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北京金隅集團股份有限公司

**BBMG Corporation\***

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2009)**

## **FIRST QUARTERLY REPORT FOR 2019**

This announcement is made in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the provisions about inside information (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of BBMG Corporation\* 北京金隅集團股份有限公司 (the “**Company**”) is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2019 (the “**Reporting Period**”).

During the Reporting Period, the Group recorded operating revenue of approximately RMB16,010.9 million, net profit of approximately RMB387.3 million, with total net profit attributable to owners of the parent company amounting to approximately RMB421.9 million and basic earnings per share of RMB0.04.

All financial information set out in this quarterly report is unaudited and prepared in accordance with China Accounting Standards for Business Enterprises.

The contents of this report are consistent with the announcement published on the Shanghai Stock Exchange. This announcement is published simultaneously domestically and overseas.

### **I. IMPORTANT NOTICE**

1.1 The Board, the supervisory board, the directors, the supervisors and the senior management of the Company guarantee that the contents of this quarterly report are true, accurate and complete and that there are no false representations, misleading statements or material omissions in this quarterly report, for which they shall assume

joint and several liabilities.

1.2 All directors of the Company attended the Board meeting for reviewing this quarterly report.

1.3 Jiang Deyi, the Chairman of the Company, Chen Guogao, the chief accountant and Zhu Yan, the head of the accounting department (Accounting Supervisor), guarantee that the financial statements contained in this quarterly report are true, accurate and complete.

1.4 The financial statements contained in the first quarterly report of the Company have not been audited.

## II. Basic information of the Company

### 4.1 Major financial data

Unit and Currency: RMB

	End of the Reporting Period	As at the end of the previous year	Change (as compared with the end of the previous year)
Total assets	277,082,599,699.28	268,276,091,699.13	3.28
Net assets attributable to the shareholders of the Company	58,317,349,495.14	57,665,471,499.88	1.13
	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period of the previous year	Year-on-year change (%)
Net cash flows from operating activities	-4,210,253,265.94	-3,767,899,777.79	-11.74
	From the beginning of the year to the end of the Reporting Period	From the beginning of the previous year to the end of the reporting period of the previous year	Year-on-year change (%)
Operating revenue	16,010,882,327.28	9,939,344,514.22	61.09
Net profit attributable to equity holders of the listed company	421,935,712.03	-212,606,749.03	298.46

Net profit attributable to the shareholders of the Company after deducting non-recurring profit and loss	405,370,003.72	-231,125,501.06	275.39
Weighted average return on net assets (%)	0.73	-0.42	Increase by 1.15 percentage points
Basic earnings per share (RMB/share)	0.04	-0.02	300.00
Diluted earnings per share (RMB/share)	0.04	-0.02	300.00

Non-recurring profit and loss items and amounts

"√ Applicable" "□ Not applicable"

Unit and Currency: RMB

Items	Amount for the Period	Explanation
Profit or loss on disposal of non-current assets	-9,809,188.59	
Tax rebate or tax concessions with unauthorised approval or without official approval documents or on an occasional basis		
Government grants recognised through profit or loss for the period (excluding those closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or quantity)	37,741,356.3	
Capital occupancy fee from non-financial enterprises recognized through profit or loss for the period		
Gain arising from investment costs for acquisition of subsidiaries, associates and joint ventures being less than the fair value of the share of the identifiable net assets of the investee entitled at the time of acquisition		
Profit or loss from exchange of non-monetary assets		
Gains or losses from discretionary investment or asset management		
Provision for impairment of assets due to force majeure such as natural disaster		

Profit or loss from debt restructuring	899,800.47	
Corporate restructuring expenses, such as expenses on employee placement, integration costs, etc.		
Profit or loss arising from the excess of the unfair consideration over the fair value of a transaction		
Net profit or loss for the period of subsidiaries formed by business combination under common control from the beginning of the period to the date of combination		
Profit or loss from contingencies irrelevant to the normal operations of the Company		
Profit or loss from change in fair value of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment gains from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment, other than effective hedging business relating to the normal operations of the Company	8,682,746.46	
Write back of the provision for impairment of receivables and contract assets that are individually tested for impairment		
Gains or losses from external entrusted loans		
Profit or loss from changes in fair value of investment properties using the fair value model for subsequent measurement		
Effects on profit or loss for the period of one-off adjustment to profit or loss for the period in accordance with laws and regulations on taxation and accounting, etc.		
Entrustment fees income from entrusted operations		

