Accounting Judgments and Estimates

Due to the inside uncertainty of operating activity, the Company needed to make judgments, estimates and assumption on the carrying value of the accounts without accurate measurement during the employment of accounting policies. And these judgments, estimates and assumption were made basing on the prior experience of the senior executives of the Company, as well as in consideration of other factors. These judgments, estimates and assumption would also affect the report amount of income, costs, assets and liabilities, as well as the disclosure of contingent liabilities on balance sheet date. However, the uncertainty of these estimates was likely to cause significant adjustment on the carrying value of the affected assets and liabilities.

The Company would check periodically the above judgments, estimates and assumption on the basis of continuing operation. For the changes in accounting estimates only affected on the current period,

the influence should be recognized at the period of change occurred; for the changes in accounting estimates affected the current period and also the future period, the influence should be recognized at the period of change occurred and future period.

On the balance sheet date, the Company needed to make judgments, estimates and assumption on the accounts in the following important items:

(1) Revenue Recognition

① Primarily responsible person/agent

When the company judges whether the transfer of goods or services to customers is the main responsible person or the agent, it is mainly based on the nature of the performance obligation to determine whether the company's identity in a certain transaction is the main responsible person or the agent. The company promises to provide products to customers on its own. Before transferring the products to customers, if the company can control the products, the company is the main responsible person; if the company arranges for others to provide specific products, it is to provide assistance to others. The identity is the agent. The company's own provision of specific products to customers includes entrusting another party (including subcontractors) to provide specific products on their behalf, and the company that can control the products is the main responsible person.

When the company judges whether it already has the right to control a specific product before transferring it to a customer, it is not limited to the legal form of the contract, and will comprehensively consider all relevant facts and circumstances to make the judgment. These facts and circumstances include but are not limited to: ① The company assumes the main responsibility for transferring goods to customers. The main responsibility includes taking responsibility for the acceptability of specific commodities. ② The company assumed the inventory risk of the goods before or after the transfer of the goods. The company has purchased or promised to purchase specific products before entering into contracts with customers, and is capable of leading the use of specific products and obtaining almost all economic benefits from it. ③ The company has the right to independently determine the prices of commodities traded.

② Sales discount

When the company confirms the income from the sales of goods, it estimates the relevant expenses in accordance with the relevant provisions of the company's sales agreement, accrues sales discounts to customers, and at the same time offsets the sales income of goods.

③ Quality Assurance

Based on contract terms, current knowledge and historical experience, the company estimates and makes corresponding preparations for product quality assurance and other matters. When these contingent events have formed a current obligation, and the performance of these current obligations is likely to cause economic benefits to flow out of the company, the company's best estimate of the contingent events required to perform the relevant current obligations Recognized as estimated liabilities. The recognition and measurement of estimated liabilities depend to a large extent on the judgment of management. In the process of making judgments, the company needs to evaluate the risks, uncertainties and other factors related to these contingencies.

For contract combinations with similar characteristics, the company will make a reasonable estimate of the warranty rate based on historical warranty data, current warranty conditions, and after considering all relevant information such as product improvements and market changes. The company re-evaluates the warranty rate at least on each balance sheet date and determines the estimated liabilities based on the re-evaluated warranty rate.

(2) Categorization of leasing

In accordance with Accounting Standards for Enterprises No. 21 – Leasing, the Company categorized the leasing into operating lease and finance lease. During the categorization, the management level needed to make analysis and judgment on whether all the risk and compensation related with the leased assets had been transferred to the leasee, or whether the Company had already undertaken all the risk and compensation related with the leased assets.

(3) Financial assets impairment

If the Company adopts the expected credit loss model to evaluate financial instrument impairment,

it's necessary to make significant judgments and estimates on the expected credit loss model, and all reasonable and well-founded information needs to be taken into account, including forward-looking information. When such judgments and estimates are made, the expected changes in the debtor's credit risk are inferred based on historical data in combination with economic policies, macroeconomic indicators, industry risks, external market conditions, technological environment, and changes in customer circumstances.

(4) Provision for falling price of inventories

In accordance with the accounting policies of inventories, for the inventories that the costs were more than the net realizable value as well as out-of-date and dull-sale inventories, the Company withdrawn the provision for falling price of inventories on the lower one between costs and net realizable value. Evaluating the falling price of inventories needed the management level gain the valid evidence and take full consideration of the purpose of inventories, influence of events after balance sheet date and other factors, and then made relevant judgments and estimates. The actual amount and the difference of previous estimates would affect the carrying value of inventories and the withdrawal and reversal on provision for bad debts of inventories during the period of estimates being changed.

(5) The fair value of financial instrument

For the financial instruments without active market, the Company recognized the fair value by various methods. These evaluation methods included discounted cash flow mode analysis, etc. The Company needed to estimate the future cash flow, credit risk, fluctuation rate of market and relativity and other factors, as well as choose the property discount rate. Due to the uncertainty of relevant assumptions, so their changes would affect the fair value of financial instrument.

For equity instrument investment or contracts with public offers, the cost will not be taken as the optimal estimation of the fair value by the Company since 1 January 2019.

(6) Provision for impairment of long-term assets

The Company made a judgment on the non-current assets other than financial assets whether they had any indication of impairment on the balance sheet date. For the intangible assets without finite service life, other than the annual impairment test, they should be subject to the impairment test when there was any indication of impairment. For other non-current non-financial assets, which should be subjected to impairment test when there was indication of impairment indicated that the carrying value can't be recoverable.

When the carrying value of the assets or assets portfolio was more than the recoverable amount, which was the higher one between the net amount of fair value after deducting the disposal expenses and the discounted amount of the estimated future cash flow, it means impairment incurred.

The net amount of fair value after deducting the disposal expenses should be fixed the price in the sale agreement for similar assets in the fair transaction minus the increased costs directly attributable to the assets disposal.

When estimated the discounted value of future cash flow, the Company needed to make important judgment on the output, selling price, relevant costs and the discount rate for calculating the discounted amount, etc. When estimated the recoverable amount, the Company would adopt all the available documents, including the prediction for relevant output, selling price and relevant operating costs arising from reasonable and supportive assumptions.

The Company made the impairment test on goodwill at least one time per year, which required to predict the discounted amount of the future cash flow of the assets or assets portfolio with the distributed good will, for which, the Company needed to predict the future cash flow of the assets or assets portfolio, and adopt the property discounted rate to decide the discounted amount of future cash flow.

(7) Depreciation and amortization

For the investment real estate, fixed assets and intangible assets, the Company withdrew the depreciation and amortization by adopting the straight-line method during the service life after full consideration of the salvage value. The Company checked the service life periodically so as to decide the amount of depreciation and amortization at each Reporting Period. The service life was fixed by the Company in accordance with the previous experience of the similar assets and the expected

technical update. If there was any significant change on the previous estimates, the depreciation and amortization expenses should be adjusted.

(8) Deferred income tax assets

Within the limit that it was likely to have sufficient taxable profits to offset the losses, the Company recognized the deferred income tax assets by all the unused tax losses, which needed the management level of the Company to estimate time and amount of the future taxable profits incurred with many judgments, as well as integrate strategy of tax payment, to decide the amount of deferred income tax assets which should be recognized.

(9) Income tax

During the routine operating activities, there were some uncertainty in the ultimate tax treatment and calculation for parts of transactions. Some accounts of such transaction could be listed as pre-tax expenditures only after the approval of taxation authorities. If there were any differences between the ultimate result of recognition for these taxation matters and their initial estimates, the differences would affect the current income tax and deferred income tax at the period of ultimate recognition.

(10) Internal early retirement welfare and supplementary retirement welfare

Amounts of expenditures and liabilities of internal early retirement welfare and supplementary retirement welfare should be determined according to assumption terms. Assumption terms include discount rate, average growth rate of medical costs, growth rate of subsidies for early retirement employees and retirees and other factors. The differences of actual results and assumption should be confirmed immediately and included into costs of current year. Although the management have adopted reasonable assumption terms, changes of actual experience value and assumption terms may affect the internal early retirement welfare, supplementary retirement benefits and balance of liabilities.

(11) Provisions

The Company made the estimation on product quality guarantee, predicted loss of contract and the fine for delayed delivery etc. and withdrew the relevant provision for provisions in accordance the provisions of contract, current knowledge and experience. Under the condition that the contingent event has formed a current duty and fulfilling the duty is likely to cause the economical interest outflow the Company, the Company measures the provisions in accordance with the best estimate of the necessary expenses for the performance of the current duty. The recognition and measurement of provisions were heavily relied on the judgment of the management team. During the process of making judgment, the Company needed to appraise the relevant risks, uncertainty and the time value of money and etc.

Of which, the Company estimated the liabilities basing on the after-sale services commitments to the customers upon the sale, repair and reform of goods. When estimating the liabilities, the Company has fully taken the consideration of the latest repair experience, but which may not reflect the repair situation in the future. Any increase / decrease of the provision for estimated liabilities may affect the profits and losses in the future periods.

(12) Measurement for fair value

Some assets and liabilities of this Company will be measured at fair value in the financial statements. The board of directors of this Company has established the appraisal committee (led by the CFO of this Company) to confirm appropriate appraisal technology and input value for measurement of fair value. This Company will apply available and observable market data during estimating the fair value of some assets and liabilities. If the input value in Level 1 is not available, this Company will entrust a third qualified appraiser for the estimation. The appraisal committee will closely cooperate with the outside appraiser to determine proper estimation technology and input values of the related models. CFO submits a report to the discoveries of the appraisal committee to the board of directors of this Company to explain the reasons of fluctuation of fair value of related assets and liabilities. Related information of the appraisal technology and input value during the process of confirming the fair value of various assets and liabilities shall be disclosed in Note X.

V. Taxation

1. Main Taxes and Tax Rate

Category of taxes	Basis	Specific situation of the taxes rate
VAT	Calculated the output tax at the tax rate and paid the VAT by the amount after deducting the deductible withholding VAT at current period, of which the VAT applicable to easy collection won't belong to the deductible withholding VAT.	3%、5%、6%、9%、13%
Urban maintenance and construction tax	The circulating tax actually paid	Paid at 7% of the circulating tax actually paid, of which Dongguan Packing, Dongguan Konka, Boluo Konka, Boluo Konka Precision, Chengdu Anren, XingDa HongYe, Dongguan Konka Investment, Xinfeng Microcrystalline, Binzhou Weiyijie, Beihai Jingmai, Binzhou Econ, Suining Pengxi Kangrun Environment Management Co., Ltd., Dayi Kangrun Water Co., Ltd., Lushan Kangrun Environmental, Funan Kangrun Water, Tingyuan Environmental, Yibin Kangrun and Ningbo Kanghanrui Electrical Appliances of 5% of actually paid turnover. Subei Mongol Autonomous County Kangrun Water Co., Ltd. paid by half after paid of 5%, and Jiangxi Konka and Nano Crystallized Glass of 1%.
Education surtax	The circulating tax actually paid	3%
Local education surtax	The circulating tax actually paid	The subsidiary Wuhan Runyuan Sewage:1.5% and other companies: 2%
Enterprise income tax	Taxable income	25%/ see note (2) for details

Note: (1) According to regulations of Temporary Provisions of Income Tax of Trans-boundary Tax Payment Enterprises by State Administration of Taxation, resident enterprises without business establishment or places of legal persons should be tax payment enterprises with the administrative measures of income tax of “unified computing, level-to-level administration, local prepayment, liquidation summary, and finance transfer”. It came into force from 1 January 2008. According to the above methods, the Company’s sales branch companies in each area will hand in the corporate income taxes in advance from 1 January 2008 and will be final settled uniformly by the Company at the year-end.

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

Name of entity	Income tax rate
Electronics Technology, Anhui Konka, XingDa HongYe, E2info, Xinfeng Microcrystalline, Sichuan Konka, Boluo Konka Precision	15%
Hong Kong Konka, Konka Electrical Appliances International Trading, Jiali International, Kangjietong, Jiaxin Technology, Jiaxin Technology, Konka Electrical Appliances Investment, Konka SmartTech, Konka Mobility	16.5%
Chain Kingdom Memory Technologies	8.25%/16.5%
Konka Europe	15%
Chongqing Kangxingrui	15%
Kanghao Technology	22.5%

2. Tax Preference and Approved Documents

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

(2) On 16 October 2018, Shenzhen E2info Network Technology Co., Ltd., the subsidiary of this Company obtained the high-tech enterprise certificate (certificate No.: GR201844201969) jointly issued by Shenzhen Technology Innovation Committee, Finance Committee of Shenzhen Municipality, Shenzhen Taxation Bureau of SAT with a valid period of three years. According to related taxation regulations, the company enjoys related taxation preferential policies as a high-tech enterprise from 2018 to 2020 and pays the enterprise income tax as per the preferential tax rate of 15%.

(3) On 28 November 2018, the Company's subsidiary XingDa HongYe received the High-tech Enterprise Certificate (No.GR201844008446 with the 3-year period of validity) jointly issued by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and State Administration of Taxation (Guangdong Provincial Tax Service). According to relevant tax regulations, from 2018 to 2020, the enterprise shall be eligible for enjoying relevant preferential tax policies as a new high-tech enterprise and corresponding corporate income tax shall be paid based on the preferential tax rate of 15%.

(4) On 9 September 2019, Anhui Konka, the subsidiary of the Company, obtained a certificate of high-tech enterprise jointly issued by Anhui Science and Technology Department, Anhui Provincial Department of Finance and Anhui Provincial Tax Bureau of the State Administration of Taxation. The certificate number is GR201934000966 and is valid for three years. According to relevant tax regulations, Anhui Konka shall enjoy relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021 and pay the enterprise income tax at a preferential tax rate of 15%.

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

tax at a preferential tax rate of 15%.

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

(7) On 2 December 2019, Bokang Precision, a subsidiary of the Company, obtained the high-tech enterprise certificate jointly issued by the Guangdong Provincial Department of Science and Technology, the Guangdong Provincial Department of Finance, the Guangdong State Taxation Bureau, and the Guangdong Local Taxation Bureau. The certificate number is GR GR201944007820, valid for three years, according to relevant tax regulations, Bokang Precision has enjoyed relevant preferential tax policies for high-tech enterprises for three consecutive years from 2019 to 2021, and is subject to corporate income tax at a preferential tax rate of 15%.

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

(9) According to the Notice on Issues Concerning the Promotion of Energy-Saving Service Industry Development VAT Business Tax and Corporate Income Tax Policy Issued by the Ministry of Finance and the State Administration of Taxation (Caishui [2010] No. 110) For the income, the enterprise enjoys the "three exemptions and three halves" preferential treatment of corporate income tax since the tax year in which the first production and operation income of the project is obtained. Binhai Sewage, Lairun Holdings and Rushan Yike, subsidiaries of the Company, enjoy this tax incentive. Binhai Sewage will be exempt from corporate income tax from 1 March 2017 to 29 February 2020, and corporate income tax will be levied at half the 25% legal tax rate from 1 March 2020 to 28 February 2023; Lairun Holdings is exempt from corporate income tax from 1 September 2017 to 31 August 2020. From 1 September 2020 to 31 August 2023, corporate income tax is levied in half at the legal tax rate of 25%; Rushan Yike will be exempt from corporate income tax from 1 May 2019 to 30 April 2022, and corporate income tax will be levied at half the 25% legal tax rate from 1 May 2022 to 30 April 2025.

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

(11) According to the fiscal and taxation document [2011] No. 100 published by the Ministry of Finance and the State Administration of Taxation, for the VAT general taxpayers who sell their self-developed and produced software products, the VAT shall be levied at the rate of 13%, and then the part that the actual tax burden on their VAT exceeds 3 will be implemented with the policy of immediate withdrawal. The Company's subsidiaries, Wankaida Technology, Youzhihui and Electronics Technology all enjoy this preferential policy.

(12) According to the regulations of the Special Catalogue of VAT Concessions for Products and Labors with Comprehensive Utilization of Resources issued by the Ministry of Finance and the State Administration of Taxation (Finance and Taxation [2015] No. 78), the wastewater treatment business operated by Lairun Holdings and Binhai Sewage, subsidiaries of the Company, belongs to the this catalogue. Then after it has been levied the VAT at a rate of 13 %, the actual tax burden on the wastewater treatment income tax will be refunded in accordance with the 70% of the actual tax burden, and the actual tax burden on the renewable water income VAT will be refunded immediately at 50%.

(13) According to the *Notice on Tax Policy Issues concerning Further Implementing the Western China Development Strategy* (CS[2011] No. 58) of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation, enterprises that engage in industries that are listed in "Encouraged Industries Catalogue for the Western Regions" are entitled to a preferential corporate income tax rate of 15% from 1 January 2011 till 31 December 2020. The Company's subsidiary Chongqing Kangxingrui is entitled to the preferential policy.

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

Unless otherwise noted, the following annotation project (including the main projects, annotation of the financial statement of the Company), the period-begin refers to 1 January 2020, the period-end refers to 30 June 2020, this period refers to the period from 1 January 2020 to 30 June 2020 and the last period refers to the period from 1 January 2019 to 30 June 2019. The monetary unit is renminbi.

1. Monetary Assets

Item	Ending balance	Beginning balance
Cash on hand	21,245.91	18,699.99

Item	Ending balance	Beginning balance
Bank deposits	4,537,884,573.39	4,493,683,217.23
Other monetary assets	1,879,566,516.43	2,105,658,134.39
Total	6,417,472,335.73	6,599,360,051.61
Of which: Total amount deposited in overseas	203,830,131.11	378,330,661.32

Notes: ① The ending balance of other monetary assets was the deposits of each margin deposit not withdrawn at any time. Refer to NoteVI-61. Assets with restricted ownership or use right for details.

② As of 30 June 2020, the monetary assets deposited in overseas by the Company was RMB203,830,131.11 (RMB378,330,661.32 on 31 December 2019).

2. Held-for-trading Financial Assets

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss		
Including: debt instrument investment	-	
Equity instrument investment	-	61,494,666.97
Other	-	
Total	-	61,494,666.97

3. Notes Receivable

(1) Notes Receivable Listed by Category

Item	Ending balance	Beginning balance
Bank acceptance bill	1,634,811,363.44	2,638,629,011.87
Commercial acceptance bill	156,020,519.54	199,412,421.02
Total	1,790,831,882.98	2,838,041,432.89

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

Item	Amount
Bank acceptance bill	1,429,985,596.82
Total	1,429,985,596.82

(3) Notes Receivable which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	1,147,221,514.48	

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Commercial acceptance bill	13,041,483.52	
Total	1,160,262,998.00	

(4) Notes Transferred to Accounts Receivable because Drawer of the Notes Failed to Execute the Contract or Agreement

Item	Amount of the notes transferred to accounts receivable at the period-end
Bank acceptance bill	200,000,000.00
Commercial acceptance bill	743,240,011.25
Total	943,240,011.25

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

(5) Listed by Withdrawal Methods for Bad Debt Provision

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Notes receivable with significant individual amount and make independent provision for expected credit loss					
Notes receivable withdrawn expected credit loss according to credit risks characteristics	1,794,246,554.15	100.00	3,414,671.17	0.19	1,790,831,882.98
Of which: Bank acceptance bill	1,634,811,363.44	91.11			1,634,811,363.44
Commercial acceptance bill	159,435,190.71	8.89	3,414,671.17	2.14	156,020,519.54
Notes receivable with insignificant single amount for which expected credit loss provision separately accrued					
Total	1,794,246,554.15	100.00	3,414,671.17	0.19	1,790,831,882.98

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	

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

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

Category	Beginning balance	Changed amount			Ending balance
		Withdrawn	Recovered or reversed	Write-off	
Commercial acceptance bill	4,306,077.35	32,729.86	924,136.04	0.00	3,414,671.17
Total	4,306,077.35	32,729.86	924,136.04	0.00	3,414,671.17

4. Accounts Receivable

(1) Listed by Withdrawal Methods for Expected Credit Loss

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable, for which the independent provision for expected credit losses	1,092,794,983.95	16.85	385,634,035.82	35.29	707,160,948.13
Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups					

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Including: Aging group	3,783,478,326.31	58.32	252,530,805.77	6.67	3,530,947,520.54
Project payment group	1,611,063,500.13	24.83	125,995,129.33	7.82	1,485,068,370.80
Subtotal of groups	5,394,541,826.44	83.15	378,525,935.10	7.02	5,016,015,891.34
Total	6,487,336,810.39	100.00	764,159,970.92	11.78	5,723,176,839.47

(Continued)

Category	Beginning balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable, for which the independent provision for expected credit losses	1,093,505,612.71	21.24	384,089,197.98	35.12	709,416,414.73
Accounts receivable, for which the provision for expected credit losses was withdrawn according to groups					0
Including: Aging group	2,820,178,866.87	54.78	236,910,263.28	8.40	2,583,268,603.59
Project payment group	1,234,413,460.00	23.98	107,440,354.92	8.70	1,126,973,105.08
Subtotal of groups	4,054,592,326.87	78.76	344,350,618.20	8.49	3,710,241,708.67
Total	5,148,097,939.58	100.00	728,439,816.18	14.15	4,419,658,123.40

1) Accounts receivable, for which, the independent provision for expected credit loss is made at the period-end

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal percentage (%)	Withdrawal reason
Shanghai Huaxin International Group Co., Ltd	300,018,021.01	150,013,944.92	50.00	Debt default
Tewoo Finance Company Limited	200,000,000.00	30,000,000.00	15.00	Difficulty in working capital turnover and debt default
Hongtu Santu High-tech Technology Co., Ltd.	200,000,000.00	32,000,000.00	16.00	Difficulty in working capital turnover

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal percentage (%)	Withdrawal reason
China Nuclear Engineering Construction Group Co., Ltd	78,000,690.24	7,890,069.02	10.12	Difficulty in working capital turnover
No.1 Engineering Company Limited of CCCC First Harbor Engineering Company Limited	65,221,300.00	9,783,195.00	15.00	Difficulty in working capital turnover
Tahoe Group Co. Ltd	50,000,000.00	5,000,000.00	10.00	Difficulty in working capital turnover
China Energy Electric Fuel Co., Ltd	50,000,000.00	7,500,000.00	15.00	Difficulty in working capital turnover
Empire Electronic Corp	44,395,169.38	44,395,169.38	100.00	Difficulty in working capital turnover
H-BUSTER DO BRASIL INDUSTRIA	19,470,841.75	19,470,841.75	100.00	Difficult to recover for bankruptcy
Treeview Business Registration	11,262,555.50	11,262,555.50	100.00	Difficulty in working capital turnover
Other	74,426,406.07	68,318,260.25	91.79	
Total	1,092,794,983.95	385,634,035.82	35.29	

2) Withdrawing expected credit loss by groups

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

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	3,433,378,810.01	69,697,589.85	2.03
1 to 2 years	148,044,952.56	10,910,913.00	7.37
2 to 3 years	37,878,125.72	8,390,004.85	22.15
3 to 4 years	1,773,024.89	1,128,884.94	63.67
Over 4 years	162,403,413.13	162,403,413.13	100.00
Total	3,783,478,326.31	252,530,805.77	6.67

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

Aging	Ending balance
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	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	1,326,749,598.38	66,337,479.88	5.00
1 to 2 years	153,209,883.34	15,320,988.33	10.00
2 to 3 years	120,455,177.55	36,136,553.27	30.00
3 to 4 years	1,063,216.15	531,608.08	50.00
Over 4 years	9,585,624.71	7,668,499.77	80.00
Total	1,611,063,500.13	125,995,129.33	7.82

(2) Accounts Receivable Listed by Aging

Aging	Ending balance
Within 1 year	4,962,384,670.27
1 to 2 years	1,129,432,545.44
2 to 3 years	175,545,928.13
3 to 4 years	4,363,699.75
Over 4 years	215,609,966.80
Subtotal	6,487,336,810.39
Less: Bad debt provision	764,159,970.92
Total	5,723,176,839.47

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

During the period, the actual provision for bad debts amounted to RMB35,516,049.10, the amount of bad debts increased by RMB1,567,782.76 due to exchange rate fluctuations. Due to the loss of control, the amount of bad debt reserves decreased by RMB 1363677.12.

(4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party

The total amount of top five of account receivable of ending balance collected by arrears party was RMB2,088,823,551.25, accounting for 32.20% of total closing balance of account receivable, and the relevant ending balance of bad debt provision withdrawn was RMB216,643,284.97.

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

(6) There is no amount of assets and liabilities formed due to the transfer of accounts receivable and

continued involvement in this year.

5. Accounts Receivable Financing

Item	Ending amount			Beginning balance		
	Cost	Change in fair value	Fair value at period-end	Cost	Change in fair value	Fair value at period-end
Notes receivable	78,865,016.45		78,865,016.45	143,174,271.82		143,174,271.82
Total	78,865,016.45		78,865,016.45	143,174,271.82		143,174,271.82

6. Prepayments

Item	Ending amount			Beginning balance		
	Carrying amount		Bad debt provision	Carrying amount		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year	1,983,501,863.39	96.36	462,968.20	2,064,712,215.34	99.23	4,772,745.02
1 to 2 years	69,799,160.74	3.39	117,079.09	8,325,251.63	0.40	268,252.73
2 to 3 years	3,622,796.03	0.18	2,168,356.28	4,074,992.31	0.20	
Over 3 years	1,465,942.36	0.07	625,394.60	3,470,588.53	0.17	2,991,238.20
Total	2,058,389,762.52	100.00	3,373,798.17	2,080,583,047.81	100.00	8,032,235.95

Note: ① Top 5 of the ending balance of the prepayment collected according to the prepayment target of the Company was RMB1,144,074,517.57, accounting for 55.58% of the total ending balance of prepayment.

② The amount of bad debt reserves withdrawn in the current period is 44464.58 yuan; the amount of recovered or transferred back bad debt reserves is 4551305.88 yuan; the amount of bad debt reserves is not written off; the amount of bad debt reserves is increased by 10103.52 Yuan due to the change

of exchange rate; and the amount of bad debt reserves is reduced by 161700.00 Yuan due to the loss of control.

7. Other Receivables

Item	Ending balance	Beginning balance
Interest receivable	20,197,445.29	7,807,400.40
Dividends receivable	547,848.62	547,848.62
Other receivables	2,075,842,376.43	1,763,828,117.47
Total	2,096,587,670.34	1,772,183,366.49

7.1 Interest Receivable

Item	Ending balance	Beginning balance
Fixed time deposit	19,626,889.41	4,807,630.04
Entrusted loans		2,623,723.82
Factoring income	570,555.88	376,046.54
Total	20,197,445.29	7,807,400.40

7.2 Dividends Receivable

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

7.3 Other Receivables

(1) Classified by Account Nature

Nature	Ending balance	Beginning balance
Deposit and margin	1,360,774,907.30	1,307,226,302.83
Intercourse funds among minority shareholders in the business consolidation not under the same control and related parties	180,793,671.28	178,968,748.99
Energy-saving subsidies	152,402,680.00	152,402,680.00
Disposal of non-current assets	513,799,965.00	147,256,700.00
Other	276,046,318.36	376,824,887.60
Total	2,483,817,541.94	2,162,679,319.42

(2) Withdrawal of Bad Debt Provision

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	15,229,049.09	25,449,941.31	358,172,211.55	398,851,201.95
Carrying amount of 1 January 2020 in the Current Period	-	-	-	-
--Transfer to Second stage	-570,869.64	570,869.64	-	-
-- Transfer to Third stage	-200.00	-524,820.00	525,020.00	-
-- Reverse to Second stage	-	-	-	-
-- Reverse to First stage	-	-	-	-
Withdrawal or reversal of the Current Period	3,165,605.18	4,984,065.61	983,935.57	9,133,606.36
Write-offs of the Current Period	-	-	-	-
Verification of the Current Period	-	-	-	-
Other changes	-9,642.80	-	-	-9,642.80
Balance of 30 June 2020	17,813,941.83	30,480,056.56	359,681,167.12	407,975,165.51

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

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

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

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

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
Other receivables with significant individual amount and make independent provision for expected	1,117,968,963.17	45.01	359,681,167.12	32.17	758,287,796.05

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
credit loss					
Other receivables withdrawn bad debt provision according to credit risks characteristics					
Aging group	567,335,432.56	22.84	34,262,317.70	6.04	533,073,114.86
Low-risk group	798,513,146.21	32.15	14,031,680.69	1.76	784,481,465.52
Subtotal of groups	1,365,848,578.77	54.99	48,293,998.39	3.54	1,317,554,580.38
Total	2,483,817,541.94	100.00	407,975,165.51	16.43	2,075,842,376.43

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion	
Other receivables with significant individual amount and make independent provision for expected credit loss	1,093,025,247.42	50.54	358,172,211.55	32.77	734,853,035.87
Other receivables withdrawn bad debt provision according to credit risks characteristics					
Aging group	598,266,705.02	27.66	30,392,763.59	5.08	567,873,941.43
Low-risk group	471,387,366.98	21.80	10,286,226.81	2.18	461,101,140.17
Subtotal of groups	1,069,654,072.00	49.46	40,678,990.40	3.80	1,028,975,081.60
Total	2,162,679,319.42	100.00	398,851,201.95	18.44	1,763,828,117.47

(4) Listed by aging

Aging	Ending balance
Within 1 year	2,114,244,415.27
1 to 2 years	108,133,414.79
2 to 3 years	31,533,708.67

3 to 4 years	3,739,421.03
4 to 5 years	83,530,383.35
Over 5 years	142,636,198.83
Subtotal	2,483,817,541.94
Less: Bad debt provision	407,975,165.51
Total	2,075,842,376.43

(5) Bad Debt Provision for Other Receivables

The amount of bad debt provision withdrawn was RMB14,554,961.35, and the amount reversed or recovered was RMB5,421,354.97, and the amount of bad debts decreased by RMB11,912.50 due to the loss of control power to subsidiaries, and the amount of bad debts increased by RMB2,269.68 due to exchange rate fluctuations. There was no actual verified amount in the Reporting Period.

(6) Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

The total amount of top five of other receivable of ending balance collected by arrears party was RMB987,763,065.00, accounting for 39.77% of total closing balance of account receivable, and the relevant ending balance of bad debt provision withdrawn was RMB162,534,751.92.

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

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

8. Inventory

(1) Category of Inventory

Item	Ending balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Development projects of the property:				
Development cost				

Item	Ending balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Land intended to develop				
Subtotal				
Non-development projects of the property:				
Raw materials	1,575,365,893.98		24,774,981.35	1,550,590,912.63
Consigned processing materials	21,965,825.24		-	21,965,825.24
Semi-finished product	147,746,687.87		12,407,683.85	135,339,004.02
Inventory goods	3,956,845,188.02		159,813,710.70	3,797,031,477.32
Finished but unsettled assets from construction contract	27,892,231.28			27,892,231.28
Subtotal	5,729,815,826.39	-	196,996,375.90	5,532,819,450.49
Total	5,729,815,826.39	-	196,996,375.90	5,532,819,450.49

(Continued)

Item	Beginning balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Development projects of the property:				
Development cost				
Land intended to develop				
Subtotal				
Non-development projects of the property:				
Raw materials	1,275,228,321.83		27,122,457.46	1,248,105,864.37
Consigned processing materials	3,117,408.28			3,117,408.28
Semi-finished product	85,821,719.87		12,822,030.37	72,999,689.50

Item	Beginning balance			
	Carrying amount	Of which: the capitalized amount of the borrowings	Falling price reserves	Carrying value
Inventory goods	4,176,189,636.39		206,509,288.73	3,969,680,347.66
Finished but unsettled assets from construction contract	13,594,131.07			13,594,131.07
Subtotal	5,553,951,217.44		246,453,776.56	5,307,497,440.88
Total	5,553,951,217.44		246,453,776.56	5,307,497,440.88

(2) Falling Price Reserves of Inventory

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Write-off	Decrease of losing controlling right	
Raw materials	27,122,457.46	1,719,467.20		4,066,943.31	0.00	24,774,981.35
Goods in process	12,822,030.37	143,256.65		557,603.17	0.00	12,407,683.85
Inventory goods	206,509,288.73	675,055.03		46,935,877.33	434,755.73	159,813,710.70
Total	246,453,776.56	2,537,778.88		51,560,423.81	434,755.73	196,996,375.90

(3) Withdrawal Provision Basis of the Falling Price of the Inventory and the Reasons of the Reversed or Write-off

Item	Specific basis of withdrawal of falling price reserves of inventory	Reasons for reverse	Reasons for write-off
Raw materials	The realizable net value was lower than the carrying value		Sold or disposed in the current period
Goods in process	The realizable net value was lower than the carrying value		Sold or disposed in the current period
Inventory goods	The realizable net value was lower than the carrying value		Sold in the current period

(4) Ending balance of the inventory didn't include capitalized borrowing expenses.

9. Contract Assets

(1) Expected credit loss listed by withdrawal method

Category	Ending balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Contract assets for which expected loss withdrawn separately					
Contract assets for which expected loss withdrawn by group					
Of which: aging group	31,334,935.11	100.00	636,099.18	2.03	30,698,835.93
Engineering group					
Subtotal of group	31,334,935.11	100.00	636,099.18	2.03	30,698,835.93
Total	31,334,935.11	100.00	636,099.18	2.03	30,698,835.93

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Contract assets for which expected loss withdrawn separately					
Contract assets for which expected loss withdrawn by group					
Of which: Aging group	13,522,835.74	100.00	274,500.00	2.03	13,248,335.74
Engineering group					
Subtotal of group	13,522,835.74	100.00	274,500.00	2.03	13,248,335.74
Total	13,522,835.74	100.00	274,500.00	2.03	13,248,335.74

① Among groups, contract assets for which expected credit loss withdrawn by aging group

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	31,334,935.11	636,099.18	2.03
Total	31,334,935.11	636,099.18	2.03

10. Current Portion of Non-current Assets

Item	Ending balance	Beginning balance
Entrusted loans for associated enterprises	60,000,000.00	60,000,000.00
Current portion of long-term receivable	45,802,707.58	48,087,016.22
Total	105,802,707.58	108,087,016.22

11. Other Current Assets

Item	Ending balance	Beginning balance
Principal and interest of entrusted loans to joint ventures	467,057,437.10	1,323,295,500.40
Prepayments and deductible taxes, and refund of tax for export receivable	996,585,114.64	598,034,887.02
Temporary difference of input tax	143,885,609.41	134,571,124.94
Costs receivable of returning goods	11,903,456.07	11,005,603.81
Trust investment	66,050,960.75	37,311,039.89
Others	1,685,482,577.97	2,104,218,156.06

12. Long-term Receivables

(1) List of Long-term Receivables

Item	Ending balance			Beginning balance			Interval of discount rate
	Carrying amount	Bad debt provision	Carrying value	Carrying amount	Bad debt provision	Carrying value	
Finance leasing amount	58,347,993.75		58,347,993.75	77,783,250.17		77,783,250.17	4.35%-8.78%
Of which: unrealized financing income	9,439,418.60		9,439,418.60	9,635,891.82		9,635,891.82	4.35%-8.78%
Cash deposits of long-term receivables	44,554,895.81		44,554,895.81	28,951,495.81		28,951,495.81	
Long-term receivables of projects with franchise rights	349,314,656.44		349,314,656.44	351,861,826.09		351,861,826.09	
Less: Current portion of long-term receivables (for details, see Note VI. 10)	45,802,707.58		45,802,707.58	48,087,016.22		48,087,016.22	
Total	406,414,838.42		406,414,838.42	410,509,555.85		410,509,555.85	—

(2) List of Projects with Franchise Rights

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

(3) Changes in Long-term Receivables of Projects with Franchise Rights

Item	Initial invested amount	Beginning balance	Increase			Decrease			Ending balance	Of which: reclassified into current portion of long-term receivables
			Merger increase in the Reporting Period	Newly increased investment amount	Interest income	Principal recovery	Interest recovery	Other decrease		

PPP Project of water supply and sewage of Rushan Silver Beach	349,416,483.56	351,861,826.09						2,547,169.65	349,314,656.44	
Total	349,416,483.56	351,861,826.09						2,547,169.65	349,314,656.44	

13. Long-term Equity Investment

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Konka Ventures Development (Shenzhen) Co., Ltd.	2,354,141.80				-12,081.94	
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.	1,446,968.41				209,627.54	
Shenzhen Jielunte Technology Co., Ltd.	85,665,123.77				1,663,751.64	
Panxu Intelligence Co., Ltd.	51,084,991.78				-1,551,143.44	
Beijing Konka Jingyuan Technology Co., Ltd.	763,492.84				3,469.27	
Dongfang Jiahui (Zhuhai) Asset Management Co., Ltd.	2,978,676.27				-364,039.68	
Dongfang Konka No. 1 (Zhuhai) Private Equity Fund (Limited Partnership)	310,024,401.51		19,176,012.60		-2,312,214.26	
Shenzhen RF-LINK Technology Co., Ltd.	88,000,000.00				-1,880,568.13	
Guoguang Ruilian (Shenzhen) Network Technology Co., Ltd.	192,323.20				-94,866.28	
Puchuang Jiakang Technology Co., Ltd.		400,000.00			1,837,600.86	
Weihai Water Environmental Protection Technology Co., Ltd.	2,493,211.96				30,782.14	
Weihai Yiheng Environmental Technology	4,668,292.89				48,450.06	

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Co., Ltd.						
Huoqiu Kangrun Kaitian Water Environmental Protection Co., Ltd.	32,434,987.50	5,000,000.00			-	
Huarun Environmental Protection Water Treatment Co., Ltd.	16,018,870.31				279,756.91	
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.	133,633,089.95				55,298,233.02	
Shandong Bishuiyuan Environmental Technology Co., Ltd.	26,174,621.66				-81,476.77	
Shandong Konka Zhijia Electrical Appliances Co., Ltd.	4,052,660.23				-1,968,177.90	
Henan Konka Zhijia Electrical Appliances Co., Ltd.	709,634.82				-487,788.74	
Anhui Kaikaishijie E-commerce Co., Ltd.	424,850,308.67				-6,644,760.80	
Kunshan Konka Electronic Co., Ltd.	182,413,766.51				-6,694,486.50	
Kunshan Kangsheng Investment Development Co., Ltd.	269,673,264.00				-	
Chutian Dragon Co., Ltd.	636,061,636.70				7,660,244.55	
Heilongjiang Longkang Zhijia Technology Co., Ltd.	2,380,000.00				-405,445.45	
Konka Green, Konka Technology	77,342,419.36				-583,890.18	
Shaanxi Silu Yunqi Smart Technology Co., Ltd.	17,202,315.43				-1,231,233.96	
Shenzhen Konka Information Network Co., Ltd.					-	
Shenzhen Zhongbing Konka Technology Co., Ltd.	7,273,228.41				-1,387,373.59	

Investee	Beginning balance	Change in the Current Period				
		New investment	Investment reduced	Cost method to equity method	Gain/loss recognized at equity method	Adjustment to other comprehensive income
Shenzhen Konka Smart Electrical Appliance Technology Co., Ltd.	2,882,149.72				266,725.11	
Zhuhai Jinsu Plastic Co., Ltd.	10,166,404.14				383,461.05	
Shenzhen Bosser New Materials Co., Ltd.	73,600,000.00				-1,200,098.76	
Shenzhen Yaode Technology Co., Ltd.	229,740,245.47				145,870.83	
Wuhan Tianyuan Environmental Protection Co., Ltd.	275,577,332.21				15,224,245.91	
Shenzhen Konka Yishijie Commercial Display Co., Ltd.	84,273,594.93				-2,422,790.72	
Chuzhou Konka Technology Industry Development Co., Ltd.	61,029,500.00				-1,421,124.11	
Chuzhou Kangjin Healthcare Industry Development Co., Ltd.	117,460,056.00				-513,435.79	
Haimen Kangjian Technology Industrial Park Operation and Management Co., Ltd.	131,273,550.00				-1,511,213.49	
Shenzhen Kangyue Industrial Co., Ltd.	33,856,942.00				-364,533.48	
Feide Technology (Shenzhen) Co., Ltd.	14,314,621.68				-1,830,785.23	
Chongqing Qingjia Electronic Co., Ltd.	19,168,701.08				-228,564.40	
Nanjing Kangxing Technology Industrial Park Operations and Management Co., Ltd.	32,305,671.68		32,305,671.68		-	
Kangjing Environmental Technology (Shenzhen) Co., Ltd.		800,000.00	800,000.00		-	
Dongguan Konka Electronic Intelligence Technology Co., Ltd.		1,470,000.00			416,116.83	
E3info (Hainan) Technology Co., Ltd.	-			56,000,000.00	-	
Total	3,465,541,196.89	7,670,000.00	52,281,684.28	56,000,000.00	48,276,242.12	-

(Continued)

Investee	Change in the Current Period				Ending balance (carrying amount)	Balance of asset impairment allowance
	Other equity changes	Cash dividend or profit distribution declared	Impairment allowance	Other		
Konka Ventures Development (Shenzhen) Co., Ltd.					2,342,059.86	
Nanjing Zhihuiguang Information Technology Research Institute Co., Ltd.					1,656,595.95	
Shenzhen Jielunte Technology Co., Ltd.					87,328,875.41	
Panxu Intelligence Co., Ltd.					49,533,848.34	
Beijing Konka Jingyuan Technology Co., Ltd.					766,962.11	
Dongfang Jiahui (Zhuhai) Asset Management Co., Ltd.					2,614,636.59	
Dongfang Konka No. 1 (Zhuhai) Private Equity Fund (Limited Partnership)					288,536,174.65	
Shenzhen RX-LINK Technology Co., Ltd.					86,119,431.87	8,676,821.83
Guoguang Ruilian (Shenzhen) Network Technology Co., Ltd.					97,456.92	
Puchuang Jiakang Technology Co., Ltd.					2,237,600.86	
Weihai Water Environmental Protection Technology Co., Ltd.					2,523,994.10	
Weihai Yiheng Environmental Technology Co., Ltd.					4,716,742.95	
Huoqiu Kangrun Kaitian Water Environmental Protection Co., Ltd.					37,434,987.50	
Huarun Environmental Protection Water Treatment Co., Ltd.					16,298,627.22	
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.					188,931,322.97	
Shandong Bishuiyuan Environmental Technology Co., Ltd.					26,093,144.89	

Investee	Change in the Current Period				Ending balance (carrying amount)	Balance of asset impairment allowance
	Other equity changes	Cash dividend or profit distribution declared	Impairment allowance	Other		
Shandong Konka Zhijia Electrical Appliances Co., Ltd.					2,084,482.33	
Henan Konka Zhijia Electrical Appliances Co., Ltd.					221,846.08	
Anhui Kaikaishijie E-commerce Co., Ltd.					418,205,547.87	
Kunshan Konka Electronic Co., Ltd.					175,719,280.01	
Kunshan Kangsheng Investment Development Co., Ltd.					269,673,264.00	
Chutian Dragon Co., Ltd.		9,240,000.00			634,481,881.25	
Heilongjiang Longkang Zhijia Technology Co., Ltd.					1,974,554.55	2,470,398.03
Konka Green, Konka Technology					76,758,529.18	
Shaanxi Silu Yunqi Smart Technology Co., Ltd.					15,971,081.47	
Shenzhen Konka Information Network Co., Ltd.					-	12,660,222.73
Shenzhen Zhongbing Konka Technology Co., Ltd.					5,885,854.82	
Shenzhen Konka Smart Electrical Appliance Technology Co., Ltd.					3,148,874.83	
Zhuhai Jinsu Plastic Co., Ltd.					10,549,865.19	
Shenzhen Bosser New Materials Co., Ltd.					72,399,901.24	5,220,857.98
Shenzhen Yaode Technology Co., Ltd.					229,886,116.30	
Wuhan Tianyuan Environmental Protection Co., Ltd.					290,801,578.12	
Shenzhen Konka Yishijie Commercial Display Co., Ltd.					81,850,804.21	

Investee	Change in the Current Period				Ending balance (carrying amount)	Balance of asset impairment allowance
	Other equity changes	Cash dividend or profit distribution declared	Impairment allowance	Other		
Chuzhou Konka Technology Industry Development Co., Ltd.					59,608,375.89	
Chuzhou Kangjin Healthcare Industry Development Co., Ltd.					116,946,620.21	
Haimen Kangjian Technology Industrial Park Operation and Management Co., Ltd.					129,762,336.51	
Shenzhen Kangyue Industrial Co., Ltd.					33,492,408.52	
Feide Technology (Shenzhen) Co., Ltd.					12,483,836.45	
Chongqing Qingjia Electronic Co., Ltd.					18,940,136.68	
Nanjing Kangxing Technology Industrial Park Operations and Management Co., Ltd.					-	
Kangjing Environmental Technology (Shenzhen) Co., Ltd.					-	
Dongguan Konka Electronic Intelligence Technology Co., Ltd.					1,886,116.83	
E3info (Hainan) Technology Co., Ltd.					56,000,000.00	
Total	-	9,240,000.00	-	-	3,515,965,754.73	29,028,300.57

14. Other Equity Instrument Investment

(1) Investment in non-trading equity instruments

Item	Ending balance	Beginning balance
Shenzhen Tianyilian Science & Technology Co., Ltd.		
Shenzhen Adopt Network Co., Ltd.		
Beijing Konka Technology Co., Ltd.	1,200,000.00	1,200,000.00
AVO	6,000,000.00	6,000,000.00
Shaoyang Haishang Ecological Agricultural Technology Co., Ltd.	1,501,956.00	1,501,956.00
Feihong Electronics Co., Ltd.		
ZAEFI		
Shenzhen Chuangce Investment Development Co., Ltd.		
Shanlian Information Technology Engineering Center	1,860,809.20	1,860,809.20
Shenzhen CIU Science & Technology Co., Ltd.	953,000.00	953,000.00
Shenzhen Digital TV National Engineering Laboratory Co., Ltd.	7,726,405.16	7,726,405.16
Shanghai National Engineering Research Center of Digital TV Co., Ltd.	2,400,000.00	2,400,000.00
Guangdong Bohua UHD Innovation Center Co., Ltd.	1.00	
Total	21,642,171.36	21,642,170.36

(2) Non-transactional Equity Instrument Investment

Item	Dividend income recognized in the current period	Accumulative gain	Accumulative loss	Amount of retained earnings transferred from other comprehensive income	Reason for being designated to be measured at fair value of which recorded in other comprehensive income	Reason for retained earnings transferred from other comprehensive income
Shenzhen Tianyilian Science & Technology Co., Ltd.			4,800,000.00		Long-term holding based on strategic purpose	
Shenzhen Adopt Network Co., Ltd.			5,750,000.00		Long-term holding based on strategic purpose	
Beijing Konka Technology Co., Ltd.			3,500,000.00		Long-term holding based on strategic purpose	
AVO					Long-term holding based on strategic purpose	
Shaoyang Haishang Ecological Agricultural Technology Co., Ltd.					Long-term holding based on strategic purpose	
Feihong Electronics Co., Ltd.			1,300,000.00		Long-term holding based on strategic purpose	
ZAEFI			100,000.00		Long-term holding based on strategic purpose	
Shenzhen Chuangce Investment Development Co., Ltd.			485,000.00		Long-term holding based on strategic purpose	
Shanlian Information			3,139,190.80		Long-term holding based on	

Item	Dividend income recognized in the current period	Accumulative gain	Accumulative loss	Amount of retained earnings transferred from other comprehensive income	Reason for being designated to be measured at fair value of which recorded in other comprehensive income	Reason for retained earnings transferred from other comprehensive income
Technology Engineering Center					strategic purpose	
Shenzhen CIU Science & Technology Co., Ltd.			200,000.00		Long-term holding based on strategic purpose	
Shenzhen Digital TV National Engineering Laboratory Co., Ltd.			1,273,594.84		Long-term holding based on strategic purpose	
Shanghai National Engineering Research Center of Digital TV Co., Ltd.					Long-term holding based on strategic purpose	
Guangdong Bohua UHD Innovation Center Co., Ltd.					Long-term holding based on strategic purpose	
Total			20,547,785.64			

15. Other Non-current Financial Assets

Item	Ending balance	Beginning balance
Equity investments	540,230,000.00	540,230,000.00
Investments in debt obligations	1,185,342,108.78	1,212,891,727.83
Total	1,725,572,108.78	1,753,121,727.83

Note: The debt investment at the end of the year was mainly the Company's debt fund invested in Chuzhou Huike Intelligent Home Appliances Industry Investment Partnership (Limited Partnership).