Other non-operating income and expenses other than the foregoing items	-24,016,067.39	
Other profit and loss items falling within the meaning of nonrecurring profit and loss		
Effect of minority interests (after tax)	-3,374,661.80	
Effect of income tax	6,441,722.86	
Total	16,565,708.31	

4.2 Total number of shareholders, shareholding of the top ten shareholders and the top ten shareholders of tradable shares (or not subject to lock-up restrictions) as at the end of the Reporting Period

Unit: Share

Total number of shareholders				178,733		
Shareholding of top ten shareholders						
Name of shareholder (full name)	Shareholding as at the end of the Reporting Period	Pro-portion (%)	Number of shares subject to lock-up restrictions	Shares pledged or frozen		Nature of shareholders
				Status of shares	Number of shares	
Beijing State-owned Capital Operation and Management Center	4,797,357,572	44.9285	0	Nil		State-owned legal person
HKSCC Nominees Limited	2,338,764,870	21.9031	0	Nil		Overseas legal person
China National Materials Company Limited	459,940,000	4.3075	0	Nil		State-owned legal person
China Securities Finance Corporation Limited	320,798,573	3.0044	0	Nil		Others
Winfirst Investment Group Company Limited	75,140,000	0.7037	0	Pledged	75,140,000	Domestic non-state-owned legal person
Central Huijin Asset Management Ltd.	66,564,000	0.6234	0	Nil		Others
Hong Kong Securities Clearing Company Limited	51,816,820	0.4853	0	Nil		Overseas legal person

CITIC Securities Company Limited Customer Credit Transaction Guarantee Securities Account	44,996,383	0.4214	0	Nil		Others
Beijing Jingguofa Equity Investment Fund (Limited Partnership)	43,115,900	0.4038	0	Nil		Others
Guangfa Securities Company Limited Customer Credit Transaction Guarantee Securities Account	42,918,172	0.4019	0	Nil		Others
Shareholding of top ten shareholders of shares not subject to lock-up restrictions						
Name of shareholder	Number of tradable shares held not subject to lock-up restrictions	Type and number of shares				
		Type	Number			
Beijing State-owned Capital Operation and Management Center	4,797,357,572	RMB-denominated ordinary shares	4,797,357,572			
HKSCC Nominees Limited	2,338,764,870	Foreign shares listed overseas	2,338,764,870			
China National Materials Company Limited	459,940,000	RMB-denominated ordinary shares	459,940,000			
China Securities Finance Corporation Limited	320,798,573	RMB-denominated ordinary shares	320,798,573			
Winfirst Investment Group Company Limited	75,140,000	RMB-denominated ordinary shares	75,140,000			
Central Huijin Asset Management Ltd.	66,564,000	RMB-denominated ordinary shares	66,564,000			

Hong Kong Securities Clearing Company Limited	51,816,820	RMB-denominated ordinary shares	51,816,820
CITIC Securities Company Limited Customer Credit Transaction Guarantee Securities Account	44,996,383	RMB-denominated ordinary shares	44,996,383
Beijing Jingguofa Equity Investment Fund (Limited Partnership)	43,115,900	RMB-denominated ordinary shares	43,115,900
Guangfa Securities Company Limited Customer Credit Transaction Guarantee Securities Account	42,918,172	RMB-denominated ordinary shares	42,918,172
Explanations on the related party relationship or parties acting in concert among the abovementioned shareholders	Beijing State-owned Capital Operation and Management Center and Beijing Jingguofa Equity Investment Fund (Limited Partnership) are parties acting in concert.		
Explanations on the preferential shareholders with resumed voting rights and number of shares held	Nil		

4.3 Total number of preferred shareholders, shareholding of the top ten preferred shareholders and the top ten preferred shareholders not subject to lock-up restrictions as at the end of the Reporting Period

Applicable Not applicable"

**III. SIGNIFICANT EVENTS**

3.1 Significant changes in major financial statement items and financial indicators of the Company and the reasons thereof

Applicable"  Not applicable"

Held-for-trading financial assets	Increased by 98.8% as compared with that at the beginning of the Reporting Period, mainly attributable to the acquisition of monetary fund by the Company during the Reporting Period.
Assets classified as held-for-sale	Decreased by 100% as compared with that at the beginning of the Reporting Period, mainly attributable to the transfer of subsidiary completed by the Company during the Reporting Period.
Debt investment	Increased by 100% as compared with that at the beginning of the Reporting Period, mainly attributable to the acquisition of financial bonds by the Company during the Reporting Period.