16. Investment Property

Item	Houses and buildings
I. Original carrying value	
1. Beginning balance	447,413,230.79
2. Increased amount of the period	
3. Decreased amount of the period	
4. Ending balance	447,413,230.79
II. The accumulative depreciation and accumulative amortization	
1. Beginning balance	47,215,856.72
2. Increased amount of the period	6,544,472.78
3. Decreased amount of the period	
4. Ending balance	53,760,329.50
III. Impairment provision	
1. Beginning balance	

Item	Houses and buildings
2. Increased amount of the period	
3. Decreased amount of the period	
4. Ending balance	-
IV. Carrying value	
1. Ending carrying value	393,652,901.29
2. Beginning carrying value	400,197,374.07

17. Fixed Assets

Item	Ending carrying value	Beginning carrying value
Fixed assets	2,604,608,094.07	2,561,254,191.55
Total	2,604,608,094.07	2,561,254,191.55

(1) List of Fixed Assets

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
I. Original carrying value						
1. Beginning balance	2,035,218,106.99	2,017,148,345.41	184,064,655.85	58,063,867.63	241,613,861.33	4,536,108,837.21
2. Increased amount of the period	3,338,042.93	151,535,046.93	15,869,439.60	2,630,281.95	24,942,140.12	198,314,951.53
(1) Purchase	440,858.83	58,212,647.00	15,755,740.00	2,630,281.95	24,626,746.06	101,666,273.84
(2) Transfer of construction in progress	2,897,184.10	93,322,399.93	113,699.60	-	315,394.06	96,648,677.69
(3) Increase for business combination						
3. Decreased amount of the period	-	7,568,777.40	3,708,509.06	1,744,551.32	4,000,661.17	17,022,498.95
(1) Disposal or Scrap	-	7,568,777.40	2,467,756.57	1,408,692.34	3,758,779.85	15,204,006.16
(2) Decrease for loss of controlling right	-	-	1,240,752.49	335,858.98	241,881.32	1,818,492.79
(3) Decrease for other reasons						
4. Ending balance	2,038,556,149.92	2,161,114,614.94	196,225,586.39	58,949,598.26	262,555,340.28	4,717,401,289.79
II. Accumulative depreciation						

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
1. Beginning balance	633,844,572.99	939,156,102.95	139,979,797.13	39,874,403.17	153,386,011.72	1,906,240,887.96
2. Increased amount of the period	35,216,196.42	89,647,559.84	7,347,860.94	2,936,547.21	15,796,664.56	150,944,828.97
(1) Withdrawal	35,216,196.42	89,647,559.84	7,347,860.94	2,936,547.21	15,796,664.56	150,944,828.97
(2) Increase for business combination						
3. Decreased amount of the period	-	5,726,983.77	2,855,618.03	2,484,661.15	1,910,951.29	12,978,214.24
(1) Disposal or scrap	-	5,726,983.77	2,700,807.11	2,484,661.15	1,859,966.57	12,772,418.60
(2) Decrease for loss of controlling right	-	-	154,810.92	-	50,984.72	205,795.64
(3) Decrease for other reasons						
4. Ending balance	669,060,769.41	1,023,076,679.02	144,472,040.04	40,326,289.23	167,271,724.99	2,044,207,502.69
III. Depreciation reserves						
1. Beginning balance	1,247,805.91	64,023,905.57	1,156,577.28	820,215.24	1,365,253.70	68,613,757.70
2. Increased amount of the period	-	-	-	-	-	-
(1) Withdrawal						
(2) Increase for business combination						
3. Decreased amount of the period	-	731.50	7,330.00	-	20,003.17	28,064.67
(1) Disposal or Scrap	-	731.50	7,330.00	-	20,003.17	28,064.67
(2) Decrease of loss of controlling right						
4. Ending balance	1,247,805.91	64,023,174.07	1,149,247.28	820,215.24	1,345,250.53	68,585,693.03
IV. Carrying value						
1. Ending carrying value	1,368,247,574.60	1,074,014,761.85	50,604,299.07	17,803,093.79	93,938,364.76	2,604,608,094.07

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Other equipment	Total
2. Beginning carrying value	1,400,125,728.09	1,013,968,336.89	42,928,281.44	17,369,249.22	86,862,595.91	2,561,254,191.55

(2) List of Temporarily Idle Fixed Assets

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Mechanical equipment	8,998,385.06	3,753,926.57	3,248,191.69	1,996,266.80
Electronic equipment	1,247,255.09	1,086,708.79	0.00	160,546.30
Transportation equipment	3,247.86	2,825.62	0.00	422.24
Other equipment	400,567.15	329,074.12	44,680.56	26,812.47
Total	10,649,455.16	5,172,535.10	3,292,872.25	2,184,047.81

(3) Fixed Assets Leased in from Financing Lease

Item	Original carrying value	Accumulative depreciation	Impairment provision	Carrying value
Mechanical equipment	725,823,746.70	376,119,900.17		349,703,846.53
Transportation equipment	10,127,135.80	8,286,417.77		1,840,718.03
Electronic equipment	46,755,498.64	39,547,880.45		7,207,618.19
Other equipment	44,462,008.16	33,814,152.90		10,647,855.26
Total	827,168,389.30	457,768,351.29	-	369,400,038.01

(4) Fixed Assets Leased out from Operation Lease

Item	Ending carrying value
Mechanical equipment	8,939,914.52
Other equipment	176,886.36
Total	9,116,800.88

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

Item	Original carrying value	Accumulative depreciation	Impairment provision	Net carrying value	Reason
Yikang Building property	76,610,752.33	36,042,945.79		40,567,806.54	Historical reasons
Jingyuan Building property	20,018,497.00	9,320,142.83		10,698,354.17	Historical reasons
26-1 Longzhimeng, Pangjiang Street Property in Dadong District,	6,072,572.34	940,728.05	0	5,131,844.29	The problems of developers

Item	Original carrying value	Accumulative depreciation	Impairment provision	Net carrying value	Reason
Shenyang					
Purification tank for liquid waste of XingDa HongYe	2,653,000.00	1,422,671.25		1,230,328.75	Under processing

(6) Fixed Assets with Restricted Ownership or Use Right

Item	Ending carrying value	Reason for restriction
Property and machinery equipment of Jiangxi Konka	178,840,872.53	Finance lease mortgage /mortgage loans
Machinery equipment of Nano Crystallized Glass	80,378,792.95	Finance lease mortgage
Workshops and lands of XingDa HongYe	52,098,544.55	Mortgage loans
Machinery equipment of Xinfeng Microcrystalline	43,174,739.52	Finance lease mortgage
Fixed assets of XingDa HongYe	24,769,957.06	Finance lease mortgage
Real estate such as workshops of Boluo Konka Precision	8,272,321.05	Mortgage loans
Machinery equipment of Dongguan Konka	17,438,299.57	Finance lease mortgage
Machinery equipment and other equipment of Konka Group	24,510,709.71	Finance lease mortgage
Machinery equipment of Boluo Konka Precision	286,666.67	Finance lease mortgage
Total	429,770,903.61	

18. Construction in Progress

Item	Ending balance	Beginning balance
Construction in progress	4,892,296,487.39	4,291,544,368.52
Total	4,892,296,487.39	4,291,544,368.52

(1) List of Construction in Progress

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Comprehensive improvement engineering project of drainage basins in the city of Donggang	770,909,783.71		770,909,783.71	715,838,346.63		715,838,346.63
PPP Project of Funan Sewage Treatment	636,074,767.47		636,074,767.47	592,295,248.19		592,295,248.19
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	584,377,344.07		584,377,344.07	571,112,712.15		571,112,712.15
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	514,234,788.58		514,234,788.58	511,792,398.90		511,792,398.90
Integrated PPP Project of Huangpi Sewage Treatment	416,977,365.25		416,977,365.25	385,214,225.65		385,214,225.65
The second line of Jiangxi Nano Crystallized Glass	335,752,030.05		335,752,030.05	336,485,492.44		336,485,492.44
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	538,844,383.32		538,844,383.32	329,745,585.38		329,745,585.38
Ankang Smart Plant	238,515,053.54		238,515,053.54	143,320,357.80		143,320,357.80
Tongchuan Project	100,119,792.62		100,119,792.62	99,720,949.28		99,720,949.28
The second sewage plant of Laizhou	148,649,338.47		148,649,338.47	90,971,785.34		90,971,785.34

Item	Ending balance			Beginning balance		
	Carrying amount	Impairment provision	Carrying value	Carrying amount	Impairment provision	Carrying value
Yibin Konka Hi-Tech Industrial Park	87,364,699.89		87,364,699.89	86,183,539.65		86,183,539.65
Dayi Project	135,272,232.70		135,272,232.70	79,258,722.98		79,258,722.98
Guangming Project	46,700,545.82		46,700,545.82	39,753,607.36		39,753,607.36
Other small projects	338,504,361.90		338,504,361.90	309,851,396.77		309,851,396.77
Total	4,892,296,487.39		4,892,296,487.39	4,291,544,368.52		4,291,544,368.52

(2) Changes of Significant Construction in Progress

Name of item	Estimated number	Beginning balance	Increase Amount	Decrease amount		Ending balance
				Transferred to long-term assets	Other decrease	
Comprehensive improvement engineering project of drainage basins in the city of Donggang	RMB1.299 billion	715,838,346.63	55,071,437.08			770,909,783.71
PPP Project of Funan Sewage Treatment	RMB972 million	592,295,248.19	43,779,519.28			636,074,767.47
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	RMB970 million	571,112,712.15	13,264,631.92			584,377,344.07
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	RMB1.268 billion	511,792,398.90	2,442,389.68			514,234,788.58
Integrated PPP Project of Huangpi Sewage Treatment	RMB738 million	385,214,225.65	31,763,139.60			416,977,365.25

Name of item	Estimated number	Beginning balance	Increase Amount	Decrease amount		Ending balance
				Transferred to long-term assets	Other decrease	
The second line of Jiangxi Nano Crystallized Glass	RMB434 million	336,485,492.44	158,093.67		891,556.06	335,752,030.05
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	RMB2.85 billion	329,745,585.38	209,098,797.94			538,844,383.32
Ankang Smart Plant	RMB697 million	143,320,357.80	95,194,695.74			238,515,053.54
Tongchuan Project	RMB393 million	99,720,949.28	398,843.34			100,119,792.62
The second sewage plant of Laizhou	RMB256 million	90,971,785.34	57,677,553.13			148,649,338.47
Yibin Konka Hi-Tech Industrial Park	RMB 350 million	86,183,539.65	1,181,160.24			87,364,699.89
Dayi Project	RMB380 million	79,258,722.98	56,013,509.72			135,272,232.70
Guangming Project	RMB501 million	39,753,607.36	7,004,122.93	57,184.47		46,700,545.82
Other small projects		309,851,396.77	149,813,769.61	118,291,882.08	2,868,922.40	338,504,361.90
Total		4,291,544,368.52	722,861,663.88	118,349,066.55	3,760,478.46	4,892,296,487.39

(Continued)

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progresses	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
Comprehensive improvement engineering project of	RMB1,299	59.34	59.34	47,594,995.60	14,944,999.99	27.14	Self-owned fund and bank

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
drainage basins in the city of Donggang	million						financing
PPP Project of Funan Sewage Treatment	RMB972 million	65.42	65.42	14,435,375.00	10,512,156.25	24.01	Self-owned fund and bank financing
Water supply engineering project in Mazongshan Town, Subei Mongol Autonomous County, Gansu Province	RMB970 million	60.24	60.24	7,192,020.00	7,192,020.00	54.22	Self-owned fund and bank financing
PPP Project of Lushan Shahe Ecological Rehabilitation and Improvement (Phase I)	RMB1,268 million	40.56	40.56				Self-owned fund
Integrated PPP Project of Huangpi Sewage Treatment	RMB738 million	56.47	56.47	5,302,616.67	5,302,616.67	16.69	Self-owned fund and bank financing
The second line of Jiangxi Nano Crystallized Glass	RMB434 million	91.09	91.09	32,249,994.16			Self-owned fund and finance leasing
Central City Comprehensive accelerated programs in Economic and Technological Development Zone of Binhai, Weifang	RMB2,850 million	18.91	18.91	11,529,912.19	5,844,242.25	2.79	Self-owned fund and bank financing
Ankang Smart Plant	RMB697 million	34.22	34.22				Self-owned fund
Tongchuan Project	RMB393 million	25.47	25.47				Self-owned fund
The second sewage plant of Laizhou	RMB256 million	57.98	57.98	2,102,337.77	2,102,337.77	3.64	Self-owned fund and bank

Name of item	Estimated number	Proportion estimated of the project accumulative input (%)	Project progresses	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period (%)	Capital resources
	ion						financing
Yibin Konka Hi-Tech Industrial Park	RMB350 million	24.96	24.96				Self-owned fund
Dayi Project	RMB380 million	35.57	35.57	158,251.11	158,251.11	0.28	Self-owned fund and bank financing
Guangming Project	RMB501 million	9.32	9.32				Self-owned fund and project loans
Other small projects				40,639,935.43	1,410,132.57		
Total				161,205,437.93	47,466,756.61		

18. Intangible Assets

(1) List of intangible assets

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and proprietary technology	Franchise rights	Right to use software and others	Subtotal	
I. Original carrying value							
1. Beginning balance	1,026,423,067.19	75,482,617.43	102,532,417.78	106,571,344.10	99,690,005.24	384,276,384.55	1,410,699,451.74
2. Increased amount of the period	12,042,806.00	-	-	-	4,516,284.26	4,516,284.26	16,559,090.26
(1) Purchase	32,054.00	-	-	-	2,987,084.38	2,987,084.38	3,019,138.38
(2) Transfer of construction in progress	12,010,752.00	-	-	-	1,529,199.88	1,529,199.88	13,539,951.88
(3) Increase for business combination	-	-	-	-	-	-	-
(4) Increase for other reasons	-	-	-	-	-	-	-
3. Decreased amount of the period	19,440,000.00	-	-	-	-	-	19,440,000.00
(1) Disposal	-	-	-	-	-	-	-
(2) Decrease for losing controlling right	-	-	-	-	-	-	-
(3) Decrease for other reasons	19,440,000.00	-	-	-	-	-	19,440,000.00
4. Ending balance	1,019,025,873.19	75,482,617.43	102,532,417.78	106,571,344.10	104,206,289.50	388,792,668.81	1,407,818,542.00
II. Accumulated amortization							

Item	Land use right	Intellectual property					Total
		Trademark right	Patent and proprietary technology	Franchise rights	Right to use software and others	Subtotal	
1. Beginning balance	78,757,617.42	5,272,221.47	56,417,825.66	11,105,062.50	42,973,928.86	115,769,038.49	194,526,655.91
2. Increased amount of the period	24,361,928.20	965,755.00	2,764,344.31	2,221,012.50	4,987,571.23	10,938,683.04	35,300,611.24
(1) Withdrawal	24,361,928.20	965,755.00	2,764,344.31	2,221,012.50	4,987,571.23	10,938,683.04	35,300,611.24
(2) Increase for business combination	-	-	-	-	-	-	-
3. Decreased amount of the period	-	-	-	-	-	-	-
(1) Disposal	-	-	-	-	-	-	-
(2) Decrease for losing controlling right	-	-	-	-	-	-	-
4. Ending balance	103,119,545.62	6,237,976.47	59,182,169.97	13,326,075.00	47,961,500.09	126,707,721.53	229,827,267.15
III. Depreciation reserves							
1. Beginning balance			2,901,082.61			2,901,082.61	2,901,082.61
2. Increased amount of the period	-	-	-	-	-	-	-
(1) Withdrawal	-	-	-	-	-	-	-
(2) Increase for business combination	-	-	-	-	-	-	-
3. Decreased amount of the period	-	-	-	-	-	-	-
(1) Disposal	-	-	-	-	-	-	-
(2) Decrease for losing	-	-	-	-	-	-	-

Item	Land use right	Intellectual property				Subtotal	Total
		Trademark right	Patent and proprietary technology	Franchise rights	Right to use software and others		
controlling right							
4. Ending balance	-	-	2,901,082.61	-	-	2,901,082.61	2,901,082.61
IV. Carrying value							
1. Ending carrying value	915,906,327.57	69,244,640.96	40,449,165.20	93,245,269.10	56,244,789.41	259,183,864.67	1,175,090,192.24
2. Beginning carrying value	947,665,449.77	70,210,395.96	43,213,509.51	95,466,281.60	56,716,076.38	265,606,263.45	1,213,271,713.22

(2) Land Use Right with Certificate of Title Uncompleted

Item	Carrying value	Reason
Land usage right of Nanocrystalline	5,291,444.05	Under processing
Land usage right of Suining Nanqiang HX22-05-03 block	18,885,624.77	Under processing

(3) Significant Intangible Assets

Item	Ending carrying value	Remaining amortization period (year)
Land usage right of Fenggang Konka Intelligent Industrial Park	200,075,096.67	49.17
Land usage right of Dongguan Investment	154,842,018.30	49.42
Franchise rights of sewage treatment in Laizhou	97,724,550.01	22.00
Land usage right of XGY (2006) No. 04049	68,982,539.89	36.25
Land usage right of Huanjia (Henan)	66,574,144.04	49.00
Land usage right of Chongqing Konka	43,113,525.46	49.17
Land reserve center Ankang Smart Plant 2 # land	56,536,722.66	48.33
Land reserve center Ankang Smart Plant 3 # land	19,412,986.67	48.42

(4) Intangible Assets with restricted ownership or using right

Item	Ending carrying value	Reason
Land usage right of XingDa HongYe	26,099,177.37	Mortgage loan of land
Land usage right of Jiangxi Konka	10,619,219.96	Mortgage loan of land
Land usage right of Yinbin Konka	13,674,951.59	Land mortgage guarantee
Land usage right of Konka Guangming Technology Center Phase I	13,237,669.89	Mortgage loan of land

20. Goodwill

(1) Original Carrying Value of Goodwill

Name of the investees	Beginning balance	Increase		Decrease		Ending balance
		Formed from the business combination	Other	Disposal	Other	
Anhui Konka	3,597,657.15					3,597,657.15
Econ Technology	467,825,151.34					467,825,151.34
Jiangxi Konka	340,111,933.01					340,111,933.01

XingDa HongYe	44,156,682.25					44,156,682.25
Total	855,691,423.75					855,691,423.75

(2) Provisions for Goodwill Impairment

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

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

The Company has assessed the recoverable amount of the asset group or combination of asset groups which goodwill is included. The asset group composed of identifiable intangible assets (excluding working capital and non-operating assets) is related to goodwill. The confirmation of the asset group at the time of goodwill impairment test is consistent with the asset group or combination of asset groups determined at the date of purchase and the goodwill impairment test in prior year.

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

- ① Assuming that the assessed unit continues to operate, and there are no major changes in the key aspects of the business scope, sales model and channels, management, etc. that affect production and operation from the current situation;
- ② Assume that the social and economic environment of the assessed unit does not change significantly, and the relevant laws, regulations, and policies of the country and the region where the company is located have no major changes;
- ③ Assume that the business scope, operation mode, management mode, etc. of the assessed unit are continuously improved and improved on the basis of maintaining consistency, and can make timely adjustments and innovations as the economy develops;
- ④ Assume that the various products provided by the assessed unit can adapt to market demand, the formulated goals and measures can be achieved as scheduled and at the scheduled time, and the expected benefits are obtained;
- ⑤ Assuming that interest rates, exchange rates, tax bases and tax rates do not change significantly

within the normal range prescribed by the state.

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

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

According to the results of goodwill impairment testing, there was no impairment loss on goodwill during the Reporting Period.

21. Long-term Deferred Expenses

Item	Beginning balance	Increased amount	Amortization amount	Other decreased amount	Ending amount
Renovation costs	35,841,835.32	16,939,152.65	8,413,599.71	253,700.18	44,113,688.08
Shoppe expense	44,140,602.62	12,387,221.92	18,218,245.21	4,980,435.75	33,329,143.58
Other	27,607,640.94	41,950,469.08	24,086,333.74	-	45,471,776.28
Total	107,590,078.88	71,276,843.65	50,718,178.66	5,234,135.93	122,914,607.94

22. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Deferred Income Tax Assets without Offset

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	2,978,386,373.89	695,472,531.02	2,855,624,412.76	706,342,740.49
Assets impairment provision	1,132,956,560.29	236,715,749.15	1,079,890,030.44	231,517,239.58
Deferred income	67,352,832.75	15,517,632.54	66,778,170.56	15,971,309.52
Accrued expenses	45,645,549.87	7,402,938.72	70,273,842.14	12,047,558.72
Unrealized internal sales profits	28,473,084.48	7,118,271.12	18,570,975.99	4,642,744.00
Other	71,590,583.67	14,816,563.23	75,254,629.43	17,241,589.86
Total	4,324,404,984.95	977,043,685.78	4,166,392,061.32	987,763,182.17

(2) Lists of Deferred Income Tax Liabilities without Offset

Item	Ending balance	Beginning balance
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	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Estimated added value not under the same control	380,723,046.81	72,023,684.99	406,494,736.72	76,293,954.88
Prepaid interest	59,035,904.96	14,758,976.24	68,199,141.94	16,489,202.46
Accelerated depreciation of fixed assets	2,610,115.36	531,788.84	3,732,276.80	559,841.52
Other	14,102,219.09	2,964,971.74	8,496,388.76	2,124,097.19
Total	456,471,286.22	90,279,421.81	486,922,544.22	95,467,096.05

(3) List of Unrecognized Deferred Income Tax Assets

Item	Ending balance	Beginning balance
Deductible losses	2,808,113,844.40	2,693,777,327.44
Deductible temporary difference	462,962,624.06	407,628,243.69
Total	3,271,076,468.46	3,101,405,571.13

23. Other Non-current Assets

Item	Ending balance	Beginning balance
Prepayment for land purchase	926,164,267.01	820,340,528.30
Prepayment for equipment	387,962,414.33	277,656,830.39
Entrusted loans	40,000,000.00	40,000,000.00
Construction of government projects	23,463,565.16	34,475,365.16
Total	1,377,590,246.50	1,172,472,723.85

24. Short-term Borrowings

Category	Ending balance	Beginning balance
Credit loan	9,223,684,842.51	7,305,280,566.00
Guaranteed loan (note ①)	1,748,701,986.12	1,505,320,018.29
Pledged loan (note ②)	344,178,645.78	1,362,069,755.34
Mortgage pledged loan (note ③)	95,000,000.00	95,000,000.00
Mortgaged guaranteed loan (note ④⑤)	65,016,900.00	65,016,900.00
Total	11,476,582,374.41	10,332,687,239.63

Note: ① The Company provides joint liability guarantees for its subsidiaries Dongguan Konka, Anhui Konka, Sichuan Konka, Pengrun Technology, Hong Kong Konka, Xingda Hongye, Yikang Technology, Jiangxi Konka, Xinfeng Microcrystalline, Nano Crystallized Glass, Electronics Technology and Ningbo Kanghanrui Electrical Appliance for a total of RMB1,748,701,986.12.

②The subsidiary Econ Technology pledged RMB100 million as a short-term loan of RMB197,334,403.46 from Yantai Development Zone Sub-branch of Industrial Bank. The subsidiary of the Company, Econ Technology pledged RMB75,000,000.00 as a short-term loan of RMB146,844,242.32 from Yantai Branch of Zheshang Bank Co., Ltd.

③ The subsidiary Xingda Hongye obtained a short-term loan of RMB95,000,000.00 from the Fusha Sub-branch of Zhongshan Rural Commercial Bank with a plant valued at RMB42,539,797.98, a land use right mortgage of RMB14,751,768.38, and a pledge of RMB 19,800,000.00.

④The subsidiary Xingda Hongye obtained a short-term loan of RMB60,000,000.00 from Zhongshan Branch of Industrial Bank by mortgage of a dormitory with a book value of RMB9,558,746.57 and land use rights of RMB11,347,408.99. The Company provides joint liability guarantee.

⑤ The subsidiary Boluo Precision obtained a short-term loan of RMB5,016,900.00 from Huizhou Branch of Guangzhou Bank with the real estate of Boluo Konka's book value of RMB8,272,321.05 as collateral. The Company provides joint liability guarantee.

25. Notes Payable

Category	Ending balance	Beginning balance
Trade acceptance bill	810,695,199.05	1,136,168,273.60
Bank acceptance bill	151,792,189.06	183,228,100.77
Total	962,487,388.11	1,319,396,374.37

26. Accounts Payable

(1) List of Accounts Payable

Item	Ending balance	Beginning balance
Within 1 year	4,503,874,994.44	4,589,056,681.97
1 to 2 years	701,748,839.90	1,000,925,754.57
2 to 3 years	173,690,023.73	165,360,015.84
Over 3 years	42,781,015.17	42,480,027.22
Total	5,422,094,873.24	5,797,822,479.60

(2) Significant Accounts Payable Aging over One Year

Item	Ending balance	Unpaid/ Un-carry-over reason
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Item	Ending balance	Unpaid/ Un-carry-over reason
Project funds	764,509,651.35	Not meet the settlement conditions
Total	764,509,651.35	

27. Contract Liabilities

Item	Ending balance	Beginning balance
Advance sales proceeds	848,237,128.69	959,538,151.80
Total	848,237,128.69	959,538,151.80

28. Payroll Payable

(1) List of Payroll Payable

Item	Beginning balance	Increase	Increased by merger	Decrease	Decreased by losing controlling right	Ending balance
I. Short-term salary	422,361,193.20	722,860,690.90	-	861,834,687.50	1,883,363.25	281,503,833.35
II. Post-employment benefit-defined contribution plans	3,408,038.58	33,559,216.43	-	33,288,518.04	-	3,678,736.97
III. Termination benefits	1,101,266.80	9,763,708.43	-	9,947,390.43	-	917,584.80
IV. Current portion of other benefits	-	-	-	-	-	-
Total	426,870,498.58	766,183,615.76	-	905,070,595.97	1,883,363.25	286,100,155.12

(2) List of Short-term Salary

Item	Beginning balance	Increase	Increased by merger	Decrease	Decreased by losing controlling right	Ending balance
1. Salary, bonus, allowance, subsidy	407,335,502.77	647,775,260.39	-	794,220,943.45	1,827,606.88	259,062,212.83
2. Employee welfare	5,147,293.66	28,132,376.46	-	24,387,206.20	43,955.32	8,848,508.60
3. Social insurance	3,211,419.29	21,765,929.10	-	20,272,949.53	-	4,704,398.86

Item	Beginning balance	Increase	Increased by merger	Decrease	Decreased by losing controlling right	Ending balance
Of which: Medical insurance premiums	289,685.48	18,631,963.42	-	17,646,878.43	-	1,274,770.47
Work-related injury insurance	39,991.73	799,394.63	-	776,386.85	-	62,999.51
Maternity insurance	2,881,742.08	2,334,571.05	-	1,849,684.25	-	3,366,628.88
4. Housing fund	604,087.40	17,097,331.06	-	16,524,875.04	-	1,176,543.42
5. Labor union budget and employee education budget	5,237,407.88	6,334,435.48	-	4,524,911.37	11,801.05	7,035,130.94
6. Short-term absence with payment		-	-	-	-	-
7. Short-term profit sharing plan		-	-	-	-	-
8. Other	825,482.20	1,755,358.41	-	1,903,801.91	-	677,038.70
Total	422,361,193.20	722,860,690.90	-	861,834,687.50	1,883,363.25	281,503,833.35

(3) List of Defined Contribution Plan

Item	Beginning balance	Increase	Increased by merger	Decrease	Decreased by losing controlling right	Ending balance
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Item	Beginning balance	Increase	Increased by merger	Decrease	Decreased by losing controlling right	Ending balance
1. Basic pension benefits	3,353,470.05	32,631,775.16	-	32,386,622.52	-	3,598,622.69
2. Unemployment insurance	54,568.53	927,441.27	-	901,895.52	-	80,114.28
3. Annuity		-	-	-	-	-
Total	3,408,038.58	33,559,216.43	-	33,288,518.04	-	3,678,736.97

The Company, in line with the requirement, participate the endowment insurance, unemployment insurance scheme and so on, according to the scheme, the Company monthly pay to the scheme in line with requirements of local government, except the monthly payment, the Company no longer shoulder the further payment obligation, the relevant expense occurred was recorded into current profits and losses or related assets costs.

29. Taxes Payable

Item	Ending balance	Beginning balance
Corporate income tax	131,332,803.11	341,818,196.88
VAT	41,715,788.48	197,795,056.62
Fund for disposing abandoned appliances and electronic products	17,784,072.00	22,862,428.00
Urban maintenance and construction tax	1,369,031.37	12,363,121.25
Education fees and local education Surcharge	1,071,813.74	9,346,458.05
Individual income tax	3,536,475.35	7,468,808.32
Stamp duty	1,681,846.43	5,046,657.96
Land use tax	4,960,696.77	3,587,908.55
Real estate tax	4,873,655.39	2,868,061.86
Tariff	2,572,685.47	2,440,099.93
Other	699,308.55	2,248,497.57
Total	211,598,176.66	607,845,294.99

30. Other Payables

Item	Ending balance	Beginning balance
Interest payable	217,842,648.33	227,831,108.53
Dividend payable	120,397,270.40	0.00
Other payables	2,172,875,217.30	2,061,898,199.65
Total	2,511,115,136.03	2,289,729,308.18

30.1 Interest Payable

Item	Ending balance	Beginning balance
Interest on corporate bonds	130,673,055.64	180,268,944.49
Interest on long-term borrowings with interest paid by installment and principal paid at maturity	69,552,621.66	27,783,745.85
Interest payable on short-term borrowings	17,349,825.98	19,189,933.23
Other	267,145.05	588,484.96
Total	217,842,648.33	227,831,108.53

30.2 dividend payable

Item	Ending balance	Beginning balance
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Item	Ending balance	Beginning balance
Dividend of ordinary shares	120,397,270.40	
Total	120,397,270.40	

30.3 Other Payables

(1) Listed by Nature of Account

Item	Ending balance	Beginning balance
Expenses payable	832,988,866.73	862,838,016.73
Come-and-go money	190,629,939.60	162,935,213.66
Equity transfer payment	263,223,100.00	374,725,896.96
Related party borrowing	523,285,133.06	374,227,833.11
Front money and guarantee deposit	322,765,251.09	260,078,756.86
Payment on behalf	13,297,901.20	13,789,615.70
Other	26,685,025.62	13,302,866.63
Total	2,172,875,217.30	2,061,898,199.65

(2) Other Significant Payables Aging over One Year

Item	Ending balance	Unpaid/Un-carry-over reason
Equity transfer money of Econ Technology	192,500,000.00	Not meet the settlement conditions
Equity transfer money of Jiangxi Konka	61,180,000.00	Not meet the settlement conditions
Total	253,680,000.00	—

31. Current Portion of Non-current Liabilities

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	122,000,000.00	123,000,000.00
Current portion of long-term payables	34,936,974.97	87,066,077.13
Total	156,936,974.97	210,066,077.13

32. Long-term Borrowings

Category	Ending balance	Beginning balance
Entrusted loans (note ①)	834,060,000.00	3,334,060,000.00
Pledge loan (note ②③④⑤)	1,490,307,485.22	1,088,300,000.00

Category	Ending balance	Beginning balance
Credit loan	322,000,000.00	123,000,000.00
Mortgage guarantee loan (note ③)	116,319,401.85	103,995,729.90
Guaranteed loan (note ⑦)	2,000,000,000.00	
Mortgage guarantee loan (note ⑧⑨⑩⑪)	959,860,000.00	133,960,000.00
Guarantee mortgage pledge loan (note ⑫)	100,000,000.00	230,000,000.00
Less: Current portion	122,000,000.00	123,000,000.00
Total	5,700,546,887.07	4,890,315,729.90

Note: ① The OCT Group as the parent of the Company issued entrusted loans of RMB834,060,000.00 to the Company through the China Merchants Bank. The loan period is from 25 October 2019 to 9 December 2022.

② Donggang Kangrun, the subsidiary, took the operating income and other income of the PPP project of Donggang City Inland Comprehensive Treatment Project as a pledge to obtain a long-term loan of RMB600,000,000.00 from Donggang Sub-branch of China Construction Bank. The loan period is from 31 January 2019 to 30 January 2036.

③ The subsidiary Funan Kangrun obtained a long-term loan of RMB465,000,000.00 from the China Funan County Sub-branch of Agricultural Bank of China with the feasibility gap subsidy under the whole area sewage treatment project of Funan County and government payment as pledge. The loan period is from 23 August 2019 to 22 August 2039.

④ Weifang Sihai, the subsidiary of the Company, obtained the long-term loan of RMB313,300,000.00 from Weifang Branch of Industrial Bank through pledging the accounts receivable formed from all the proceeds and income rights of the Weifang Binhai Economic Development Zone project. The loan period is from 26 June 2019 to 25 June 2035.

⑤ Lairun Sewage, the subsidiary of the Company, obtained the long-term loan of RMB112,007,485.22 from Yantai Branch of Postal Savings Bank of China through pledging the accounts receivables formed from all the proceeds and income rights of Laizhou Second Sewage Treatment Plant project. The loan period is from 17 January 2020 to 16 January 2040.

⑥ The Company took the Guangming project land use rights with carrying value of RMB13,237,669.89 as collateral to obtain a long-term loan of RMB116,319,401.85 from Shenzhen Branch of Guangdong Huaxing Bank. The loan period is from 12 April 2019 to 11 April 2024.

⑦ The Company obtained the long-term loan of RMB2,000,000,000.00 from Shenzhen Branch of Export-Import Bank of China. The loan period is from 22 June 2020 to 24 June 2022, and the

OCT Group as the parent of the Company provides joint liability guarantee.

⑧ The subsidiary Rushan Yike pledged long-term accounts receivable with carrying value of RMB349,314,656.44 to obtain a long-term loan of RMB131,360,000.00 from Yantai Economic Development Zone Branch of China Everbright Bank. The loan period is from 29 December 2016 to 28 December 2026, and the subsidiary Yikang Technology provides joint liability guarantee.

⑨ The subsidiary Wuhan Runyuan obtained the long-term loan of RMB258,000,000.00 from Wuhan Dongxihu District Sub-branch of Agricultural Development Bank of China through pledging the accounts receivable formed from all the proceeds and income rights of Huangpi District Rural Sewage Treatment project. The loan period is from 20 January 2020 to 19 January 2040, and the subsidiary Econ Technology provides deficiency payment guarantee.

⑩ The subsidiary Subei Kangrun obtained the long-term loan of RMB516,000,000.00 from Wuhan Dunhuang Sub-branch of Agricultural Development Bank of China through pledging the accounts receivable formed from all the proceeds and income rights of Subei Mazongshan project. The loan period is from 10 March 2020 to 9 March 2035, and the subsidiary Econ Technology provides joint liability guarantee.

⑪ The subsidiary Dayi Kangrun obtained the long-term loan of RMB54,500,000.00 from Chengdu Qinglong Sub-branch of Industrial and Commercial Bank of China through pledging the accounts receivable formed from all the proceeds and income rights of Dayi Industrial Sewage and Recycled Water Treatment Plant project. The loan period is from 29 April 2020 to 10 April 2035, and the subsidiary Econ Technology provides joint liability guarantee.

⑫ The subsidiary Sichuan Konka took the land use rights with a book value of RMB 13,674,951.59 as collateral to obtain a long-term loan of RMB100,000,000.00 from Sichuan Gangrong Investment Development Group Co., Ltd. The loan period is from 8 May 2018 to 24 May 2025, and the subsidiary Communication Technology provides joint liability guarantee for this loan.

33. Bonds Payable

(1) List of Bonds Payable

Item	Ending balance	Beginning balance
Non-public offering corporate bonds	4,990,461,215.98	4,987,709,643.64
Total	4,990,461,215.98	4,987,709,643.64

(2) Increase/Decrease of Bonds Payable

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance
19Konka01 (note ①)	1,000,000,000.00	2019/1/14	2+1 years	996,500,000.00	997,798,742.17
19Konka02 (note ②)	1,500,000,000.00	2019/1/14	3 years	1,494,750,000.00	1,496,698,113.21

Bonds name	Par value	Issuing date	Duration	Issuing amount	Beginning balance
19Konka03 (note ③)	500,000,000.00	2019/6/3	2+1 years	498,250,000.00	498,670,073.37
19Konka04 (note ④)	500,000,000.00	2019/6/3	3 years	498,250,000.00	498,670,073.37
19Konka05 (note ⑤)	800,000,000.00	2019/7/22	2+1 years	797,200,000.00	797,798,742.14
19Konka06 (note ⑥)	700,000,000.00	2019/7/22	3 years	697,550,000.00	698,073,899.38
Total	5,000,000,000.00			4,982,500,000.00	4,987,709,643.64

(Continued)

Bonds name	Increased through merger	Issued during the Reporting Period	Withdraw interest at face value	Amortization of premium and discount	Repay during the Reporting Period	Ending balance
19Konka01 (note ①)			25,277,777.78	550,314.48		998,349,056.65
19Konka02 (note ②)			37,916,666.67	825,471.72		1,497,523,584.93
19Konka03 (note ③)			11,375,000.00	275,157.24		498,945,230.61
19Konka04 (note ④)			11,880,555.56	275,157.24		498,945,230.61
19Konka05 (note ⑤)			18,321,333.33	440,251.56		798,238,993.70
19Konka06 (note ⑥)			16,632,777.78	385,220.10		698,459,119.48
Total			121,404,111.12	2,751,572.34	-	4,990,461,215.98

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

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

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

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

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

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

34. Long-term Payables

Item	Ending balance	Beginning balance
Accrued financing lease outlay	649,589,655.87	519,416,941.74
Including: unrecognized financing expense	66,162,709.29	49,063,759.99
Less: Current portion	34,936,974.97	87,066,077.13
Total	548,489,971.61	383,287,104.62

35. Long-term Payroll Payable

Item	Ending balance	Beginning balance
I. Termination benefits-net liabilities of defined contribution plans	5,326,969.34	5,565,646.72
II. Termination benefits		
III. Other long-term welfare		
Total	5,326,969.34	5,565,646.72

36. Provisions

Item	Beginning balance	Ending balance	Reason for formation
Pending litigations	78,957,394.20	84,557,935.02	
Sales return payable	14,578,046.61	16,726,801.27	
Other	206,591.51	206,591.51	
Total	93,742,032.32	101,491,327.80	

37. Deferred Income

(1) Category of Deferred Income

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	151,874,258.45	33,729,384.46	22,405,878.36	163,197,764.55	Related to assets/income
Total	151,874,258.45	33,729,384.46	22,405,878.36	163,197,764.55	

(2) List of Government Grants

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for construction of Yibin factory of Yibin Konka Industrial Park	56,943,815.54	16,035,384.46	-	-	-	-	72,979,200.00	Asset-related
Subsidy for Dual HDR OLED Smart TV R&D and industrialization project	13,300,000.00	-	-	-	-	-	13,300,000.00	Asset-related
Subsidy for the smart TV industrial chain project of Konka Group Co., Ltd.	10,860,500.00	-	-	2,247,000.00	-	-	8,613,500.00	Asset-related
Operating subsidy for Konka Zhifu Life Science Innovation Center project	6,500,000.14	-	-	999,999.96	-	-	5,500,000.18	Asset-related
Subsidy for Konka Yibin Intelligent Terminal Innovation Center Incubation Project	6,000,000.00	-	-	6,000,000.00	-	-	-	Asset-related

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for 2017 Shenzhen Industrial Chain Weak Links Investment Project	4,500,000.00	-	-	-	-	-	4,500,000.00	Asset-related
Subsidy for supporting the next-generation Internet intelligent terminal system development and production project	3,798,349.54	-	-	990,873.78	-	-	2,807,475.76	Asset-related
Subsidy for Konka smart home cloud smart control platform construction project	2,896,000.04	-	-	2,896,000.04	-	-	-	Asset-related
Capital subsidy for Shenzhen Economy and Trade and Informatization Committee 2015 Shenzhen Industrial Design Center	2,550,000.00	-	-	1,080,000.00	-	-	1,470,000.00	Asset-related
Subsidy for Konka next-generation multi-media terminal technology engineering lab project	2,500,000.10	-	-	499,999.98	-	-	2,000,000.12	Asset-related
Post grant for 2016 Industrial Enterprise Technological Renovation	2,187,360.00	-	-	273,420.00	-	-	1,913,940.00	Asset-related
Subsidy for NB-IOT-based display terminal smart factory new model project	2,184,000.00	-	-	409,500.00	-	-	1,774,500.00	Asset-related
Subsidy for development and industrialization of digital products that are collaborative and connected	2,080,000.04	-	-	259,999.98	-	-	1,820,000.06	Asset-related
Subsidy for next-generation household multi-media terminal technology engineering lab improvement project	2,000,000.00	-	-	-	-	-	2,000,000.00	Asset-related

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for 8K equipment end-to-end signal connection key technology and terminal display product R&D project	1,800,000.00	-	-	-	-	-	1,800,000.00	Asset-related
Subsidy for vein R&D center project	1,750,000.00	-	-	-	-	-	1,750,000.00	Asset-related
Specific subsidy for mobile Internet 4 th -generation mobile communication industrialization	1,734,662.37	-	-	206,245.02	-	-	1,528,417.35	Asset-related
Subsidy for IGRS-based information terminal R&D and industrialization project	1,400,000.00	-	-	-	-	-	1,400,000.00	Asset-related
2017 provincial major specific subsidy	1,400,000.00	-	-	240,000.00	-	-	1,160,000.00	Asset-related
Subsidy for big data mining-based user operation system R&D and industrialization project	1,320,000.00	-	-	-	-	-	1,320,000.00	Asset-related
Subsidy for AVS/DRA-based terminal and supporting core chip R&D project	1,311,333.18	-	-	562,000.02	-	-	749,333.16	Asset-related
Subsidy for true three-dimensional video continual view point real-time integration and advance testing project	1,277,999.98	-	-	142,000.02	-	-	1,135,999.96	Asset-related
Subsidy for module whole-machine integration project	1,275,000.00	-	-	150,000.00	-	-	1,125,000.00	Asset-related
Subsidy for mobile intelligent terminal new application service system R&D and industrialization project	1,265,783.60	-	-	367,059.96	-	-	898,723.64	Asset-related

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Subsidy for special decoration of Huiqi flagship store of Shenzhen International Consumer Electronics Exchange/Exhibition Center Co., Ltd.	1,200,000.00	-	-	-	-	-	1,200,000.00	Asset-related
Specific subsidy for Dongguan Fiscal Provincial-level strategic emerging industries	1,200,000.00	-	-	300,000.00	-	-	900,000.00	Asset-related
Subsidy for super-short focus laser projecting smart TV R&D project	1,075,000.00	-	-	815,000.00	-	-	260,000.00	Asset-related
Subsidy for built-in operation system for TV application R&D project	1,033,110.10	-	-	229,579.98	-	-	803,530.12	Asset-related
Subsidy for secure and reliable chip-based satellite ground receiver project	1,000,000.00	-	-	-	-	-	1,000,000.00	Asset-related
Central infrastructure investment budgetary subsidy for preliminary work of PPP project	1,000,000.00	-	-	-	-	-	1,000,000.00	Asset-related
2016 Guangdong Province enterprise research and development provincial fiscal subsidy	916,879.90	-	-	114,610.02	-	-	802,269.88	Asset-related
2010-2012 industrial technology specific subsidy	840,000.00	-	-	210,000.00	-	-	630,000.00	Asset-related
Subsidy for mobile intelligent terminal information security system key technology R&D project	835,187.04	-	-	240,000.00	-	-	595,187.04	Asset-related
Specific subsidy for business restructuring	799,999.80	-	-	100,000.02	-	-	699,999.78	Asset-related

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
2018 Anhui Province robotics specific subsidy	780,000.00	-	-	90,000.00	-	-	690,000.00	Asset-related
Subsidy for dual-channel new 3D smart TV R&D and industrialization project	778,166.79	-	-	202,999.98	-	-	575,166.81	Asset-related
Post fiscal subsidy for 2016 industrial enterprise technological renovation	733,480.08	-	-	91,684.98	-	-	641,795.10	Asset-related
Subsidy for multiple view point high-definition nuke-eye 3D smart LCD TV project	675,000.00	-	-	150,000.00	-	-	525,000.00	Asset-related
Subsidy for new man-machine interaction smart TV R&D and industrialization project	525,689.15	-	-	525,689.15	-	-	-	Asset-related
Subsidy for three-networks integration smart TV and system support platform project	266,666.84	-	-	199,999.98	-	-	66,666.86	Asset-related
Anhui Province Technology Office R&D devices subsidy	176,250.00	-	-	22,500.00	-	-	153,750.00	Asset-related
Subsidy for 3D TV terminal development and industrialization project	108,333.15	-	-	108,333.15	-	-	-	Asset-related
Equipment subsidy for technical transformation project to strengthening foundation by industry		490,000.00	-	49,000.02	-	-	440,999.98	Asset-related
NB-IOT-based display terminal smart factory new model project		4,095,000.00	-	273,000.00	-	-	3,822,000.00	Asset-related
Guidance fund for overall development		12,700,000.00	-	-	-	-	12,700,000.00	Asset-related

Government grant	Beginning balance	New amount in the period	Amount charged to non-operating income in the period	Amount charged to other income in the period	Amount offsetting cost/expense in the period	Other changes	Ending balance	Asset/income-related
Other asset-related government grants	5,095,691.07	409,000.00	-	1,352,665.06	6,717.26	-	4,145,308.75	Asset-related
Total	151,874,258.45	33,729,384.46	-	22,399,161.10	6,717.26	-	163,197,764.55	

38. Other Non-current Liabilities

Item	Ending balance	Beginning balance
Advance sales proceeds	106,356,896.20	117,318,235.28
Total	106,356,896.20	117,318,235.28

39. Share Capital

Item	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	2,407,945,408.00						2,407,945,408.00

40. Capital Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium				
Other capital reserves	230,368,577.09			230,368,577.09
Total	230,368,577.09			230,368,577.09

41. Other Comprehensive Income

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in retained earnings in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Items that will not be reclassified to profit or loss	-9,652,181.00	-	-	-	-	-	-	-9,652,181.00
Changes in fair value of other equity instrument investment	-9,652,181.00	-						-9,652,181.00
II. Items that will be reclassified to profit or loss	-11,640,922.52	1,158,124.63	-	-	-	-316,704.47	1,474,829.10	-11,957,626.99
Of which: Other comprehensive income that will be reclassified to profit or loss under the equity method	-2,397,350.96	-						-2,397,350.96
Differences arising from the translation of foreign currency denominated financial statements	-9,243,571.56	1,158,124.63				-316,704.47	1,474,829.10	-9,560,276.03
Total	-21,293,103.52	1,158,124.63	-	-	-	-316,704.47	1,474,829.10	-21,609,807.99

42. Surplus Reserves

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	973,502,519.62			973,502,519.62
Discretionary surplus reserves	238,218,590.05			238,218,590.05
Total	1,211,721,109.67			1,211,721,109.67

43. Retained Earnings

Item	Reporting Period	Last year
Ending balance of last year	4,239,763,606.89	4,271,408,192.21
Add: Total beginning balance of retained earnings before adjustments		-2,884,254.62
Of which: Changes of accounting policies		-2,884,254.62
Other adjustment factors		
Beginning balance of the Reporting Period	4,239,763,606.89	4,268,523,937.59
Add: Net profit attributable to owners of the Company as the parent	94,701,792.63	212,034,210.08
Less: Withdrawal of statutory surplus reserves		
Withdrawal of discretionary surplus reserves		
Dividend of ordinary shares payable	120,397,270.40	240,794,540.78
Ending balance of this year	4,214,068,129.12	4,239,763,606.89

44. Operating Revenue and Cost of Sales

(1) Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	17,233,552,849.87	16,069,773,569.48	25,704,875,805.21	24,429,634,915.92
Other operations	290,631,046.87	199,219,863.40	331,567,008.63	244,407,455.21
Total	17,524,183,896.74	16,268,993,432.88	26,036,442,813.84	24,674,042,371.13

(2) Main Operations (Classified by product)

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Color TV business	3,218,278,547.14	2,742,839,819.16	3,844,847,424.42	3,596,446,860.11

Item	Reporting Period		Same period of last year	
white goods business	1,918,628,399.97	1,650,949,066.11	1,637,709,425.79	1,345,643,531.66
Environmental protection business	1,498,623,593.33	1,337,882,701.47	4,863,145,443.76	4,524,853,380.07
Supply chain trading business	9,566,197,970.86	9,423,055,276.96	14,549,000,969.03	14,359,602,494.69
Semiconductor business	223,849,167.50	213,510,864.28	118,013,037.16	116,110,617.46
Other	807,975,171.07	701,535,841.50	692,159,505.05	486,978,031.93
Total	17,233,552,849.87	16,069,773,569.48	25,704,875,805.21	24,429,634,915.92

45. Taxes and Surtaxes

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	4,563,133.76	7,641,459.23
Stamp duty	7,525,016.46	7,399,945.90
Land use tax	7,726,576.91	9,986,924.23
Property tax	4,474,412.24	4,863,382.63
Education surcharge	2,110,616.64	3,628,856.00
Local education surcharge	1,407,025.70	2,800,185.32
Water resources fund	75,715.03	105,188.20
Others	1,301,943.62	963,150.76
Total	29,184,440.36	37,389,092.27

46. Selling Expense

Item	Reporting Period	Same period of last year
Salary	206,209,082.36	153,382,205.33
Advertising expense	269,906,176.77	193,996,682.54
Promotional activities	109,821,424.32	276,681,334.75
Logistic Fee	186,463,203.90	179,648,240.35
Warranty fee	84,742,647.02	122,339,314.15
Taxes and fund	26,313,964.00	333.90
Exhibition expenses	7,513,097.13	13,239,462.76

Item	Reporting Period	Same period of last year
Business travel charges	8,381,930.49	18,079,398.08
Rental charges	13,266,655.00	15,818,675.70
Business entertainment expenses	4,916,413.21	8,951,109.32
Other	51,689,787.78	85,809,157.48
Total	969,224,381.98	1,067,945,914.36

47. Administrative Expense

Item	Reporting Period	Same period of last year
Salary	177,373,892.49	162,542,644.17
Depreciation charge	80,326,472.49	43,538,977.71
Consulting fees	64,645,576.61	24,651,061.96
Business travel charges	4,551,426.46	6,025,162.39
Patent fee	17,102,339.81	15,993,217.00
Loss on scraping of inventories	3,077,371.04	9,030,690.19
Water & electricity fees	4,831,271.94	6,809,831.29
Other	89,007,429.60	79,333,057.72
Total	440,915,780.44	347,924,642.43

48. Development Costs

Item	Reporting Period	Same period of last year
Salary	138,480,765.54	78,671,163.98
Material drawing out	34,228,600.96	29,590,093.60
Expenses on trial production of new products	29,020,790.12	22,136,520.66
Commission service charge	16,931,687.24	
Depreciation and amortization	6,336,461.49	5,405,384.18
Information charges	7,451,755.86	5,176,565.13
Testing fees	3,112,198.75	2,119,728.64
Water & electricity fees	816,218.08	2,117,684.38
Business travel charges	817,888.38	1,015,830.83
Other	20,853,219.87	10,977,367.54
Total	258,049,586.29	157,210,338.94

49. Finance Costs

Item	Reporting Period	Same period of last year
Interest expense	532,953,584.28	529,683,836.52
Less: Interest income	124,261,830.72	118,673,531.77
Foreign exchange profit or loss	-64,612,997.78	-26,237,313.27
Other	42,962,110.97	29,487,471.55

Item	Reporting Period	Same period of last year
Total	387,040,866.75	414,260,463.03

50. Other Income

Sources	Reporting Period	Same period of last year
Support fund	147,152,074.00	246,506,970.00
Rewards and subsidies	108,968,284.81	53,667,833.01
Software tax rebates	15,323,154.27	23,063,806.91
Transfer of deferred income	22,399,161.10	16,980,258.41
Post subsidies	13,633,750.07	326,832.56
Land tax rebates	7,197,234.18	3,186,200.00
L/C export subsidy	2,990,537.00	66,369.00
Other	430,656.91	86,701.47
Total	318,094,852.34	343,884,971.36