Other non-current financial assets	Decreased by 32.7% as compared with that at the beginning of the Reporting Period, mainly attributable to the sales of wealth management products by the Company during the Reporting Period.
Payroll payable	Decreased by 37.9% as compared with that at the beginning of the Reporting Period, mainly attributable to the payment of annual performance incentives of last year by the Company during the Reporting Period.
Taxes payable	Decreased by 46.5% as compared with that at the beginning of the Reporting Period, mainly attributable to the income tax paid by the Company during the Reporting Period.
Liabilities classified as held-for-sale	Decreased by 100% as compared with that at the beginning of the Reporting Period, mainly attributable to the transfer of subsidiary completed by the Company during the Reporting Period.
Bonds payable	Increased by 41.9% as compared with that at the beginning of the Reporting Period, mainly attributable to the issuance of bonds by the Company during the Reporting Period.
Operating revenue	Increased by 61.1% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in the revenue of the cement and property development enterprises of the Company during the Reporting Period.
Operating costs	Increased by 47.9% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in the costs of the cement and property development enterprises of the Company during the Reporting Period.
Business tax and surcharges	Increased by 284.3% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in the business tax and surcharges of the property development enterprises of the Company during the Reporting Period.
Research and development expenses	Increased by 96.9% as compared with that of the corresponding period of the previous year, mainly attributable to the increase in efforts on research and development by the Company during the Reporting Period.
Credit impairment losses	Increased by 39.1% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year decrease in reversal of provision for bad debts of the Company during the Reporting Period.
Gains from changes in fair value	Increased by approximately 1,692.3% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in change in fair value of financial assets held-for-trading of the Company during the Reporting Period.
Investment gains	Decreased by 39% as compared with that of the corresponding period of the previous year, mainly attributable to the recognition of investment gains from sales of wealth management products by the Company during the Reporting Period.
Other gains	Increased by 110.7% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in refunds of VAT of the Company during the Reporting Period.



Non-operating income	Decreased by 45.4% as compared with that of the corresponding period of the previous year, mainly attributable to the disposal of long-term assets by the Company during the same period of the previous year.
Non-operating expenses	Increased by 39.7% as compared with that of the corresponding period of the previous year, mainly attributable to the year-on-year increase in compensations made by the Company during the Reporting Period.
Net cash flows arising from investing activities	Increased by 41% as compared with that of the corresponding period of the previous year, mainly attributable to the funds received for the transfer of subsidiaries of the Company during the Reporting Period.
Net cash flows arising from financing activities	Increased by 71.3% as compared with that of the corresponding period of the previous year, mainly attributable to the increase in financing of the Company during the Reporting Period.

### 3.2 Analysis and explanation on the development of significant events, and impacts and solutions thereof

Applicable Not applicable"

### 3.3 Undertakings that has not been duly fulfilled during the Reporting Period

Applicable Not applicable"

### 3.4 Warnings and explanations of forecasted loss or significant changes to the accumulated net profits from the beginning of the year to the end of the next reporting period or as compared with the corresponding period of the previous year

Applicable Not applicable"

By order of the Board  
**BBMG Corporation\***  
**Jiang Deyi**  
*Chairman*

Beijing, the PRC, 25 April 2019

*As at the date of this announcement, the executive directors of the Company are Jiang Deyi, Wu Dong and Zheng Baojin; the non-executive directors of the Company are Guo Yanming and XueChunlei; and the independent non-executive directors of the Company are Wang Guangjin, Tian Lihui, Tang Jun and Ngai Wai Fung.*