51. Investment Income

Item	Reporting Period	Same period of last year
Long-term equity investment income measured by equity method	49,858,252.47	8,541,274.56
Investment income from disposal of long-term equity investment	454,470,348.72	274,322,718.19
Investment income from holding of held-for-trading financial assets	3,070,000.00	-10,285,883.02
Investment income from disposal of held-for-trading financial assets	3,405,333.03	
Dividend income from holding of other equity instrument investments		
Income from re-measurement of residual stock rights at fair value after losing control power	23,788,733.72	140,558,288.28
Income from purchase of financial products and entrust loans	29,883,952.37	111,257,821.88
Interest income from holding of debt instrument investments	34,216,956.28	34,766,808.03
Total	598,693,576.59	559,161,027.92

52. Gain on Changes in Fair Value

Sources	Reporting Period	Same period of last year
Trading financial liabilities	-	-3,005,381.67
Total	-	-3,005,381.67

53. Credit Impairment Loss

Item	Reporting Period	Same period of last year
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Item	Reporting Period	Same period of last year
Impairment loss on notes receivable	891,406.18	
Impairment loss on accounts receivable	-35,516,049.10	-41,432,285.18
Impairment loss on other receivables	-9,133,606.38	-8,183,816.17
Bad debt loss of prepayment	4,506,841.30	139,877.59
Contract assets impairment loss	-636,099.18	
Total	-39,887,507.18	-49,476,223.76

54. Asset Impairment Loss

Item	Reporting Period	Same period of last year
Inventory falling price loss	-1,985,659.95	-11,717,767.29
Total	-1,985,659.95	-11,717,767.29

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

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Fixed assets disposal income	-145,717.14	199,561,596.99	-145,717.14
Intangible assets disposal income	98,600,000.00	94,144,243.65	98,600,000.00
Total	98,454,282.86	293,705,840.64	98,454,282.86

56. Non-operating Income

(1) List of Non-operating Income

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Compensation and penalty income	1,480,648.26	10,431,951.61	1,480,648.26
Government subsidies unrelated to the normal operation of the Company	3,000,000.00		3,000,000.00
Gains on debt restructuring	377,094.96		377,094.96
Other	3,804,030.26	11,837,490.48	3,804,030.26
Total	8,661,773.48	22,269,442.09	8,661,773.48

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

Item	Distribution entity	Distribution reason	Nature	Whether subsidies influence the current profits and losses or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related to income
Import and Export Base project of Chongqing Konka	Bureau of Finance of Bishan District, Chongqing	Subsidy granting for carrying out import and export business in Chongqing	Subsidy	Not	Not	3,000,000.00	-	Related to income
Total						3,000,000.00		

57. Non-operating Expense

Item	Reporting Period	Same period of last year	Amount recorded into the current non-recurring profit or loss
Losses on damage and scraping of non-current assets	867,633.27	660,874.41	867,633.27
Compensation expense	0.00	4,603.40	0.00
Other	6,269,242.08	2,804,263.70	6,269,242.08
Total	7,136,875.35	3,469,741.51	7,136,875.35

58. Income Tax Expense

(1) Lists of Income Tax Expense

Item	Reporting Period	Same period of last year
Current income tax expense	62,167,085.67	183,430,349.54
Deferred income tax expense	11,258,436.80	-173,118,956.35
Total	73,425,522.47	10,311,393.19

(2) Adjustment Process of Accounting Profit and Income Tax Expense

Item	Reporting Period
Profit before taxation	145,669,850.83
Current income tax expense accounted at statutory/applicable tax rate	36,417,462.71
Influence of applying different tax rates by subsidiaries	21,418,933.24
Influence of income tax before adjustment	-4,290,466.40
Influence of non-taxable income	-22,327,281.16
Influence of not deductible costs, expenses and losses	4,100,718.02
Influence of deductible loss of unrecognized deferred income tax assets in prior period	-13,581,954.99
Influence of deductible temporary difference or deductible losses of unrecognized deferred income tax in the Reporting Period	42,166,084.23
Changes in the balance of deferred income tax assets/ liabilities in previous period due to adjustment of tax rate	—
Other	9,522,026.82
Income tax expense	73,425,522.47

59. Other Comprehensive Income

Refer to “Note VI-41. Other Comprehensive Income” for details.

60. Cash Flow Statement

(1) Cash Generated from/Used in Other Operating/Investing/Financing Activities

1) Cash Generated from Other Operating Activities

Item	Reporting Period	Same period of last year
Commercial factoring accounts received	700,909,868.83	663,814,079.96
Intercourse funds	46,698,484.01	47,127,011.48
Income from government grants	319,790,565.67	411,764,189.92
Front money and guarantee deposit	403,296,224.51	240,170,401.69
Interest income from bank deposits	14,105,927.41	11,849,162.63
Compensation of suppliers	10,463,543.40	13,655,189.62
Other	572,650,607.99	760,415,784.75
Total	2,067,915,221.82	2,148,795,820.05

2) Cash Used in Other Operating Activities

Item	Reporting Period	Same period of last year
The commercial factoring payment	700,000,000.00	380,423,237.70
Expense for cash payment	661,630,597.26	731,676,310.00
Payment made on behalf	10,648,911.81	8,037,121.64
Payment for guarantee deposit, cash deposit	367,885,658.11	283,418,660.42
Expense for bank handling charges	20,120,952.41	16,648,496.25
Other	229,868,221.99	571,732,558.25
Total	1,990,154,341.58	1,991,936,384.26

3) Cash Generated from Other Investing Activities

Item	Reporting Period	Same period of last year
Recovery of financial products	303,571,732.31	653,954,166.67
Recovery of entrusted loans	905,185,808.83	742,912,711.75
Total	1,208,757,541.14	1,396,866,878.42

4) Cash Used in Other Investing Activities

Item	Reporting Period	Same period of last year
Purchase of financial products		700,000,000.00
Payment for entrusted loans	112,700,000.00	
Other	40,230,416.99	33,420.00
Total	152,930,416.99	700,033,420.00

5) Cash Generated from Other Financing Activities

Item	Reporting Period	Same period of last year
Recovery of margin deposit pledged	629,073,059.73	50,250,837.50
Finance lease	230,602,970.00	100,095,790.00
Entrusted loans received	86,200,000.00	200,000,000.00
Total	945,876,029.73	350,346,627.50

6) Cash Used in Other Financing Activities

Item	Reporting Period	Same period of last year
Deposit as margin for pledge	760,536,005.49	
Equity transfer paid	111,500,000.00	
Repayment of entrusted loans	101,052.05	67,293,304.13
Finance lease	144,556,719.67	167,576,689.17
Financing expense	17,210,477.52	30,011,935.42
Total	1,033,904,254.73	264,881,928.72

(2) Supplemental Information for Cash Flow Statement

Item	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	72,244,328.36	478,710,766.27
Add: Provision for impairment of assets	1,985,659.95	11,717,767.29
Credit impairment loss	39,887,507.18	49,476,223.76
Depreciation of fixed assets, oil-gas assets, and productive living assets	150,944,828.97	174,167,944.26
Amortization of intangible assets	35,300,611.24	12,518,556.49
Amortization of long-term prepaid expenses	50,718,178.66	43,303,200.03
Losses on disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)	-98,454,282.86	-293,705,840.64
Losses on scrap of fixed assets (gains: negative)	738,614.79	467,325.95
Losses on changes in fair value (gains: negative)	-	3,005,381.67
Finance costs (gains: negative)	498,160,321.15	442,704,098.64
Investment loss (gains: negative)	-598,693,576.59	-559,161,027.92
Decrease in deferred income tax assets (gains: negative)	10,226,485.06	-176,759,673.67
Increase in deferred income tax liabilities ("-" means decrease)	-5,187,674.24	3,492,398.43
Decrease in inventories (gains: negative)	-228,342,968.29	-525,393,810.42
Decrease in accounts receivable generated from operating activities (gains: negative)	-485,454,160.52	-2,059,798,271.86
Increase in accounts payable used in operating activities (decrease: negative)	-542,846,678.70	369,279,048.36
Other	22,405,878.36	-16,980,258.41
Net cash generated from/used in operating activities	-1,076,366,927.48	-2,042,956,171.77
2. Significant investing and financing activities without		

Item	Reporting Period	Same period of last year
involvement of cash receipts and payments		
Transfer of debt to capital		
Current portion of convertible corporate bonds		
Fixed assets leased in by financing		
3. Net increase/decrease of cash and cash equivalent:		
Ending balance of cash	4,537,905,819.30	4,701,245,534.53
Less: Beginning balance of cash	4,493,701,917.22	3,434,149,481.72
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	44,203,902.08	1,267,096,052.81

(3) Net Cash Receive from Disposal of the Subsidiaries

Item	Amount
Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the Current Period	28,000,000.00
Of which: E3info	28,000,000.00
Less: cash and cash equivalents held by subsidiaries on the date of losing control power	24,712,706.14
Of which: E3info	24,712,706.14
Add: Cash or cash equivalents received in the Reporting Period from disposal of subsidiaries in the prior period	
Net cash received from disposal of subsidiaries	3,287,293.86

(4) Cash and Cash Equivalents

Item	Ending balance	Beginning balance
Cash	4,537,905,819.30	4,701,245,534.53
Including: Cash on hand	21,245.91	343,490.38
Bank deposit on demand	4,537,884,573.39	4,700,902,044.15
Ending balance of cash and cash equivalents	4,537,905,819.30	4,701,245,534.53

61. Assets with Restricted Ownership or Right of Use

Item	Ending carrying value (RMB)	Reason for restriction
Monetary assets	1,879,566,516.43	Of which RMB1,842,648,357.77 was margin deposit, which was pledged for loans or to open bank acceptance bills; RMB17,629,564.81 was financial regulatory account;

Item	Ending carrying value (RMB)	Reason for restriction
		RMB15,000,000.00 was fixed deposit that was unable to draw in advance and RMB4,288,593.85 was restricted for other reasons.
Notes receivable	1,429,985,596.82	The Company pledged bank acceptance bills with a book value of RMB1,429,985,596.82 for comprehensive financing services such as issuing bank acceptance bills, letters of credit, guarantees, trade finance.
Fixed assets	429,770,903.61	For mortgage loan, finance lease and mortgage guarantee.
Intangible assets	63,631,018.81	For mortgage loan and mortgage guarantee
Long-term receivables	349,314,656.44	For pledge loan
Total	4,152,268,692.11	

62. Foreign Currency Monetary Items

(1) Foreign Currency Monetary Items

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets			
Of which: USD	122,419,615.98	7.0795	866,669,671.33
EUR	45,602.50	7.9610	363,041.50
EGP	146,222.06	0.4381	64,058.11
HKD	54,653,982.57	0.9134	49,923,133.84
PLN	728,972.37	1.7877	1,303,202.48
CAD	6.96	5.1843	36.08
GBP	1.32	8.7144	11.50
Accounts receivable			
Of which: USD	129,986,393.57	7.0795	920,238,673.30
HKD	1,437,417.46	0.9134	1,312,994.60
AUD	49,764.00	4.8657	242,136.69
Other receivables			
Of which: USD	5,931,271.92	7.0795	41,990,439.56
EGP	4,127.70	0.4381	1,808.30
HKD	454,508.84	0.9134	415,166.55
JPY	21,400,000.00	0.0658	1,408,291.20

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Interest receivable			
Of which: HKD	114,822.62	7.0795	812,886.74
Short-term borrowings			
Of which: USD	91,974,992.80	7.0795	651,136,961.53
Accounts payable			
Of which: USD	29,487,311.29	7.0795	208,755,420.28
HKD	374,891.23	0.9134	342,440.65
Other payables			
Of which: EGP	354,670.00	0.4381	155,376.63
HKD	34,843,720.22	0.9134	31,827,647.80
USD	3,061,011.27	7.0795	21,670,429.29
EUR	32,728.48	7.9610	260,551.43
Interest payable			
Of which: USD	446,662.58	7.0795	3,162,147.74

(2) Notes to Overseas Entities

The significant overseas entities include Hong Kong Konka, Konka Electrical Appliances International Trading, Chain Kingdom Memory Technologies, Kangjietong and Jiali International. The main overseas operating place is Hong Kong. The Company's recording currency is HKD since the main currency in circulation in Hong Kong is HKD.

63. Government Grants

(1) Basic Information on Government Grants

Category	Amount	Listed items	Amount recorded in the current profit or loss
Supporting fund of Chongqing Photoelectric Research Institute Bishan project	130,000,000.00	Other income	130,000,000.00
Rewards and subsidies	108,968,284.81	Other income	108,968,284.81
Supporting fund of Suining Konka Industrial Park Suining project	17,052,074.00	Other income	17,052,074.00
Plant construction subsidy of Yibin Konka Industrial Park project	16,035,384.46	Deferred income	0.00
Tax rebates on software	15,323,154.27	Other income	15,323,154.27
Post subsidies	13,633,750.07	Other income	13,633,750.07
Land tax rebates	7,197,234.18	Other income	7,197,234.18
L/C export subsidy	2,990,537.00	Other income	2,990,537.00

Category	Amount	Listed items	Amount recorded in the current profit or loss
Other	24,266,739.81	Deferred income/Other income/Non-operating income/Finance costs	6,896,926.63
Total	335,467,158.60		302,061,960.96

(2) Return of Government Grants

No such cases in the Reporting Period.

VII Changes of Consolidation Scope

1. A single disposal of the investment to the subsidiary and lost control

Name of the subsidiary	The equity disposal price	Equity disposal proportion (%)	Method of equity disposal	Time of losing control	Recognition basis for the time of losing control power	The differences of enjoyed net assets share of the subsidiary in corresponding consolidated statements of the disposal price and the disposal investment (RMB'0,000)
E3info	2,800.00	20	Transfer	2020-6-13	The rights and obligations related to the underlying equity have been transferred	1,308.09

(Continued)

Name of the subsidiary	Residual equity proportion on the date of losing control power (%)	Carrying value of residual equity on the date of losing control power (RMB'0,000)	Fair value of residual equity on the date of losing control power (RMB'0,000)	Gains or losses from re-measurement of residual equity at fair value (RMB'0,000)	Recognition method and main assumption of fair value of residual equity on the date of losing control power	Amount of other comprehensive income related to former subsidiaries transferred into investment profit or loss (RMB'0,000)
E3info	40	2,983.83	5,600.00	2,616.17	Evaluated price	

2. Changes in Combination Scope for Other Reasons

(1) Subsidiaries Established by the Company in the Reporting Period

Name	Registered capital	Shareholding percentage (%)	Time and place of obtaining control power	Method of obtaining
Zhongshan Kangxin	1,000,000.00	51.00	2020-6-9	Newly established
Liaoyang Kangshun	10,000,000.00	100.00	2020-5-9	Newly established
Nanjing Konka Electronics	10,000,000.00	100.00	2020-6-18	Newly established
Gaoping Kangrun	100,000,000.00	48.45	2020-5-29	Newly established
Mengcheng Kangrun	100,000,000.00	43.35	2020-6-19	Newly established
Xixian Kangrun	163,780,500.00	26.01	2020-4-16	Newly established
Meixin Semiconductor	HKD10,000.00	51.00	2020-4-20	Newly established

Name	Registered capital	Shareholding percentage (%)	Time and place of obtaining control power	Method of obtaining
(HongKong)				
Kangxingrui Auto Recovery	100,000,000.00	51.00	2020-4-17	Newly established
Konka Xinyun	100,000,000.00	56.00	2020-4-17	Newly established
Chongqing Kanglei	50,000,000.00	51.00	2020-2-27	Newly established
Yibin Kangrun	100,000,000.00	83.83	2020-4-21	Newly established

(2) Changes in Combination Scope for Other Reasons

The subsidiary of the Company, Yuekang Semiconductor (Yantai) Co., Ltd. was cancelled and distributed the residual assets.

VIII Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Konka Ventures	Shenzhen, Guangdong	Shenzhen, Guangdong	Other organization and management service	51.00		Establishment or investment
Yantai Konka	Yantai, Shandong	Yantai, Shandong	Other professional consultancy and investigation		51.00	Establishment or investment
Chengdu Konka	Chengdu, Sichuan	Chengdu, Sichuan	Commercial service		51.00	Establishment or investment
Chengdu Anren	Chengdu, Sichuan	Chengdu, Sichuan	Commercial service		51.00	Establishment or investment
Konka Enterprise Service	Guiyang, Guizhou	Guiyang, Guizhou	Headquarters management		51.00	Establishment or investment
Chuanghui Intelligent	Nanjing, Jiangsu	Nanjing, Jiangsu	Entrepreneurial space service		40.80	Establishment or investment
Cross-border Kechuang	Shenzhen, Guangdong	Shenzhen, Guangdong	Other IT service industry not listed clearly		26.01	Establishment or investment
Konka Enterprise Management	Guiyang, Guizhou	Guiyang, Guizhou	Other Commercial service not listed clearly		51.00	Establishment or investment
Yibin Konka Incubator	Yibin, Sichuan	Yibin, Sichuan	Commercial service		51.00	Establishment or investment
Anhui Konka	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry	78.00		Establishment or investment
Kangzhi Trade	Chuzhou, Anhui	Chuzhou, Anhui	Wholesale industry		78.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Konka Factoring	Shenzhen, Guangdong	Shenzhen, Guangdong	Insurance agents (non-bank finance)	100.00		Establishment or investment
Youshi Kangrong	Tianjin	Tianjin	Advertisement		70.00	Establishment or investment
Konka Unifortune	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry	51.00		Establishment or investment
Jiali International	Hong Kong, China	Hong Kong, China	Retail industry		51.00	Establishment or investment
Wankaida	Shenzhen, Guangdong	Shenzhen, Guangdong	Software development	100.00		Establishment or investment
Dongguan Konka	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Telecommunication Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Xiangkang Telecommunication	Hong Kong, China	Hong Kong, China	Manufacturing industry		100.00	Establishment or investment
Electrical Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
Konka Europe	Frankfurt, Germany	Frankfurt, Germany	International Trading	100.00		Establishment or investment
Commercial System Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	81.00		Establishment or investment
Konka Electrical Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry, commerce	100.00		Establishment or investment
Konka Materials	Haikou, Hainan	Haikou, Hainan	Commercial service		51.00	Establishment or investment
Mobile Interconnection	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce	100.00		Establishment or investment
Sichuan Konka	Yibin, Sichuan	Yibin, Sichuan	Manufacturing industry		100.00	Establishment or investment
Yibin Intelligent	Yibin, Sichuan	Yibin, Sichuan	Information service		100.00	Establishment or investment
Anhui Tongchuang	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry	100.00		Establishment or investment
Electrical Appliance Technology	Chuzhou, Anhui	Chuzhou, Anhui	Manufacturing industry		51.00	Establishment or investment
Frestec Refrigeration	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry		51.00	Establishment or investment
Frestec Intelligent	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry		51.00	Establishment or investment
Frestec Electrical Appliances	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry		51.00	Establishment or investment
Frestec Household Appliances	Xinxiang, Henan	Xinxiang, Henan	Manufacturing industry		51.00	Establishment or investment
Pengrun Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry	51.00		Establishment or investment
Jiaxin Technology	Hong Kong,	Hong Kong,	Retail industry		51.00	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
	China	China				or investment
Dongguan Packing	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing industry	75.00	25.00	Establishment or investment
E2info	Shenzhen, Guangdong	Shenzhen, Guangdong	Information service	95.78		Establishment or investment
E2info (Hainan)	Haikou, Hainan	Haikou, Hainan	Information service		95.78	Establishment or investment
Beijing Konka Electronic	Beijing	Beijing	Sale of home appliance	100.00		Establishment or investment
Konka Leasing	Tianjin Pilot Free Trade Zone	Tianjin Pilot Free Trade Zone	Leasing industry		100.00	Establishment or investment
Konka Circuit	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment holding	75.00	25.00	Establishment or investment
Boluo Konka Precision	Boluo, Guangdong	Boluo, Guangdong	Manufacturing industry		100.00	Establishment or investment
Xiamen Dalong	Xiamen, Fujian	Xiamen, Fujian	Commerce		69.23	Establishment or investment
Boluo Konka	Boluo, Guangdong	Boluo, Guangdong	Manufacturing industry		100.00	Establishment or investment
Hong Kong Konka	Hong Kong, China	Hong Kong, China	International trading	100.00		Establishment or investment
Konka Household Appliances Investment	Hong Kong, China	Hong Kong, China	Investment holding		100.00	Establishment or investment
Chain Kingdom	Hong Kong, China	Hong Kong, China	International trading		51.00	Establishment or investment
Chain Kingdom Shenzhen	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry		51.00	Establishment or investment
Hefei Chain Kingdom	Hefei, Anhui	Hefei, Anhui	Information service		51.00	Establishment or investment
Konka Zhisheng	Hong Kong, China	Hong Kong, China	International trading		61.00	Establishment or investment
Kangjietong	Hong Kong, China	Hong Kong, China	Service industry		51.00	Establishment or investment
Konka Household Appliances International Trading	Hong Kong, China	Hong Kong, China	International trading		100.00	Establishment or investment
KONKO TECHNOLOGIES CO.	Cairo, Egypt	Cairo, Egypt	International trading		67.00	Establishment or investment
North America Konka	California, America	California, America	International trading		100.00	Establishment or investment
Konka Investment	Shenzhen, Guangdong	Shenzhen, Guangdong	Capital markets service	100.00		Establishment or investment
Yibin Konka	Yibin, Sichuan	Yibin, Sichuan	Development and management of industrial park		100.00	Establishment or investment
Industry New Town	Chengdu,	Chengdu,	Real estate industry		51.00	Establishment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
	Sichuan	Sichuan				or investment
Konka Capital	Shenzhen, Guangdong	Shenzhen, Guangdong	Capital markets service		100.00	Establishment or investment
Konka Suiyong	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment in industry, commercial information consultancy and investment advisor		51.00	Establishment or investment
Kangxin Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service		51.00	Establishment or investment
Kangquan Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service		51.00	Establishment or investment
Konka Suyuan	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service		51.00	Establishment or investment
Hainan Technology	Haikou, Hainan	Haikou, Hainan	Municipal road engineering and construction		51.00	Establishment or investment
Shengxing Enterprise	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service		51.00	Establishment or investment
Industrial Park Development	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service		51.00	Establishment or investment
Zhitong Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service		51.00	Establishment or investment
Kangjiatong	Yibin, Sichuan	Yibin, Sichuan	Service industry	51.00		Establishment or investment
Electronics Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry	100.00		Establishment or investment
XingDa HongYe	Zhongshan, Guangdong	Zhongshan, Guangdong	Manufacturing industry		51.00	Establishment or investment
Shanghai Xinfeng	Shanghai	Shanghai	Commerce		51.00	Establishment or investment
Anhui Zhilian	Chuzhou, Anhui	Chuzhou, Anhui	Electronic commerce		100.00	Establishment or investment
Nanjing Konka	Nanjing, Jiangsu	Nanjing, Jiangsu	Wholesale industry		100.00	Establishment or investment
Youzhihui	Shenzhen, Guangdong	Shenzhen, Guangdong	Software and information technology service industry		100.00	Establishment or investment
Xiaojia Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Retail industry		100.00	Establishment or investment
Haimen Konka	Nantong, Jiangsu	Nantong, Jiangsu	Wholesale and retail industry		100.00	Establishment or investment
Chengdu Konka Intelligent	Chengdu, Sichuan	Chengdu, Sichuan	Wholesale and retail industry		100.00	Establishment or investment
Chengdu Konka Electronic	Chengdu, Sichuan	Chengdu, Sichuan	Manufacturing industry		100.00	Establishment or investment
Econ Technology	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry	51.00		Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Beijing Econ	Beijing	Beijing	Environmental technology service industry		51.00	Establishment or investment
Shanghai Jiyi	Shanghai	Shanghai	Environmental technology service industry		51.00	Establishment or investment
Binzhou Econ	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry		51.00	Establishment or investment
Lairun Holdings	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry		30.60	Establishment or investment
Lairun Environmental Protection	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry		27.54	Establishment or investment
Laizhou Lairun Sewage Treatment	Yantai, Shandong	Yantai, Shandong	Environmental protection and environment management		24.14	Establishment or investment
Binhai Sewage Treatment	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry		30.60	Establishment or investment
Econ Environmental Engineering	Chengdu, Sichuan	Chengdu, Sichuan	Environmental technology service industry		51.00	Establishment or investment
Yantai Kangrun	Yantai, Shandong	Qingdao, Shandong	Environmental technology service industry		51.00	Establishment or investment
Rushan Yike	Weihai, Shandong	Weihai, Shandong	Environmental technology service industry		44.37	Establishment or investment
Binzhou Weiyijie	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry		35.70	Establishment or investment
Beihai Jingmai	Binzhou, Shandong	Binzhou, Shandong	Environmental technology service industry		24.99	Establishment or investment
Yantai Chunzhiran	Yantai, Shandong	Yantai, Shandong	Environmental technology service industry		35.70	Establishment or investment
Donggang Kangrun	Dandong, Liaoning	Dandong, Liaoning	Environmental technology service industry		50.70	Establishment or investment
Dayi Kangrun Water	Chengdu, Sichuan	Chengdu, Sichuan	Environmental technology service industry		51.00	Establishment or investment
Subei Kangrun Water	Jiuquan, Gansu	Jiuquan, Gansu	Environmental technology service industry		39.78	Establishment or investment
Suining Pengxi Kangrun	Suining, Sichuan	Suining, Sichuan	Environmental technology service industry		40.75	Establishment or investment
Weifang Sihai Kangrun	Weifang, Shandong	Weifang, Shandong	Environmental technology service industry		32.09	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
			industry			
Lushan Kangrun Environmental Protection	Pingdingshan, Henan	Pingdingshan, Henan	Environmental protection and environment management		45.44	Establishment or investment
Funan Kangrun Water	Fuyang, Anhui	Fuyang, Anhui	Environmental protection and environment management		40.55	Establishment or investment
Wuhan Runyuan Sewage Treatment	Wuhan, Hubei	Wuhan, Hubei	Environmental protection and environment management		35.70	Establishment or investment
Tongchuan Kangrun Honghui	Tongchuan, Shaanxi	Tongchuan, Shaanxi	Environmental protection and environment management		45.39	Establishment or investment
Tingyuan Environmental Protection	Shanghai	Shanghai	Research and experimental development		51.00	Establishment or investment
Boxing County Xingkang Environmental Protection	Binzhou, Shandong	Binzhou, Shandong	Environmental protection and environment management		35.70	Establishment or investment
Yantai Kangyun	Yantai, Shandong	Yantai, Shandong	Commercial service	51.00		Establishment or investment
Yantai Laikang	Yantai, Shandong	Yantai, Shandong	Commercial service	51.00		Establishment or investment
Konka Huanjia	Dalian, Liaoning	Dalian, Liaoning	Processing of renewable resources	51.00		Establishment or investment
Konka Huanjia (Henan)	Lankao, Henan	Lankao, Henan	Technology extension and application service industry		51.00	Establishment or investment
Shanghai Konka	Shanghai	Shanghai	Real estate industry	100.00		Establishment or investment
Yantai Konka Enterprise	Yantai, Shandong	Yantai, Shandong	Real estate industry		89.71	Establishment or investment
Yantai Kangjin	Yantai, Shandong	Yantai, Shandong	Real estate industry		62.80	Establishment or investment
Shangdong Kangxin	Yantai, Shandong	Yantai, Shandong	Real estate industry		51.00	Establishment or investment
Jiangxi Konka	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Production, manufacturing and processing	51.00		Establishment or investment
Xinfeng Microcrystalline	Nanchang, Jiangxi	Nanchang, Jiangxi	Production, manufacturing and processing		51.00	Establishment or investment
Nanocrystalline	Jiujiang, Jiangxi	Jiujiang, Jiangxi	Production, manufacturing and processing		51.00	Establishment or investment
Shenzhen Nianhua	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	100.00		Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Shenzhen Kangxinwei	Shenzhen, Guangdong	Shenzhen, Guangdong	Semi-conductor	100.00		Establishment or investment
Shenzhen Meixin	Shenzhen, Guangdong	Shenzhen, Guangdong	Commerce		51.00	Establishment or investment
Zhengmao Semiconductor	Chongqing	Chongqing	Research and experimental development		51.00	Establishment or investment
Hefei Kangxinwei	Hefei, Anhui	Hefei, Anhui	Design of integrated circuit		51.00	Establishment or investment
Yihe Electronic	Hefei, Anhui	Hefei, Anhui	Wholesale industry		51.00	Establishment or investment
Chongqing Konka	Chongqing	Chongqing	Software and information technology service		100.00	Establishment or investment
Shenzhen Huiying Technology	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry		51.00	Establishment or investment
Chongqing Huiying Technology	Chongqing	Chongqing	Manufacturing industry in computer, communication and other electronic equipment		51.00	Establishment or investment
Konka Ecological Development	Shenzhen, Guangdong	Shenzhen, Guangdong	Commercial service	51.00		Establishment or investment
Konka Integration	Foshan, Guangdong	Foshan, Guangdong	Wholesale and retail industry	51.00		Establishment or investment
Suining Konka Industrial Park	Suining, Sichuan	Suining, Sichuan	Industrial park development and operation management	100.00		Establishment or investment
Suining Electronic Technological Innovation	Suining, Sichuan	Suining, Sichuan	Commercial service	100.00		Establishment or investment
Dongguan Konka Investment	Dongguan, Guangdong	Dongguan, Guangdong	Commercial service	100.00		Establishment or investment
Shenzhen Chuangzhi Appliances	Shenzhen, Guangdong	Shenzhen, Guangdong	Wholesale industry	100.00		Establishment or investment
Koanghong (Yantai) Environmental Protection	Yantai, Shandong	Yantai, Shandong	Comprehensive utilization of waste resources industry	51.00		Establishment or investment
Koanghong (Yantai) Environmental Protection Industrial Park	Yantai, Shandong	Yantai, Shandong	Commercial service		51.00	Establishment or investment
Chongqing Kangxingrui	Chongqing	Chongqing	Technology extension and application service industry	51.00		Establishment or investment
Chongqing Konka Photoelectric Technology Research Institute	Chongqing	Chongqing	Research and experimental development	75.00		Establishment or investment
Xinying Semiconductor	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry in computer,	56.00		Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
			communication and other electronic equipment			
Jiangkang (Shanghai) Technology	Shanghai	Shanghai	Research and experimental development	51.00		Establishment or investment
Chongqing Properties Development	Chongqing	Chongqing	Real estate industry	51.00		Establishment or investment
Chongqing Xingyi Properties	Chongqing	Chongqing	Real estate industry		51.00	Establishment or investment
Chongqing Fuze Properties	Chongqing	Chongqing	Real estate industry		51.00	Establishment or investment
Ningbo Kanghanrui Appliances	Ningbo, Zhejiang	Ningbo, Zhejiang	Electrical machinery and equipment manufacturing	60.00		Establishment or investment
Konka Zhizao	Shenzhen, Guangdong	Shenzhen, Guangdong	Research and experimental development	51.00		Establishment or investment
Jaidebao New Material	Chuzhou, Anhui	Chuzhou, Anhui	Research and experimental development	60.00		Establishment or investment
Suining Jiarun Properties	Suining, Sichuan	Suining, Sichuan	Real estate industry	100.00		Establishment or investment
Chuzhou Kangxin Health Industry	Chuzhou, Anhui	Chuzhou, Anhui	Commercial service	100.00		Establishment or investment
Kangxinglong Environmental Protection	Huangshi, Hubei	Huangshi, Hubei	Environmental protection and environment management	51.00		Establishment or investment
Zhongshan Kangxin	Zhongshan, Guangdong	Zhongshan, Guangdong	Manufacturing industry in computer, communication and other electronic equipment		51.00	Establishment or investment
Liaoyang Kangshun	Liaoyang, Liangning	Liaoyang, Liangning	Wholesale industry		100.00	Establishment or investment
Nanjing Konka Electronics	Nanjing, Jiangsu	Nanjing, Jiangsu	Manufacturing industry in computer, communication and other electronic equipment		100.00	Establishment or investment
Gaoping Kangrun	Jincheng, Shanxi	Jincheng, Shanxi	Environmental protection and environment management		48.45	Establishment or investment
Mengcheng Kangrun	Bozhou, Anhui	Bozhou, Anhui	Water management industry		43.35	Establishment or investment
Xixian Kangrun	Xixian, Shaanxi	Xixian, Shaanxi	Public facility management industry		26.01	Establishment or investment
Meixin Semiconductor (HongKong)	Hong Kong, China	Hong Kong, China	Semiconductor		51.00	Establishment or investment

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Kangxingrui Auto Recovery	Chongqing	Chongqing	Wholesale industry		51.00	Establishment or investment
Konka Xinyun	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacturing industry in computer, communication and other electronic equipment		56.00	Establishment or investment
Chongqing Kanglei	Chongqing	Chongqing	Manufacturing industry in computer, communication and other electronic equipment	51.00		Establishment or investment
Yibin Kangrun	Yibin, Sichuan	Yibin, Sichuan	Retail industry	67.00	16.83	Establishment or investment

Note: The indirect shareholding of the Company shall be the penetration ratio of the subsidiary enjoyed by the Company at the consolidation level, and belongs to the final equity share of the subsidiary enjoyed by the Company.

(2) Significant Non-wholly-owned Subsidiary

Name	Shareholding proportion of non-controlling interests (%)	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Econ Technology	49.00%	61,654,868.25	10,513,500.00	396,956,475.74
Chain Kingdom Memory Technology	49.00%	5,994,785.74	-	56,852,269.47

(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Name	Ending balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Econ Technology	3,141,870,035.36	4,740,773,957.99	7,882,643,993.35	4,171,008,807.71	2,456,008,359.77	6,627,017,167.48
Chain Kingdom Memory Technology	1,401,597,591.29	191,989.31	1,401,789,580.60	1,285,764,540.86	-	1,285,764,540.86

(Continued)

Name	Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Econ Technology	2,294,719,219.20	4,195,654,080.11	6,490,373,299.31	4,112,410,680.62	1,228,550,874.55	5,340,961,555.17
Chain Kingdom Memory Technology	1,569,773,014.55	214,913.75	1,569,987,928.30	1,468,065,838.78	-	1,468,065,838.78

Name	Reporting Period			
	Reporting Period	Reporting Period	Reporting Period	Reporting Period
Econ Technology	725,770,854.14	96,019,839.22	96,019,839.22	-189,595,823.45
Chain Kingdom Memory Technology	1,974,917,750.88	12,234,256.61	14,102,950.22	-134,524,608.11

(Continued)

Name	Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Econ Technology	828,589,882.95	70,765,359.97	70,765,359.97	75,375,404.73
Chain Kingdom Memory Technology	3,092,530,128.86	19,958,624.47	20,553,940.68	-173,282,930.64

2. Equity in Joint Ventures or Associated Enterprises

(1) Significant Joint Ventures or Associated Enterprises

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Accounting treatment of the investment to joint venture or associated enterprise
				Directly	Indirectly	
Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Zhuhai	Zhuhai	Investment management	49.95		Equity method
Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.	Binzhou	Binzhou	Environmental protection and environmental management	49.00		Equity method

(2) Main Financial Information of Significant Associated Enterprise

Item	Ending balance/Reporting Period	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Current assets	584,379,292.88	295,617,489.77
Non-current assets	-	166,399,464.23
Total assets	584,379,292.88	462,016,954.00
Current liabilities	54,237.30	70,994,511.21
Non-current liability	-	-
Total liabilities	54,237.30	70,994,511.21

Item	Ending balance/Reporting Period	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Equity of non-controlling interests		
Equity attributable to shareholders of the Company as the parent	584,325,055.58	391,022,442.79
Share of net assets accounted by shareholding percentage	291,870,365.26	191,600,996.97
Carrying value of equity investment to associated enterprises	291,870,365.26	191,600,996.97
Operating revenue	-	163,453,970.46
Finance costs	-74,102.12	-61,449.71
Income tax expense	-	-
Net profit	-4,629,057.58	112,853,536.78
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-4,629,057.58	112,853,536.78

(Continued)

Item	Beginning balance/Same period of last year	
	Dongfang Konka No.1 (Zhuhai) Private Equity Investment Fund (LP)	Binzhou Beihai Weiqiao Solid Waste Disposal Co., Ltd.
Current assets	632,869,229.53	168,736,029.14
Non-current assets		182,046,220.08
Total assets	632,869,229.53	350,782,249.22
Current liabilities	44,259,288.94	72,613,343.21
Non-current liability		
Total liabilities	44,259,288.94	72,613,343.21

Equity of non-controlling interests		
Equity attributable to shareholders of the Company as the parent	588,609,940.59	278,168,906.01
Share of net assets accounted by shareholding percentage	294,010,665.32	136,302,763.94
Carrying value of equity investment to associated enterprises	294,010,665.32	136,302,763.94
Operating revenue		56,556,521.58
Finance costs	-11,858.15	459,401.85
Income tax expense		-
Net profit	-4,566,094.00	42,819,897.86
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	-4,566,094.00	42,819,897.86

(3) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises

Item	Ending balance/Reporting Period	Beginning balance/The Same period of last year
Associated enterprise:		
Total carrying value of investment	3,032,494,392.50	3,249,236,533.91
The total of following items according to the shareholding proportions		
--Net profit	-4,709,776.64	-1,220,519.68
--Other comprehensive income		
--Total comprehensive income	-4,709,776.64	-1,220,519.68

IX The Risk Related to Financial Instruments

The Company's main financial instruments include borrowings, accounts receivable, accounts payable, trading financial assets and liabilities, etc. Details of the various financial instruments are shown in the relevant notes to Annotation VI. Risks related to these financial instruments, and

risk management policies the Company has adopted to reduce these risks are described as follows. The Company management manages and monitors the risk exposure in order to ensure the above risks to be controlled in a limited scope.

The goals of the Company engaged in the risk management is to achieve the proper balance between the risks and benefits, reduced the negative impact to the Company operating performance risk to a minimum, maximized the profits of shareholders and other equity investors. Based on the risk management goal, the basic strategy of the Company's risk management is determine and analyze the various risks faced by the Company, set up the bottom line of risk and conducted appropriate risk management, and timely supervised various risks in a reliable way and controlled the risk within the range of limit.

1. Market Risk

1) Foreign Exchange Risk

Foreign exchange risk refers to the risks that may lead to losses due to fluctuation in exchange rate. The foreign exchange risk borne by the Company is related to USD. Except the procurement and sales by US dollars for several subsidiaries of the Company, the other main businesses of the Company were settled by RMB. As of 30 June 2020, except for the assets or liabilities mentioned in the table below, the assets and liabilities of the Company are mainly the balance of RMB. The foreign exchange risks produced by the assets and liabilities balance may affect the business performance of the Company.

Item	Period-end	Period-begin
Cash and cash equivalents	122,419,615.98	161,346,670.90
Accounts receivable	129,986,393.57	118,602,602.84
Other receivables	5,931,271.92	6,281,335.37
Interest receivable	114,822.62	
Short-term borrowings	91,974,992.80	98,297,903.18
Accounts payable	29,487,311.29	42,269,219.38
Other payables	3,061,011.27	0.00
Interest payable	446,662.58	275,923.30

The company pays close attention to the impact of exchange rate changes on the company's foreign exchange risk, and requires major companies in the group that purchase and sell in foreign currency to pay attention to the changes in foreign currency assets and liabilities, manage the group's foreign currency net asset exposure in a unified way, implement single currency settlement, and reduce the scale of foreign currency assets and liabilities, so as to reduce foreign exchange risk exposure.

Under the condition that other variables remain unchanged, the possible reasonable change of exchange rate has the following pre tax impact on the current profit and loss and shareholders'

equity:

Item	Change in interest rate	Influence on shareholders' equity
Net assets in USD	Up 1.00% to RMB	7,087,400.34
Net assets in USD	Down 1.00% to RMB	- 7,087,400.34

2) Interest Rate Risk- Cash Flow Change Risk

The Company bears interest rate risk due to interest rate changes of interest bearing financial assets and liabilities. The company's interest bearing financial assets are mainly bank deposits, of which the variable interest rate is mostly short-term, while the interest bearing financial liabilities are mainly bank loans and corporate bonds. On 30 June 2020, the Company's long-term bank borrowings and corporate bonds are fixed interest rates. Therefore, it is considered that the risk caused by the change of interest rate is mainly related to the short-term bank borrowings. On 30 June 2020, the balance of such short-term borrowings is RMB11,476,582,374.41. On 30 June 2020, if the interest rate of short-term borrowings of such scale rises or falls by 50 basis points while other factors remain unchanged, the Company's net profit will decrease or increase by about RMB57,382,911.87. On 30 June 2020, the Company's bank borrowings are fixed interest rates, so any change in interest rates is not considered to have a significant impact on the Company's performance.

2. Credit Risk

Credit risk refers to the risk of financial loss incurred by the Group due to the failure of customers or counterparties of financial instruments to fulfill their contractual responsibilities. The relevant risks mainly come from bank balances, receivables and other receivables, as well as financial instruments.

The Company's working capital is deposited in banks with high credit rating, so the credit risk of working capital is low.

For financial instruments measured at fair value, the book value reflects their risk exposure, but not the maximum risk exposure, and the maximum risk exposure will change with the change of future fair value.

In order to reduce credit risk, the Company has set up a group to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Company reviews the recovery of each single receivable on each balance sheet date to ensure that sufficient bad debt provision is made for the unrecoverable amount. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

(1) At the end of the period, there are no overdue financial assets that have not been impaired.

(2) See Note VI-4, accounts receivable and Note VI-7, other receivables for details of financial assets with single impairment

3. Liquidity Risk

In terms of management of liquidity risk, the company monitors and maintains the cash and cash equivalents at a level deemed sufficient by the management to provide funds for the Company's operation and mitigate the impact of short-term fluctuations in cash flow. The financial department of the Company is responsible for balancing the continuity and flexibility of funds through the use of bank credit to meet the needs of the Company's working capital.

In order to mitigate the liquidity risk, the management of the Company has carried out a detailed inspection on the liquidity of the Company, including the maturity of accounts payable and other payables, bank credit line and bond financing. The conclusion is that the Company has sufficient funds to meet the needs of the Group's short-term debt and capital expenditure.

X The Disclosure of Fair Value

1. Ending Fair Value of Assets and Liabilities at Fair Value

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement				
(1)Held-for-trading financial assets				
1. Financial assets at fair value through profit or loss				
(1)Debt instrument investment				
(2) Equity instrument investment				
(3)Derivative financial assets				
(4) Other				
(II) Accounts receivable financing		78,865,016.45		78,865,016.45
(III) Investment in other debt obligations				-

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
(IV) Other equity instrument investment			21,642,171.36	21,642,171.36
(V) Other non-current financial assets			1,725,572,108.78	1,725,572,108.78
Total assets of consistent fair value measurement		78,865,016.45	1,747,214,280.14	1,826,079,296.59
Total liabilities of consistent fair value measurement				
(II) Inconsistent fair value measurement				
Total assets of inconsistent fair value measurement				
Total liabilities of inconsistent fair value measurement				

2. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2

The input value observable directly or indirectly of relevant assets or liabilities exclusive of input value at level 1.

3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3

Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3. As for the unlisted equity instrument investment, under the comprehensive consideration of the Company, the Company estimates the ending fair value by adopting the investment cost method, market multiplier method and net assets method. The Company believes that the fair value and changes estimated by valuation technique are reasonable and is the most appropriate value for the balance sheet date.

XI Related Party and Related-party Transaction

(I) Relationship of Related Party

1. Controlling Shareholder and the Ultimate Controller

(1) Controlling Shareholder and the Ultimate Controller

Name	Registration place	Nature	Registered capital	Shareholding ratio to the Company (%)	Voting right ratio to the Company (%)
OCT Group Co., Ltd.	Shenzhen	Tourism, real estate, electronics industry	RMB12 billion	29.999997	29.999997

Note: The ultimate controller of the Company is State-owned Assets Supervisor Commission of the State Council.

2. Subsidiary

Refer to note VIII-1(1) Subsidiaries for the information of subsidiaries.

3. Associated Enterprises and Joint Ventures

Refer to Note VIII-2. (1) Significant Associated Enterprises for details of significant associated enterprises of the Company. Information on other joint ventures or associated enterprises occurring connected transactions with the Company in Reporting Period, or forming balance due to connected transactions made in previous period:

Name	Relationship with the Company
Puchuang Jiakang Technology Co, Ltd.	Associated enterprise
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Associated enterprise
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Associated enterprise
Dongguan Konka Electronic Smart Technology Co., Ltd.	Associated enterprise
Shenzhen Konka E-display Co., Ltd.	Associated enterprise
Shenzhen Konka Information Network Co., Ltd.	Associated enterprise
Zhuhai Jinsu Plastic Co., Ltd.	Associated enterprise
Shenzhen Konka Smart Electric Appliances Technology Co., Ltd.	Associated enterprise
Shenzhen Yaode Technology Co., Ltd.	Associated enterprise
Henan Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Shandong Konka Smart Electrical Appliance Co., Ltd.	Associated enterprise
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	Associated enterprise
Heilongjiang Longkang Smart Electrical Appliance Co., Ltd.	Associated enterprise
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.	Associated enterprise
Kunshan Konka Electrical Co., Ltd.	Associated enterprise

Name	Relationship with the Company
E3info (Hainan) Technology Co., Ltd.	Associated enterprise
Shenzhen RF-LINK Technology Co., Ltd	Associated enterprise

4. Information on Other Related Parties

Name	Relationship with the Company
Chuzhou Hanshang Electric Appliance Co., Ltd.	Minority shareholder of subsidiary
Shenzhen Renjianhuahai Environmental Protection Tour Technology Development Co., Ltd.	Minority shareholder of subsidiary
Handian Group Co., Ltd. and its subsidiaries	Minority shareholder of subsidiary
Shenzhen Jinzhu Industry Co., Ltd	Minority shareholder of subsidiary
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Minority shareholder of subsidiary
Huanjia Group Co., Ltd	Minority shareholder of subsidiary
HOHOELECTRICAL&FURNITURECO.,LIMITED	Minority shareholder of subsidiary
AUJET INDUSTRY LIMITED	Minority shareholder of subsidiary
Shenzhen Unifortune Supply Chain Management Co., Ltd	Minority shareholder of subsidiary
Unifortune (Hong Kong) Co., Ltd.	Companies controlled by minority shareholders of subsidiaries
Haiying Technology Group (Hong Kong) Co., Ltd.	The company controlled by the ultimate controller of the minority shareholders of the subsidiary
Jiangxi Meiji Enterprise Co., Ltd.	The company controlled by the ultimate controller of the minority shareholders of the subsidiary
Dai Rongxing	Family member with close relationship of minority shareholder
Hu Jiawen	Family member with close relationship of minority shareholder

(II) Related-party Transactions

1. Related transactions of purchase and sale of goods, provision and acceptance of services

(1) Information on acquisition of goods and reception of labor service

Related party	Content	Reporting Period	Same period of last year
Haiying Technology Group (Hong Kong) Co., Ltd.	Purchase of goods	1,976,311,600.95	-
Chuzhou Hanshang Electric Appliance Co., Ltd.	Purchase of goods	296,887,244.25	272,127,488.75
Puchuang Jiakang Technology Co, Ltd.	Purchase of goods	184,681,510.44	-
Shenzhen Jielunte Technology Co., Ltd.	Purchase of goods	45,637,929.92	90,792,814.55
HOHOELECTRICAL&FURNITURECO.,LIMITED	Purchase of goods	34,250,250.58	
Handian Group Co., Ltd. and its subsidiaries	Purchase of goods	28,851,808.45	-
Shenzhen Jinzhu Industry Co., Ltd	Purchase of goods	20,346,169.14	-
OCT Group Co., Ltd. and its subsidiaries and associated enterprises	Purchase of goods	16,952,626.55	9,225,567.47

Related party	Content	Reporting Period	Same period of last year
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Purchase of goods	11,561,667.28	3,139,931.77
Dongguan Konka Electronics Smart Technology Co., Ltd.	Purchase of goods	5,755,090.87	-
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Purchase of goods	5,617,295.12	73,460,368.85
Shenzhen Konka E-display Co., Ltd.	Purchase of goods	5,602,162.83	-
Shenzhen Konka Information Network Co., Ltd.	Purchase of goods	2,630,116.46	15,852,710.51
Shenzhen Konka Smart Electronics Technology Co., Ltd.	Purchase of goods	2,422,573.79	2,468,262.65
Zhuhai Jinsu Plastics Co., Ltd.	Purchase of goods	1,082,212.94	6,015,944.41
Huanjia Group Co., Ltd.	Purchase of goods	-	413,499,020.39
Subtotal of other related parties	Purchase of goods and services	4,897,091.25	7,244,130.57

(2) Information of sales of goods and provision of labor service

Related party	Content	Reporting Period	Same Period of last year
Anhui Kaikai Sihjie E-commerce Co., Ltd.	Sales of goods and render labor service	290,281,383.41	352,930,313.69
OCT Group Co., Ltd. and its subsidiaries and associated enterprises	Sales of goods and render labor service	103,732,850.45	18,520,935.33
HOHOELECTRICAL&FURNITURECO.,LIMITED	Sales of goods	65,543,689.34	-
Shenzhen Yaode Technology Co., Ltd.	Sales of goods	29,871,066.73	224,738,792.69
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	Sales of goods and render labor service	28,339,511.01	42,653,586.74
Handian Group Co., Ltd. and its subsidiaries	Sales of goods	18,375,346.08	-
Henan Konka Smart Electrical Appliance Co., Ltd.	Sales of goods	14,995,854.89	3,412,835.40
Shandong Konka Smart Electrical Appliance Co., Ltd.	Sales of goods	13,136,006.95	35,713,503.46
Shenzhen Konka E-display Commercial Display Co., Ltd.	Sales of goods and render labor service	10,812,583.47	-
Chuzhou Hanshang Electric Appliance Co., Ltd.	Sales of goods	3,547,295.36	12,761,245.95
Shenzhen Konka Smart Electrical Apparatus Technology Co., Ltd.	Sales of goods	2,359,154.20	-
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	Rental service	1,877,632.62	2,000,434.75
Shenzhen Konka Information Network Co., Ltd.	Sales of goods and render labor service	489,119.65	2,174,394.52