\* *English translation denotes for identification purposes only*



## APPENDIX

### 4.1 Financial Statements

#### Consolidated Balance Sheet

As at 31 March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	31 March 2019	31 December 2018
<b>Current Assets:</b>		
Cash and bank balances	21,031,309,782.58	18,774,468,260.66
Settlement reserves		
Loans to banks or other financial institutions		
Held-for-trading financial assets	2,056,744,545.93	1,034,558,112.73
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable and accounts receivable	16,758,355,421.24	18,665,867,265.35
Including: Bills receivable	8,821,669,490.04	11,225,781,814.50
Accounts receivable	7,936,685,931.20	7,440,085,450.85
Prepayments	2,493,650,907.33	2,008,371,750.64
Premiums receivable	0.00	0.00
Reinsurance accounts receivable	0.00	0.00
Reinsurance contract reserve receivable	0.00	0.00
Other receivables	9,843,158,163.38	9,941,619,578.19
Including: Interests receivable	9,953,099.30	1,301,741.00
Dividends receivable	11,071,936.52	53,071,936.52
Purchase and sell-back of financial assets		
Inventories	121,240,158,785.34	114,912,793,681.36
Contract assets	0.00	0.00
Assets classified as held for sale	0.00	109,534,153.31
Non-current assets due within one year		
Other current assets	3,603,280,191.06	3,710,725,422.82
Total current assets	177,026,657,796.86	169,157,938,225.06
<b>Non-current assets:</b>		
Loans and advances		
Debt investment	199,999,991.78	0.00
Available-for-sale financial assets		
Other debt investment		
Held-to-maturity investments		
Long-term receivables	803,531,695.04	802,351,921.55

Long-term equity investments	3,061,495,082.41	3,036,757,009.85
Investment in other equity instrument investments	469,046,958.74	396,187,115.71
Other non-current financial assets	144,740,748.51	214,980,000.00
Investment properties	21,327,245,245.17	21,327,245,245.17
Fixed assets	44,317,511,819.97	44,692,772,001.56
Construction in progress	3,020,134,263.10	2,929,675,428.99
Capitalized biological assets		
Oil and gas assets		
Right-of-use assets	1,043,130,410.53	0.00
Intangible assets	16,552,198,374.80	16,691,754,296.12
Development expenses		
Goodwill	2,740,287,649.80	2,740,287,649.80
Long-term prepaid expenses	1,266,361,548.85	1,242,705,854.17
Deferred income tax assets	3,519,160,740.10	3,454,590,218.09
Other non-current assets	1,591,097,373.62	1,588,846,733.06
Total non-current assets	100,055,941,902.42	99,118,153,474.07
Total assets	277,082,599,699.28	268,276,091,699.13
<b>Current liabilities:</b>		
Short-term loans	35,232,230,300.00	39,880,392,209.57
Borrowings from central bank		
Loans from banks and other financial institutions		
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable and accounts payable	20,450,972,219.47	20,438,365,203.63
Receipts in advance	330,071,982.82	317,903,204.75
Financial assets sold for repurchase		
Deposits from customers and inter-bank deposits		
Amount paid for agency securities trading		
Amount paid for agency securities underwriting		
Payroll payable	244,646,919.49	393,840,303.30
Taxes payable	1,350,931,905.15	2,527,195,602.24
Other payables	8,840,066,110.33	8,352,595,483.33
Including: Interests payable	1,194,529,940.86	1,006,889,605.80
Dividends payable	743,310,444.74	492,510,444.74
Short-term financing bonds payable	7,800,000,000.00	6,500,000,000.00
Fees and commissions payable		

Reinsurance accounts payable		
Contract liabilities	22,993,100,501.35	23,715,168,353.77
Liabilities classified as held for sale		40,291,356.83
Non-current liabilities due within one year	14,148,426,713.16	18,543,864,543.14
Other current liabilities	8,563,589,294.95	8,492,714,136.95
Total current liabilities	119,954,035,946.72	129,202,330,397.51
<b>Non-current liabilities:</b>		
Insurance contract reserve payable		
Long-term loans	38,871,384,900.00	30,506,054,265.70
Bonds payable	28,704,935,000.00	20,231,089,289.70
Including: Premium		
Perpetual		
Lease liabilities	1,146,303,871.03	0.00
Long-term payables	235,485,495.91	315,856,652.08
Long-term payroll payable	681,839,494.36	674,179,502.11
Provisions	629,187,363.74	606,650,918.54
Deferred income	623,615,663.75	888,404,866.72
Deferred income tax liabilities	5,844,010,652.50	5,960,849,194.26
Other non-current liabilities	676,174,065.29	676,174,065.29
Total non-current liabilities	77,412,936,506.58	59,859,258,754.40
Total liabilities	197,366,972,453.30	189,061,589,151.91
<b>Owners' equity (or shareholders' equity):</b>		
Paid-up capital (or share capital)	10,677,771,134.00	10,677,771,134.00
Other equity instruments	14,962,000,000.00	14,962,000,000.00
Including: Premium		
Perpetual	14,962,000,000.00	14,962,000,000.00
Capital reserve	5,724,175,069.97	5,273,970,842.54
Less: Treasury shares		
Other comprehensive income	215,049,201.78	206,951,321.03
Specific reserve	21,268,764.05	20,124,124.94
Surplus reserve	1,537,434,040.24	1,537,434,040.24
General risk provision	340,792,201.29	340,792,201.29
Retained earnings	24,838,859,083.81	24,646,427,835.84
Total owners' equity (or shareholders' equity) attributable to the parent company	58,317,349,495.14	57,665,471,499.88
Minority interests	21,398,277,750.84	21,549,031,047.34
Total owners' equity (or shareholders' equity)	79,715,627,245.98	79,214,502,547.22
Total liabilities and owners' equity (or shareholders' equity)	277,082,599,699.28	268,276,091,699.13