Related party	Content	Reporting Period	Same Period of last year
Heilongjiang Longkang Smart Electrical Appliance Co., Ltd.	Sales of goods	5,801.16	11,863,615.67
AUJET INDUSTRY LIMITED	Sales of goods	-	116,061,505.67
Shenzhen Trade Link Supply Chain Management Co., Ltd.	Sales of goods and render labor service	-	3,900,956.90
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.	Sales of goods and render labor service	-	2,294,871.78
Subtotal of other related parties	Sales of goods and render labor service	4,695,746.94	2,524,905.47

2. Information on Related-party Lease

Leasee	Category	The lease fee confirmed in the	The lease fee confirmed in the same
OCT Group Co. Ltd. and its subsidiaries	Commercial residential buildings and office buildings	871,161.20	711,709.06

3. Information on Related-party Guarantee

(1) The Company was guarantor

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Yibin OCT Sanjiang Properties Co., Ltd.	58.00	CNY	2019-9-29	2022-9-28	Not
Kunshan Kangsheng Investment Development Co., Ltd.	5,049.45	CNY	2019-9-23	2022-9-22	Not
Econ Technology	900.00	CNY	2019-4-23	2020-4-22	Not
Econ Technology	3,000.00	CNY	2019-10-28	2020-10-27	Not
Econ Technology	5,000.00	CNY	2020-3-31	2021-3-31	Not
Econ Technology	7,899.00	CNY	2020-4-29	2021-4-28	Not
Econ Technology	5,000.00	CNY	2020-5-25	2021-5-24	Not
Econ Technology	17,820.00	CNY	2020-6-5	2021-3-17	Not
XingDa HongYe	5,800.00	CNY	2018-11-21	2020-11-21	Not
XingDa HongYe	2,072.42	CNY	2019-12-9	2022-6-9	Not
XingDa HongYe	3,300.00	CNY	2020-6-15	2021-6-15	Not
Pengrun Technology	1,500.00	CNY	2019-8-21	2020-8-20	Not
Jiangxi Konka	10,000.00	CNY	2018-12-4	2020-12-23	Not

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Jiangxi Konka	5,000.00	CNY	2018-12-7	2020-12-4	Not
Jiangxi Konka	10,900.00	CNY	2019-3-18	2021-9-18	Not
Jiangxi Konka	5,000.00	CNY	2020-6-28	2021-6-27	Not
Jiangxi Konka	5,500.00	CNY	2019-6-26	2022-6-25	Not
Jiangxi Konka	6,500.00	CNY	2019-10-30	2022-10-30	Not
Jiangxi Konka	990.00	CNY	2020-3-20	2022-3-19	Not
Xinfeng Microcrystalline	6,000.00	CNY	2020-6-18	2021-6-17	Not
Xinfeng Microcrystalline	6,000.00	CNY	2019-12-27	2020-12-26	Not
Xinfeng Microcrystalline	5,000.00	CNY	2020-5-19	2023-5-19	Not
Xinfeng Microcrystalline	3,200.00	CNY	2020-5-29	2022-11-29	Not
Nano Crystallized Glass	10,000.00	CNY	2019-6-26	2022-6-25	Not
Nano Crystallized Glass	5,000.00	CNY	2019-12-20	2022-12-20	Not
Nano Crystallized Glass	5,000.00	CNY	2020-1-8	2023-1-8	Not
Nano Crystallized Glass	5,000.00	CNY	2020-1-8	2022-1-8	Not
Nano Crystallized Glass	990.00	CNY	2020-3-20	2022-3-19	Not
Nano Crystallized Glass	5,500.00	CNY	2020-5-29	2022-11-29	Not
Nano Crystallized Glass	5,000.00	CNY	2020-6-24	2021-6-24	Not
Anhui Konka	8,000.00	CNY	2019-7-31	2020-7-31	Not
Anhui Konka	8,000.00	CNY	2019-8-19	2020-7-29	Not
Anhui Konka	5,000.00	CNY	2019-11-7	2020-10-9	Not
Anhui Tongchuang	2,800.00	CNY	2019-12-25	2020-12-25	Not
Anhui Tongchuang	2,950.00	CNY	2019-6-24	2020-6-24	Not
Electronics Technology	32,522.47	CNY	2019-4-18	2020-10-15	Not
Electronics Technology	2,102.47	CNY	2019-6-20	2021-6-28	Not
Electronics Technology	50,000.00	CNY	2020-1-7	2020-12-6	Not
Electronics Technology	6,000.00	CNY	2020-6-9	2021-6-9	Not
Sichuan Konka	4,000.00	CNY	2019-3-18	2022-3-17	Not
Boluo Konka Precision	2,459.21	CNY	2019-2-20	2021-2-20	Not

Secured party	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Hong Kong Konka	1,325.00	USD	2019-7-18	2020-8-3	Not
Hong Kong Konka	1,334.96	USD	2019-11-15	2020-12-5	Not
Hong Kong Konka	2,000.00	USD	2020-3-6	2021-3-6	Not
Dongguan Konka	1,800.00	CNY	2019-11-8	2024-11-10	Not
Dongguan Konka	3,000.00	CNY	2020-1-16	2021-1-15	Not

(2) The Company was secured party

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
OCT Group Co. Ltd.	3,429.19	CNY	2019-11-8	2024-11-8	Not
OCT Group Co. Ltd. (note ①)	100,000.00	CNY	2019-1-14	2022-1-14	Not
OCT Group Co. Ltd. (note ①)	150,000.00	CNY	2019-1-14	2022-1-14	Not
OCT Group Co. Ltd. (note ①)	50,000.00	CNY	2019-6-3	2022-6-3	Not
OCT Group Co. Ltd. (note ①)	50,000.00	CNY	2019-6-3	2022-6-3	Not
OCT Group Co. Ltd. (note ①)	80,000.00	CNY	2019-7-22	2022-7-22	Not
OCT Group Co. Ltd. (note ①)	70,000.00	CNY	2019-7-22	2022-7-22	Not
OCT Group Co. Ltd.	200,000.00	CNY	2020-6-19	2022-6-19	Not
Shenzhen Musen Enterprise Co., Ltd.	3,325.73	CNY	2019-3-19	2022-3-18	Not
Suiyong Rongxin Assets Management Co., Ltd.	5,635.00	CNY	2019-9-12	2020-12-31	Not
Yantai Baijiangyuan Business Management Center (LP)	18,301.17	CNY	2019-6-6	2021-6-1	Not
Yantai Fengqingtai Investment Center (LP)	8,138.54	CNY	2019-6-6	2021-6-1	Not
Yantai Qingrunyuan Business Management Center (LP)	7,477.90	CNY	2019-6-6	2021-6-1	Not
Yantai Qingjiangchuan Business Management Center (LP)	520.08	CNY	2019-6-6	2021-6-1	Not
Yantai Baijiangyuan Business Management Center (LP)	10,316.79	CNY	2019-4-23	2021-5-24	Not
Yantai Fengqingtai Investment Center (LP)	4,587.88	CNY	2019-4-23	2021-5-24	Not
Yantai Qingrunyuan Business Management	293.18	CNY	2019-4-23	2021-5-24	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Center (LP)					
Yantai Qingjiangchuan Business Management Center (LP)	4,215.46	CNY	2019-4-23	2021-5-24	Not
Huanjia Group Co., Ltd.	24,500.00	CNY	2019-8-8	2020-8-7	Not
Chuzhou Hanshang Electric Appliance Co.,Ltd.	4,533.96	CNY	2020-6-24	2021-5-20	Not
Shenzhen Guoxin Micro-electronics Co., Ltd.	2,606.07	CNY	2019-8-24	2020-8-23	Not
Yudong Environmental Protection Technology Co., Ltd., Yuan Shengxiang	8,820.00	CNY	2019-9-10	2020-9-9	Not
Shenzhen Henglongtong Technology Co., Ltd.	552.72	CNY	2020-1-1	2020-12-31	Not
Shenzhen Henglongtong Technology Co., Ltd.	26.59	USD	2020-1-1	2020-12-31	Not
Guizhou Huajinrun Technology Co. Ltd.	953.13	USD	2018-1-1	2020-12-31	Not
Shenzhen Trade Link Supply Chain Management Co., Ltd.	1,123.57	USD	2018-9-27	2021-4-30	Not
AUJET INDUSTRY LIMITED	3,316.86	USD	2018-5-17	2021-4-30	Not
Shenzhen Unifortune Supply Chain Management Co., Ltd.	1,470.00	USD	2018-9-19	2023-6-30	Not
Shenzhen Unifortune Supply Chain Management Co., Ltd.	2,213.31	USD	2018-1-1	2023-6-30	Not
Wu Guoren and Xiao Yongsong	1,225.00	USD	2019-1-1	2020-12-31	Not
Wu Guoren and Xiao Yongsong	6,664.00	USD	2018-8-21	2020-12-31	Not
Hu Zehong	2,450.00	CNY	2019-8-2	2020-8-1	Not
Hu Zehong	1,470.00	CNY	2019-11-8	2020-11-7	Not
Hu Zehong	980.00	CNY	2020-1-24	2021-1-23	Not
Hu Zehong	1,959.02	CNY	2020-4-21	2021-4-20	Not
Hu Zehong	490.00	CNY	2020-4-22	2021-4-20	Not
Hu Zehong	443.45	CNY	2020-5-19	2020-8-18	Not
Hu Zehong, Li Chunsheng, Liang Ruiling, Dai Yaojin	2,842.00	CNY	2018-11-21	2020-11-21	Not
Hu Zehong, Li Chunsheng, Liang Ruiling, Dai Yaojin	1,015.49	CNY	2019-12-9	2022-6-9	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Hu Zehong, Li Chunsheng, Liang Ruiling, Dai Yaojin	1,617.00	CNY	2020-6-15	2021-6-15	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	15,631.00	CNY	2019-10-12	2020-10-11	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	4,900.00	CNY	2018-12-4	2020-12-23	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2018-12-7	2020-12-4	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	5,341.00	CNY	2019-3-18	2021-9-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-6-28	2021-6-27	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,695.00	CNY	2019-6-26	2022-6-25	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	3,185.00	CNY	2019-10-30	2022-10-30	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	485.10	CNY	2020-3-20	2022-3-19	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,940.00	CNY	2020-6-18	2021-6-17	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,940.00	CNY	2019-12-27	2020-12-26	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-5-19	2023-5-19	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	1,568.00	CNY	2020-5-29	2022-11-29	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Qingming, Xiong Muzhi, Zeng Xiaohong, Zhu Chengfu	4,900.00	CNY	2019-10-1	2022-7-18	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-5-29	2022-11-29	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-1-8	2023-1-8	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-1-8	2022-1-8	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	485.10	CNY	2020-3-20	2022-3-19	Not

Guarantor:	Guarantee amount (RMB'0,000)	Currency	Start date	End date	Execution accomplished or not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,695.00	CNY	2020-5-29	2022-11-29	Not
Jiangxi Xinzixin Real Estate Co., Ltd., Zhu Xinming	2,450.00	CNY	2020-6-24	2021-6-24	Not
Electronics Technology	50,000.00	CNY	2019-9-26	2020-9-25	Not
Electronics Technology	50,000.00	CNY	2019-9-27	2020-9-26	Not

Note: ① The Company has issued private corporate bonds with face value of RMB5,000,000,000.00, and the principle and interest of the above bonds were joint liability provided by OCT Group Co., Ltd.

Note: The Company was provided with counter guarantee regarding entrusted loans from the Company to controlled subsidiaries by minority shareholders of aforesaid controlled subsidiaries.

4. Borrowings of Funds

Name	Amount (RMB'0,000)	Start date	Due date	Duration	Interest
Borrowing					
OCT Group Co. Ltd.	83,406.00	2019-12-11	2022-12-9	2019/12/11 to 2022/12/09	3.93%
Shenzhen Renjianhuahai Environmental Protection Tour Technology Development Co., Ltd.	27,979.00	2019-11-25	2020-11-24	2019/11/25 to 2020/11/24	8.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	1,000.00	2019-8-15	2020-8-14	2019/08/15 to 2020/08/14	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	4,025.00	2019-10-17	2020-10-16	2019/10/17 to 2020/10/16	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	245.00	2020-2-1	2021-1-31	2020/02/01 to 2021/01/31	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	245.00	2020-2-13	2021-2-12	2020/02/13 to 2021/02/12	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	3,000.00	2020-2-20	2021-2-19	2020/02/20 to 2021/02/19	7.00%
Chuzhou Hanshang Electric Appliance Co., Ltd.	5,880.00	2020-6-23	2021-6-22	2020/06/23 to 2021/06/22	7.00%
Handian Group Ningbo Washing Machine Co., Ltd.	600.00	2020-3-31	2020-9-30	2020/03/31 to 2020/09/30	5.50%
Handian Group Ningbo Washing Machine Co., Ltd.	1,400.00	2020-4-14	2020-9-30	2020/04/14 to 2020/09/30	5.50%
Lending					
Chuzhou Kangjin Health Industry Development Co., Ltd.	5,880.00	2019-9-25	2020-9-15	2019/09/25 to 2020/09/15	7.00%
Chuzhou Kangjin Health Industry Development Co., Ltd.	1,065.26	2020-1-13	2021-1-12	2020/01/13 to 2021/01/12	7.00%
Chuzhou Kangjin Health Industry	7,754.74	2020-2-27	2021-1-12	2020/02/27 to 2021/01/12	7.00%

Name	Amount (RMB'0,000)	Start date	Due date	Duration	Interest
Development Co., Ltd.					
Chuzhou Kangjin Health Industry Development Co., Ltd.	2,450.00	2020-6-15	2021-6-14	2020/06/15 to 2021/06/14	7.00%
Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd.	12,600.00	2019-12-2	2020-8-29	2019/12/02 to 2020/08/29	8.00%
Yantai Kangyue Investment Co. Ltd.	12,852.70	2019-12-16	2020-12-15	2019/12/16 to 2020/12/15	8.00%
Chongqing Qingjia Electronic Co., Ltd.	890.00	2019-4-12	2020-4-11	2019/04/12 to 2020/04/11	8.00%
Yibin OCT Sanjiang Properties Co., Ltd.	6,000.00	2020-4-25	2021-4-24	2020/4/25 to 2021/04/24	5.70%
Yibin OCT Sanjiang Properties Co., Ltd.	4,000.00	2018-10-25	2021-10-24	2018/10/25 to 2021/10/24	5.70%

Note: The interest expenses incurred from borrowing funds from the above related parties are as follows: RMB66,180,478.41 from OCT Group Co., Ltd., RMB11,315,951.11 from Shenzhen Renjianhuahai Technology Environmental Protection Tour Development Co., Ltd., RMB3,069,577.83 from Chuzhou Hanshang Electric Appliance Co., Ltd., and RMB251,166.57 from Handian Group Ningbo Washing Machine Co., Ltd.; The interest income or investment income generated from the withdrawal of funds to the above related parties are as follows: RMB339,580.71 of Chongqing Qingjia Electronic Co., Ltd., RMB4,145,329.37 of Chuzhou Kangjin Health Industry Development Co., Ltd., RMB11,655,136.28 of Haimen Kangjian Technology Industrial Park Operation and Management Co. Ltd., RMB2,718,553.48 of Yibin OCT Sanjiang Properties Co., Ltd. and RMB4,903,965.20 of Yantai Kangyue Investment Co. Ltd..

5. Assets Transfer and Debt Restructuring of Related Party

Content	Time	Acquiree	Price
Relevant patents of 68 Cloud big data operations	23 June 2020	Shenzhen Konka Group Co., Ltd.	98,600,000.00
Nanjing Kangxing Technology Industrial Park Operations and Management Co., Ltd.	28 June 2020	Shenzhen Konka Group Co., Ltd.	470,986,530.00

6. Information on Remuneration for Key Management Personnel

Item	Reporting Period (RMB'0,000)	Same period of last year (RMB'0,000)
Total remuneration	1,229.88	1,075.01

(III) Intercourse Balance of Related Party

1. Accounts Receivable

Item	Ending balance		Beginning balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:				
Anhui Kaikai Shijie E-commerce Co., Ltd.	225,506,231.75	4,746,865.93	19,822,544.45	402,397.65
Shenzhen Yaode Technology Co., Ltd.	145,496,436.92	2,953,577.67	119,160,752.64	2,426,038.42
HOHOELECTRICAL&FURNITURECO.,LIMITED	118,639,372.27	2,408,379.26	112,180,062.15	2,277,255.26
OCT Group Co. Ltd. And its subsidiaries, associated enterprises	112,622,828.31	2,287,560.41	21,207,204.72	430,506.25
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	44,923,665.35	2,656,432.30	75,330,999.32	1,645,079.86
Shenzhen Konka Information Network Co., Ltd.	37,995,555.87	2,952,214.36	38,384,430.47	1,536,141.16
Shenzhen Konka E-display Co., Ltd.	19,974,621.93	465,216.50	63,110,212.25	1,281,137.31
Handian Group Co., Ltd. and its subsidiaries	9,979,047.69	202,574.67	-	-
Binzhou Beihai Weiqiao Solid Waste Treatment Co., Ltd.			6,299,250.00	614,807.06
Subtotal of other related parties	8,898,278.10	1,364,431.94	7,765,722.56	1,330,175.79
Total	724,036,038.19	20,037,253.04	463,261,178.56	11,943,538.76
Notes receivable:				
Anhui Kaikai Shijie E-commerce Co., Ltd.	4,864,598.85		37,000,000.00	
Subtotal of other related parties	7,469,592.83		6,739,171.02	
Total	12,334,191.68		43,739,171.02	
Other receivables:				
Jiangxi Meiji Enterprise Co., Ltd.	93,612,640.31	2,068,839.35	93,612,640.31	2,068,839.35
Equity transfer of Dai Rongxing and other intercourse funds	86,923,954.46	7,726,527.63	85,104,483.48	4,161,412.98

Item	Ending balance		Beginning balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
OCT Group Co., Ltd. and its subsidiaries, associated enterprises	363,748,667.29	12,225,290.65	29,609,699.81	8,794,143.64
Huanjia Group Co., Ltd.	23,095,103.20	4,613,683.64	23,065,103.20	4,613,020.64
Equity transfer of Hu Jiawen and other intercourse funds	257,076.51	12,547.42	251,625.20	12,300.31
Subtotal of other related parties	279,490.09	24,531.95	84,194.95	6,951.75
Total	567,916,931.86	26,671,420.64	231,727,746.95	19,656,668.67
Prepayment:				
Haiying Technology Group (Hong Kong) Co., Ltd.	448,972,756.33		439,434,346.00	
Shenzhen Konka Information Network Co., Ltd.	37,516,559.89		40,983,577.99	
Puchuang Jiakang Technology Co., Ltd.	38,540,368.50		39,920,926.00	
Shenzhen Unifortune Supply Chain Management Co., Ltd.	25,406,564.44		28,623,157.08	
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	19,304,806.72		13,763,739.19	
Subtotal of other related parties	8,298,926.46		883,108.32	
Total	578,039,982.34	0.00	563,608,854.58	
Long-term receivables:				
Feidi Technology (Shenzhen) Co., Ltd.	65,044,265.44		69,808,144.01	
Subtotal of other related parties	4,817,791.57		7,295,892.00	
Total	69,862,057.01		77,104,036.01	

2. Accounts Payable

Item	Ending carrying amount	Beginning carrying amount
Accounts payable:		
E3info (Hainan) Technology Co., Ltd.	53,509,307.31	-

Item	Ending carrying amount	Beginning carrying amount
Chuzhou Hanshang Electric Appliance Co., Ltd.	21,066,327.65	1,410,924.07
Anhui Kaikai Shijie E-commerce Co., Ltd.	20,138,106.26	60,733,455.22
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	18,471,277.96	35,164,809.08
Handian Group Co., Ltd. and its subsidiaries	10,973,134.99	-
OCT Group Co., Ltd. and its subsidiaries, associated enterprises	7,082,174.38	1,262,017.84
Kunshan Konka Electronics Co., Ltd.	3,543,415.03	13,012,382.66
Shenzhen Konka E-display Co., Ltd.	6,708.85	7,355,879.01
Subtotal of other related parties	8,740,064.96	10,556,097.34
Total	143,530,517.39	129,495,565.22
Notes receivable:		
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	24,683,927.31	9,077,946.60
Subtotal of other related parties	2,381,449.40	1,785,405.43
Total	27,065,376.71	10,863,352.03
Contractual liabilities / other non current liabilities::		
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	27,484,476.05	-
Unifortune (HK) Co., Ltd.	25,826,603.42	28,673,472.74
OCT Group Co., Ltd. and its subsidiaries, associated enterprises	16,444,912.21	15,378,600.41
Kunshan Konka Electronics Co., Ltd.	925,231.07	13,150,116.07
Subtotal of other related parties	170,868.25	395,776.64
Total	70,852,091.00	57,597,965.86
Other payables:		
Shenzhen Renjianhuahai Environmental Protection Tour Technology Development Co., Ltd.	292,622,318.88	-
Chuzhou Hanshang Electric Appliance Co., Ltd.	163,696,293.17	94,093,715.34
Shenzhen Yaode Technology Co., Ltd.	75,884,385.90	39,727,606.67
E3info (Hainan) Technology Co., Ltd.	51,208,219.49	-
Handian Group Co., Ltd. and its subsidiaries	20,251,166.57	-
Feidi Technology (Shenzhen) Co., Ltd. and its subsidiaries	12,215,861.75	11,767,561.85

Item	Ending carrying amount	Beginning carrying amount
Shenzhen RF-LINK Technology Co., Ltd	1,011,250.00	6,095,250.00
Shenzhen Jielunte Technology Co., Ltd. and its subsidiaries	776,209.02	10,240,000.00
Subtotal of other related parties	6,343,962.33	1,129,352.98
Total	624,009,667.11	163,053,486.84
Long-term payables:		
OCT Group Co., Ltd. and its subsidiaries	44,053,437.92	48,946,771.98
Total	44,053,437.92	48,946,771.98

XII Commitment and Contingency

(I) Commitments

1. Capital Commitments

Item	Ending balance	Beginning balance
Commitments signed but hasn't been recognized in financial statements		
—Commitment on construction and purchase of long-lived assets		
—Contract with large amount	4,527,449,450.36	3,889,900,964.09
—Foreign investment commitments	100,090,000.00	103,090,000.00
Total	4,627,539,450.36	3,992,990,964.09

2. Operating Lease Commitments

As of the balance sheet date, the irrevocable operating lease commitments that the Company signed were as followed:

Item	Ending balance	Beginning balance
Minimum lease payments of irrevocable operating lease		
1 year after balance date	42,114,634.21	29,370,366.16
2 years after balance date	35,970,650.45	29,016,143.76
3 years after balance date	9,131,782.87	17,502,940.47

Following years	13,119,702.52	5,349,676.50
Total	100,336,770.05	81,239,126.89

3. Other Commitments

As of 30 June 2020, there were no other significant commitments for the Company to disclose.

(II) Contingency

(1) The dispute in bill recourse right among the Company, Jiangsu Hongtu Sanbao High-Tech Technology Co., Ltd., Jiangsu Hongtu High-Tech Technology Co., Ltd., Nanjing Jiongjiong Electroincs Technology Co., Ltd. and Shenzhen Qianhai Benniu Agricultural Technology Co., Ltd., has involved with the underlying amount of RMB200 million and relevant interest. In July 2019, the Company filed a lawsuit to the court. Now the case is hearing in the Nanjing Municipal Intermediate People's Court, and the Company has applied for property preservation to the court. As of the issuance date of this report, the case has not been held a court hearing.

(2) The Company held commercial acceptance bills of Shanghai Huaxin International Group Co., Ltd., while the acceptor failed to accept the matured bills. The Company as the plaintiff filed a lawsuit for bills of RMB300,018,021.01 to the court, asked bill acceptor and Shanghai Huaxin International Group Co., Ltd. involves bills before hand the bill amount and default interest shall bear joint liability. As of the date of this report, the case involved in RMB150 million is under forcible execution, and other case is still on trial. The above commercial acceptance bill has not been honored.

(3) The Company held commercial acceptance bills of China Nuclear Engineering & Construction Group Corporation Limited, while the acceptor failed to accept the matured bills. The Company as the plaintiff filed a lawsuit for bills of RMB78,000,690.24 to court among companies and involves bills before hands the bill amount and default interest shall bear joint liability, and applied for property preservation. As of the issue date of this report, the above commercial acceptance bills have not been paid in the retrial application of the case.

(4) The Company's subsidiary, Konka Factoring held commercial acceptance bills of CCCC First Harbor Engineering Co., Ltd., while the acceptor failed to accept the matured bills. The Company as the plaintiff filed a lawsuit for bills of RMB65,221,300.00 to court among companies and involves bills before hands the bill amount and default interest shall bear joint liability. As of the date of this report, the case is still on trial and the above commercial acceptance bill has not been honored.