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department:  
Zhu Yan

## Balance Sheet of the Parent Company

As at 31 March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	31 March 2019	31 December 2018
<b>Current Assets:</b>		
Cash and bank balances	11,694,061,788.97	6,490,366,382.70
Held-for-trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Bills receivable and accounts receivable		
Including: Bills receivable		
Accounts receivable		
Prepayments	14,569,540.40	13,098,540.40
Other receivables	66,757,616,801.55	66,901,797,608.27
Including: Interests receivable	2,471,147,027.28	2,685,808,925.09
Dividends receivable	250,276,391.98	255,727,024.99
Inventories		
Contract assets		
Assets classified as held for sale		
Non-current assets due within one year		
Other current assets	2,241,084.31	2,241,084.31
Total current assets	78,468,489,215.23	73,407,503,615.68
<b>Non-current assets:</b>		
Debt investment		
Available-for-sale financial assets		
Other debt investment		
held-to-maturity investments		
Long-term receivables		
Long-term equity investments	48,026,544,325.96	46,569,735,251.07
Investment in other equity instrument investments	200,000.00	200,000.00
Other non-current financial assets		
Investment properties	10,487,725,592.87	10,487,725,592.87
Fixed assets	1,145,917,347.40	1,162,385,959.60
Construction in progress		
Capitalized biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	365,217,325.13	368,789,672.92

Development expenses		
Goodwill		
Long-term prepaid expenses		
Deferred income tax assets	266,341,821.16	266,341,821.16
Other non-current assets		
Total non-current assets	60,291,946,412.52	58,855,178,297.62
Total assets	138,760,435,627.75	132,262,681,913.30
<b>Current liabilities:</b>		
Short-term loans	23,716,850,000.00	24,931,850,000.00
Held-for-trading financial liabilities		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Bills payable and accounts payable	7,262,384.48	7,262,384.48
Receipts in advance	147,717,733.93	143,686,136.43
Contract liabilities		
Payroll payable	85,430.15	14,420,033.15
Taxes payable	111,916,894.68	82,674,779.38
Other payables	3,558,217,508.92	4,398,166,645.39
Including: Interests payable	941,422,891.77	870,259,849.55
Dividends payable	452,273,041.69	252,473,041.69
Short-term financing bonds payable	7,000,000,000.00	6,500,000,000.00
Liabilities classified as held for sale		
Non-current liabilities due within one year	5,580,000,000.00	8,769,671,412.11
Other current liabilities		
Total current liabilities	40,122,049,952.16	44,847,731,390.94
<b>Non-current liabilities:</b>		
Long-term loans	24,915,655,200.00	19,767,370,000.00
Bonds payable	26,197,962,312.57	18,518,190,202.83
Including: Premium		
Perpetual		
Lease liabilities		
Long-term payables		
Long-term payroll payable	363,295,691.25	363,676,960
Provisions		
Deferred income		
Deferred income tax liabilities	2,162,277,161.43	2,162,277,161.43
Other non-current liabilities		
Total non-current liabilities	53,639,190,365.25	40,811,514,324.26
Total liabilities	93,761,240,317.41	85,659,245,715.20
<b>Owners' equity (or shareholders' equity):</b>		
Paid-up capital (or share capital)	10,677,771,134.00	10,677,771,134.00