(5) The dispute among the Company and China Energy Electric Fuel Co., Ltd., China Energy (Shanghai) Enterprise Co., Ltd., Shanghai Nengping Enterprise Co., Ltd. and Shenzhen Qianhai Baoying Commercial Factoring Co., Ltd. over the right of recourse for bills involves the amount of the subject matter of the lawsuit to be RMB50 million and the corresponding interest. In

September 2018, the Company filed a lawsuit with Shenzhen Intermediate People's Court, which has preserved the defendant's corresponding property. The judgment of this case has come into effect. In the court's judgment, defendants such as China Energy Electric Fuel Co., Ltd. shall pay the bill amount of RMB50 million and the relevant interest to the Company. As of the issuance date of this report, the case was in the execution stage and has applied to the court for additional shareholders to be the executor.

(6) The dispute in bill recourse among the subsidiary of the Company, Konka Factoring (Shenzhen) Co., Ltd., Tahoe Group Co., Ltd., Fuzhou Taijia Enterprise Co., Ltd. and Xiamen Lianchuang Micro-electronics Co., Ltd., has involved with the underlying amount of RMB50 million and relevant interest. In January 2019, the Company filed a lawsuit to Xiamen Municipal Intermediate People's Court, and the Company has applied for property preservation to the court. As of the issuance date of this report, the case has not given judgment.

(7) The loan contract disputes related to the Company's subsidiary Jiangxi Konka and its subsidiary Xinfeng Microcrystalline, Nanocrystalline, China Great Wall AMC Jiangxi Branch, Zhu Xinming, Leng Sumin, Jiangxi Xinzixin, Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Science and Technology and etc. Due to the affiliated parties of Jiangxi Konka's original shareholder, i.e. Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Technology, failed to repay the loan on schedule. Therefore, China Great Wall AMC Jiangxi Branch filed a lawsuit and demanded Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Science and Technology to repay the loan principal of RMB300 million, liquidated damages of RMB108,000 and interest of RMB13.65 million. Guarantors Jiangxi Konka, Zhu Xinming, Leng Sumin, Nano Crystallized Glass and Xinfeng Microcrystalline were required to bear joint liability for the above debts.

On 31 October 2019, the Jiangxi Provincial Superior People's Court ruled in first instance that Jiangxi Xinxin Jian'an Engineering, Jiangxi Zhongyi Decorative Material, Jiangxi Shanshi Technology would repay the loan principal of RMB100 million, interest and liquidated damages to China Great Wall AMC Jiangxi Branch within 10 days from the effective date of the judgment respectively. Jiangxi Konka, Zhu Xinming, Leng Sumin, Nano Crystallized Glass and Xinfeng Microcrystalline shall bear joint and several liabilities for all debts determined by the above judgment. The defendants have appealed against the judgment of the first instance, but no judgment has been made in the second instance of the case.

The actual controller of Konka New Materials, Zhu Xinming, and his spouse, Leng Sumin, as guarantors, provided a total of about RMB143 million of real estate mortgage guarantee to Great Wall AMC for the above loans. Zhu Xinming and Leng Sumin also provided joint and several liability guarantees. In order to avoid the adverse impact of this case on the Company, the Company has agreed in the acquisition agreement of Jiangxi Konka, Xinfeng Microcrystalline

and nanometer microcrystalline that all contingent debts incurred by Jiangxi Konka by the original shareholders of Konka new material in the form of joint and several liability. Jiangxi Xinzixin Real Estate Co., Ltd. has held a total of about RMB243 million of real estate assets as the case of the anti-guarantee mortgage to Konka group and went through the mortgage registration procedures. As of the date of this report, the case is still on trial and the above commercial acceptance bill has not been honored.

(8) The dispute in sales contract between the subsidiary of the Company, Konka Huanjia and Dalian Jinshunda Materials Recovery Co., Ltd. has involved in RMB87.5 million and relevant default fine and interests. In April 2020, Dalian Huankang applied for the security pre-litigation to Dalian Intermediate People's Court and put on record. As of the issuance date of the report, the case has not been held a court hearing.

(9) The dispute in sales contract between the subsidiary of the Company, Konka Huanjia and Dalian Xinjie Renewable Resources Co., Ltd. has involved in RMB87.5 million and relevant default fine and interests. In April 2020, Dalian Huankang applied for the security pre-litigation to Dalian Intermediate People's Court and put on record. As of the issuance date of the report, the case has not been held a court hearing.

(10) The dispute in capital increase among the subsidiary of the Company, Shenzhen Nianhua, Fang Xianglong and Jiang Yan has involved in RMB16.3473 million and relevant interests and default fine. In July 2020, Shenzhen Nianhua submitted to the Shenzhen International Arbitration Court for arbitration. Now the case is on trial in Arbitration Court, and Shenzhen Nianhua has applied for property preservation to the court. As of the issuance date of the report, the case has not been held a court hearing.

XIII Events after Balance Sheet Date

1. Significant Non-adjusted Events

No significant non-adjusted events

XIV Other Significant Events

On 17 July 2020, according to the resolutions of the 30th Meeting of the 9th Board of the Directors, the 51% equity in Dongguan Konka Investment Co., Ltd. held by the Company was intended to be publicly listed for transfer in State-owned Property Exchange in accordance with the state-owned property transaction and listing procedures, which the listed price was estimated to not be less than RMB484.5 million. If the procedure of equity transfer is completed in 2020 and based on the carrying value and listed price of Dongguan Investment Co., Ltd. not less than RMB484.5 million on 31 December 2020, the after-tax profit is estimated to be RMB452.873 million approximately from the disposal of equity transfer.

XV Notes of Main Items in the Financial Statements of the Company as the Parent

1. Accounts Receivable

(1) Listed by Withdrawal Method of Expected Credit Loss

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for which expected credit loss withdrawn separately	848,787,948.95	13.73	242,065,105.81	28.52	606,722,843.14
Accounts receivable for which expected credit loss withdrawn by group					
Of which: Aging group	1,002,910,783.57	16.22	183,811,788.79	18.33	819,098,994.78
Project payment group					
Related party group	4,331,375,900.98	70.05	-	-	4,331,375,900.98
Subtotal of groups	5,334,286,684.55	86.27	183,811,788.79	3.45	5,150,474,895.76
Total	6,183,074,633.50	100.00	425,876,894.60	6.89	5,757,197,738.90

(Continued)

Category	Beginning balance				
	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for which expected credit loss withdrawn separately	851,581,146.54	8.52	243,095,956.82	28.55	608,485,189.72
Accounts receivable for which expected credit loss withdrawn by group					
Of which: Aging group	562,863,234.05	5.63	176,154,824.04	31.30	386,708,410.01
Project payment group					
Related party group	8,585,700,872.27	85.85			8,585,700,872.27
Subtotal of groups	9,148,564,106.32	91.48	176,154,824.04	1.93	8,972,409,282.28
Total	10,000,145,252.86	100.00	419,250,780.86	4.19	9,580,894,472.00

1) Withdrawal of Expected Credit Loss Separately

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	Reason
CEFC (Shanghai) Group Co., Ltd.	300,018,021.01	150,013,944.92	50.00	Debt default
Jiangsu Hongtu Sanbao High-Tech Technology Co., Ltd.	200,000,000.00	32,000,000.00	16.00	Difficult in turnover of current capital
Tewoo Group Co., Ltd.	200,000,000.00	30,000,000.00	15.00	Difficult in turnover of current capital
China Nuclear Engineering & Construction Group Corporation Limited	78,000,690.24	7,890,069.02	10.12	Difficult in turnover of current capital
China Energy Power Fuel Co., Ltd.	50,000,000.00	7,500,000.00	15.00	Difficult in turnover of current capital
Other	20,769,237.70	14,661,091.87	70.59	Expected to be difficult

Name	Ending balance			Reason
	Carrying amount	Bad debt provision	Withdrawal proportion (%)	
				to recover in full
Total	848,787,948.95	242,065,105.81		

2) Withdrawal of Expected Credit Loss by Group

① Among groups, withdrawal of expected credit loss by aging

Aging	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Within 1 year	760,200,032.36	15,432,060.64	2.03
1 to 2 years	66,633,251.00	4,910,870.60	7.37
2 to 3 years	15,693,286.21	3,476,062.90	22.15
3 to 4 years	1,077,399.81	685,980.46	63.67
Over 4 years	159,306,814.19	159,306,814.19	100.00
Total	1,002,910,783.57	183,811,788.79	18.33

② Among groups, withdrawal of expected credit loss by adopting other method

Item	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion (%)
Related party group	4,331,375,900.98		
Total	4,331,375,900.98		

2) Listed by aging group

Aging	Ending balance
Within 1 year	4,484,989,194.84
1 to 2 years	1,167,031,114.88
2 to 3 years	359,245,550.42
3 to 4 years	2,122,297.94
Over 4 years	169,686,475.42
Subtotal	6,183,074,633.50
Less: Bad debt provision	425,876,894.60
Total	5,757,197,738.90

(3) Information of Bad Debt Provision in the Reporting Period

The amount of actual withdrawal of bad debt provision is RMB6,626,113.74.

(4) Actual Verification of Accounts Receivable

No actual verified accounts receivable in the Reporting Period.

(5) Top 5 of the Ending Balance of the Accounts Receivable Collected according to Arrears Party

Total amount of top 5 of ending balance of accounts receivable collected according to arrears party was RMB4,784,491,503.89 accounting for 77.38% of total ending balance of accounts receivable. Total ending balance of bad debt provision withdrawn was RMB156,599,208.21.

(6) There Was No Account Receivable Terminated the Recognition owing to the Transfer of the Financial Assets.

(7) There Was No Asset and Liability Formed due to the Transfer of Accounts Receivable and Continued Involvement in the Reporting Period.

2. Other Receivables

Item	Ending balance	Beginning balance
Interest receivable	9,652,188.83	7,431,353.86
Dividends receivable	522,819,271.02	518,580,871.02
Other receivables	9,466,431,206.62	10,026,808,690.59
Total	9,998,902,666.47	10,552,820,915.47

2.1 Interest receivable

Item	Ending balance	Beginning balance
Term deposits	9,545,356.14	4,807,630.04
Entrustment loans	106,832.69	2,623,723.82
Total	9,652,188.83	7,431,353.86

2.2 Dividends receivable

Item	Ending balance	Beginning balance
Hong Kong Konka Limited	219,225,600.00	214,987,200.00
Konka Factoring (Shenzhen) Co., Ltd.	70,000,000.00	70,000,000.00
Dongguan Konka Electronic Co., Ltd.	233,593,671.02	233,593,671.02
Total		518,580,871.02

	522,819,271.02	
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2.3 Dividends receivable

(1) Provision for bad debts of other receivables

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	7,296,330.73	17,404,579.39	162,461,369.23	187,162,279.35
Balance of 1 January 2020 in the Current Period:				
--Transfer to Second stage	-4,833.16	4,833.16		-
-- Transfer to Third stage		-40,000.00	40,000.00	-
-- Reverse to Second stage				-
-- Reverse to First stage				-
Withdrawal of the Current Period	7,484,349.69	809,390.34	-	8,293,740.03
Reversal of the Current Period	-4,493,001.20	-224,520.79		-4,717,521.99
Write-offs of the Current Period				-
Verification of the Current Period				-
Other changes				-
Balance of 30 June 2020	10,282,846.07	17,954,282.09	162,501,369.23	190,738,497.39

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

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

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

(2) Other Receivables Withdrawn Bad Debt Provision by Group

Category	Ending balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which withdrawn expected credit loss separately:	192,711,177.17	2.00	162,501,369.23	84.32	30,209,807.94
Other receivables for which withdrawn bad debt provision by credit risk features group:					
Aging group	167,716,568.56	1.73	16,934,685.26	10.10	150,781,883.30
Low risk group	716,254,819.87	7.42	11,302,442.90	1.58	704,952,376.97
Related party group	8,580,487,138.41	88.85	-	-	8,580,487,138.41
Subtotal	9,464,458,526.84	98.00	28,237,128.16	0.30	9,436,221,398.68
Total	9,657,169,704.01	100.00	190,738,497.39	1.98	9,466,431,206.62

(Continued)

Category	Beginning balance				Carrying value
	Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other receivables for which withdrawn expected credit loss separately:	173,092,959.33	1.69	162,461,369.23	93.86	10,631,590.10
Other receivables for which withdrawn bad debt provision by credit risk features group:					
Aging group	196,772,672.55	1.93	16,787,423.23	8.53	179,985,249.32
Low risk group	390,582,659.31	3.83	7,913,486.89	2.03	382,669,172.42
Related party group	9,453,522,678.75	92.55			9,453,522,678.75
Subtotal	10,040,878,010.61	98.31	24,700,910.12	0.25	10,016,177,100.49
Total	10,213,970,969.94	100.00	187,162,279.35	1.83	10,026,808,690.59

(3) Bad Debt Provision of Other Receivables

The amount of bad debt provision withdrawn in the Reporting Period was RMB8,293,740.03, the amount of bad debt provision reversed was RMB4,717,521.99, and there was no amount reversed of bad debt provision and no other receivables actually written off.

(4) Bad Debt Provision Listed by Aging

Aging	Ending balance
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Aging	Ending balance
Within 1 year	6,169,871,554.50
1 to 2 years	2,978,379,332.46
2 to 3 years	170,083,990.98
3 to 4 years	51,534,919.06
4 to 5 years	126,008,080.90
Over 5 years	161,291,826.11
Subtotal	9,657,169,704.01
Less: Bad debt provision	190,738,497.39
Total	9,466,431,206.62

(5) Top 5 Other Receivables in Ending Balance Collected according to the Arrears Party

Total amount of top 5 of ending balance of other receivables collected according to arrears party was RMB5,323,790,513.35 accounting for 55.13% of total ending balance of other receivables. Total ending balance of bad debt provision withdrawn was RMB0.

(6) There Was No Other Receivables Terminated the Recognition owing to the Transfer of the Financial Assets.

(7) There Was No Asset and Liability Formed by the Transfer and the Continues Involvement of Other Receivables.

3. Long-term Equity Investment

(1) Category of Long-term Equity Investment

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	6,938,234,982.51	10,732,484.69	6,927,502,497.82	5,983,370,982.51	10,732,484.69	5,972,638,497.82
Investment to associated enterprises	1,772,195,046.51	12,850,165.07	1,759,344,881.44	1,752,296,635.13	12,850,165.07	1,739,446,470.06
Total	8,710,430,029.02	23,582,649.76	8,686,847,379.26	7,735,667,617.64	23,582,649.76	7,712,084,967.88

(2) Investment to Subsidiaries

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
Anhui Konka	122,780,937.98			122,780,937.98		
Dongguan Konka	274,783,988.91			274,783,988.91		
Hong Kong Konka	781,828.61			781,828.61		
Konka Europe	3,637,470.00			3,637,470.00		
Konka Household Appliances	1.00			1.00		10,732,484.69
Telecommunication Technology	360,000,000.00			360,000,000.00		
Domestic appliance	31,500,000.00			31,500,000.00		
Konka Circuit	48,750,000.00			48,750,000.00		
Konka Factoring	300,000,000.00			300,000,000.00		
Wankaida	10,000,000.00			10,000,000.00		
Anhui Tongchuang	481,702,612.22			481,702,612.22		

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
Beijing Konka	200,000,000.00			200,000,000.00		
Commercial Technology	5,832,000.00			5,832,000.00		
Mobile Internet	20,000,000.00	80,000,000.00		100,000,000.00		
E2info	19,322,040.00			19,322,040.00		
E3info	12,000,000.00		12,000,000.00	-		
Dongguan Packing	8,602,009.10			8,602,009.10		
Konka Ventures	2,550,000.00			2,550,000.00		
Konka Pengrun	25,500,000.00			25,500,000.00		
Konka Unifortune	15,300,000.00			15,300,000.00		
Konka Investment	477,000,000.00			477,000,000.00		
Jiangxi Konka	689,680,000.00			689,680,000.00		
Electronics Technology	1,000,000,000.00			1,000,000,000.00		
Sichuan Kangjiatong	15,300,000.00			15,300,000.00		
Econ Technology	688,500,000.00			688,500,000.00		
Konka Huanjia	91,800,000.00			91,800,000.00		
Shenzhen Nianhua	30,000,000.00			30,000,000.00		
Shanghai Konka	40,000,000.00			40,000,000.00		
Shenzhen Kangxinwei	100,000,000.00			100,000,000.00		
Konka Ecological Development	50,000.00			50,000.00		
Konka Integration	5,100,000.00			5,100,000.00		
Suining Konka Industrial Park	200,000,000.00			200,000,000.00		
Suining Electronic	200,000,000.00			200,000,000.00		

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn or offset	Ending balance of depreciation reserve
Technology						
Dongguan Konka Investment	44,400,000.00	55,600,000.00		100,000,000.00		
Shenzhen Chuangzhi Electrical Appliances	10,000,000.00			10,000,000.00		
Konka (Yantai) Environmental Protection	5,100.00			5,100.00		
Chongqing Kangxingrui	25,500,000.00			25,500,000.00		
Chongqing Photoelectric Research Institute	350,000,000.00	650,000,000.00		1,000,000,000.00		
Xinying Semiconductor	14,000,000.00	33,264,000.00		47,264,000.00		
Chongqing Properties Development	25,500,000.00			25,500,000.00		
Ningbo Kanghanrui Electrical Appliances	9,000,000.00	81,000,000.00		90,000,000.00		
Konka Zhizao	510.00			510.00		
Jiadebao New Material	3,750,000.00			3,750,000.00		
Suining Jiarun Properties	10,000,000.00			10,000,000.00		
Kangxinlong Environmental Protection	10,000.00			10,000.00		
Yibin Kangrun		67,000,000.00		67,000,000.00		
Total	5,972,638,497.82	966,864,000.00	12,000,000.00	6,927,502,497.82	-	10,732,484.69

(3) Investment to Joint Ventures and Associated Enterprises

Investee	Beginning balance	Increase/decrease
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		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income
Anhui Kaikai Shijie E-commerce Co., Ltd.	23,529,741.15			-6,644,760.80	23,529,741.15
Kunshan Konka	128,896,753.19			-6,694,486.50	128,896,753.19
Kunshan Kangsheng	175,254,554.65			-	175,254,554.65
Chutian Dragon Co., Ltd.	636,061,636.70			7,660,244.55	636,061,636.70
Helongjiang Longkang Zhijia Technology Co., Ltd.	2,380,000.00			-405,445.45	2,380,000.00
Konka Green, Konka Technology	77,342,419.36			-583,890.18	77,342,419.36
Shaanxi Silk Road Cloud Intelligent Tech Co., Ltd.	17,202,315.43			-1,231,233.96	17,202,315.43
Shenzhen Konka Information Network Co., Ltd.				-	
Shenzhen Zhongbin Konka Technology Co., Ltd.	7,273,228.41			-1,387,373.59	7,273,228.41
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.	2,882,149.72			266,725.11	2,882,149.72
Zhuhai Jinsu Plastic Co., Ltd.	10,166,404.14			383,461.05	10,166,404.14
Shenzhen Bosser New Materials Co., Ltd.	73,600,000.00			-1,200,098.76	73,600,000.00
Shenzhen Yaode Technology Co., Ltd.	229,740,245.47			145,870.83	229,740,245.47
Wuhan Tianyuan Environmental Protection Co., Ltd.	275,577,332.21			15,224,245.91	275,577,332.21
Konka E-display	14,399,858.75			-2,422,790.72	14,399,858.75
Chuzhou Konka Technology Industry Development Co., Ltd.	17,270,427.37			-1,421,124.11	17,270,427.37
Chuzhou Kangjin Health Industrial Development Co., Ltd.	14,588,741.64			-513,435.79	14,588,741.64
Haimen Kangjian Technology Industrial Park Operations and Management Co., Ltd.	29,589,201.10			-1,511,213.49	29,589,201.10

Investee	Beginning balance	Increase/decrease			
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income
Shenzhen Kangyue Enterprise Co., Ltd.	3,691,460.77			-364,533.48	3,691,460.77
Nanjing Kangxing Technology Industrial Park Operations and Management Co., Ltd.	-	23,462,938.10	23,462,938.10	-	-
E3info (Hainan) Technology Co., Ltd.		29,838,250.76		-	
Total	1,739,446,470.06	53,301,188.86	23,462,938.10	-699,839.38	1,739,446,470.06

(Continued)

Investee	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Anhui Kaikai Shijie E-commerce Co., Ltd.					16,884,980.35	
Kunshan Konka					122,202,266.69	
Kunshan Kangsheng					175,254,554.65	
Chutian Dragon Co., Ltd.		9,240,000.00			634,481,881.25	
Helongjiang Longkang Zhijia Technology Co., Ltd.					1,974,554.55	2,470,398.03
Konka Green, Konka Technology					76,758,529.18	
Shaanxi Silk Road Cloud Intelligent Tech Co., Ltd.					15,971,081.47	
Shenzhen Konka Information Network Co., Ltd.					-	5,158,909.06
Shenzhen Zhongbin Konka Technology Co., Ltd.					5,885,854.82	
Shenzhen Konka Intelligent Electrical Apparatus Co., Ltd.					3,148,874.83	

Investee	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
	Other equity changes	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
Zhuhai Jinsu Plastic Co., Ltd.					10,549,865.19	
Shenzhen Bosser New Materials Co., Ltd.					72,399,901.24	5,220,857.98
Shenzhen Yaode Technology Co., Ltd.					229,886,116.30	
Wuhan Tianyuan Environmental Protection Co., Ltd.					290,801,578.12	
Konka E-display					11,977,068.03	
Chuzhou Konka Technology Industry Development Co., Ltd.					15,849,303.26	
Chuzhou Kangjin Health Industrial Development Co., Ltd.					14,075,305.85	
Haimen Kangjian Technology Industrial Park Operations and Management Co., Ltd.					28,077,987.61	
Shenzhen Kangyue Enterprise Co., Ltd.					3,326,927.29	
Nanjing Kangxing Technology Industrial Park Operations and Management Co., Ltd.					-	
E3info (Hainan) Technology Co., Ltd.					29,838,250.76	
Total	-	9,240,000.00	-	-	1,759,344,881.44	12,850,165.07

4. Operating Revenue and Cost of Sales

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	2,574,146,637.40	2,316,701,232.32	3,321,449,906.68	3,349,145,473.78
Other operations	801,299,393.49	634,398,598.53	2,046,571,803.72	1,915,004,019.37
Total	3,375,446,030.89	2,951,099,830.85	5,368,021,710.40	5,264,149,493.15

5. Investment Income

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	882,170.97	3,928,528.71
Investment income from disposal of long-term equity investment	471,523,601.25	80,992,101.09
Investment income from holding of held-for-trading financial assets	3,070,000.00	-10,285,883.02
Investment income from disposal of held-for-trading financial assets	3,405,333.03	
Income from entrust financial products and entrust loans	29,983,956.45	111,340,992.10
Total	508,865,061.70	185,975,738.88

XVI Approval of Financial Statements

The financial statement was approved on 26 August 2020 by the Board of Directors.

XVII Supplementary Material

1. Items and Amounts of Non-recurring Profit or Loss

Item	Amount	Note
Gain-Loss arising from disposal of non-current assets	560,267,507.91	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents		
Government subsidies recognized in the current period, except for	305,771,698.07	

Item	Amount	Note
those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards		
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss		
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments		
Gain/Loss on non-monetary asset swap		
Gain/Loss on entrusting others with investments or asset management	29,457,327.63	
Asset impairment provisions due to acts of God such as natural disasters		
Gain/Loss from debt restructuring		
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.		
Gain/Loss on the part over the fair value due to transactions with distinctly unfair prices		
Current net profit or loss of subsidiaries acquired in business combination under the same control from period-beginning to combination date		
Gain/Loss incurred from contingency unrelated to the Company's normal operating businesses.		
Gain/loss from change of fair value of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and derivative financial assets and liabilities, and investment in other obligatory rights, other than valid hedging related to the Company's common businesses	40,692,289.31	
Reverse of bad debt provision of accounts receivable individually conducting impairment test		

Item	Amount	Note
Gain/loss on entrustment loans	265,166.88	
Gain/loss on change in fair value of investment property of which the subsequent measurement is carried out adopting fair value method		
Effect on current profit or loss when a one-off adjustment is made to current profit or loss according to requirements of taxation, accounting and other relevant laws and regulations		
Custody fee income when entrusted with operation		
Other non-operating income and expense other than the above	-607,468.60	
Project confirmed with the definition of non-recurring gains and losses	65,597,934.45	
Subtotal	1,001,444,455.65	
Income tax effects	174,757,890.66	
Non-controlling interests effects (after tax)	81,974,276.89	
Total	744,712,288.10	—

The explanation of the Company to “Project confirmed with the definition of non-recurring gains and losses” and define non-recurring gains and losses as recurring gains and losses according to the nature and features of normal business operations of company.

Item	Amount	Reason
Software tax rebates	15,323,154.27	Government grants recognized in the current period, and acquired in the ordinary course of business or granted at certain quotas or amounts according to the government’s unified standards

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	1.16	0.0391	0.0391
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	-8.02	-0.2702	-0.2702

Part XII Documents Available for Reference

- I. The financial statements with the signatures and seals of the Company's legal representative, Chief Financial Officer and head of the financial department;
- II. The originals of all the Company's documents and announcements disclosed to the public via newspapers designated by the CSRC in the Reporting Period; and
- III. Other relevant materials.

The Board of Directors

Konka Group Co., Ltd.

27 August 2020