Other equity instruments	14,962,000,000.00	14,962,000,000.00
Including: Premium		
Perpetual	14,962,000,000.00	14,962,000,000.00
Capital reserve	5,404,947,007.75	6,674,854,902.82
Less: Treasury shares		
Other comprehensive income	60,842,800.04	64,844,712.79
Surplus reserve	1,537,434,040.24	1,537,434,040.24
Retained earnings	12,356,200,328.31	12,686,531,408.25
Total owners' equity (or shareholders' equity)	44,999,195,310.34	46,603,436,198.10
Total liabilities and owners' equity (or shareholders' equity)	138,760,435,627.75	132,262,681,913.30

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department:  
Zhu Yan



## Consolidated Income Statement

January to March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	First quarter of 2019	First quarter of 2018
I. Total operating revenue	16,010,882,327.28	9,939,344,514.22
Including: Operating revenue	16,010,882,327.28	9,939,344,514.22
Interest income		
Premiums earned		
Fees and commissions income		
II. Total operating costs	15,520,415,529.07	10,737,803,957.30
Including: Operating costs	11,425,874,613.51	7,726,279,876.40
Interest expenses		
Fees and commissions expenses		
Surrenders		
Net compensation expenses		
Net insurance contract reserves		
Insurance policy dividend expenses		
Reinsurance expenses		
Business tax and surcharges	996,316,892.00	259,252,542.14
Selling expenses	600,584,120.52	511,444,324.97
Administrative expenses	1,712,305,459.39	1,658,562,592.59
Research and development expenses	57,384,903.45	29,140,003.79
Finance costs	780,135,067.04	641,060,925.95
Including: Interest expenses	1,709,087,571.24	1,404,409,707.03
Interest income	69,047,690.34	56,738,606.14
Asset impairment losses	2,675,642.30	2,145,312.10
Credit impairment losses	-54,861,169.14	-90,081,620.64
Add: Other gains	138,250,368.09	65,599,541.62
Investment gains (“-” indicating loss)	37,010,819.02	60,703,357.71
Including: Share of profits of associates and joint ventures	24,738,072.56	5,795,561.56
Foreign exchange gains (“-” indicating loss)		
Net exposure hedging gains (“-” indicating loss)		
Gains from changes in fair value (“-” indicating loss)	22,186,433.20	-1,393,359.43
Gains on disposal of assets (“-” indicating loss)	3,108,328.73	13,504,938.98
III. Operating profit (“-” indicating loss)	691,022,747.25	-660,044,964.20
Add: Non-operating income	23,440,223.70	42,913,986.37

Less: Non-operating expenses	48,138,716.12	34,450,835.83
IV. Total profit (“-” indicating total loss)	666,324,254.83	-651,581,813.66
Less: Income tax expenses	279,021,348.94	-13,118,429.74
V. Net profit (“-” indicating net loss)	387,302,905.89	-638,463,383.92
(1) Classification according to continuing operations		
1. Net profits from continuing operations (“-” indicating net loss)	387,302,905.89	-638,463,383.92
2. Net profits from discontinued operations (“-” indicating net loss)		
(2) Classification according to attributable interests		
1. Net profit attributable to the shareholders of the parent company (net loss indicated by “-”)	421,935,712.03	-212,606,749.03
2. Profits or loss for minority interests (net loss indicated by “-”)	-34,632,806.14	-425,856,634.89
VI. Other comprehensive income (net of tax)	13,597,330.78	-24,344,761.97
Other comprehensive income (net of tax) attributable to owners of the parent company	8,203,395.95	-14,279,231.34
(1) Other comprehensive income that will not be reclassified into profit or loss subsequently	3,494,371.01	-8,197,413.32
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plans	-4,001,912.75	-
2. Share of other comprehensive income (that will not be reclassified to profit or loss) accounted for using equity method		
3. Changes in fair value of investment in other equity instruments	7,496,283.76	-8,197,413.32
4. Changes in fair value of corporate credit risk		
(2) Other comprehensive income that will be reclassified to profit or loss subsequently	4,709,024.94	-6,081,818.02
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) accounted for using equity method	-	69,080.03
2. Changes in fair value of other debt investment		
3. Gains or losses from changes in fair value of available-for-sale financial assets		
4. Financial assets reclassified to other comprehensive income		
5. Gains or losses from reclassification of held-to-maturity investments as available-for-sale financial assets		

6. Credit impairment provision of other debt investment		
7. Cash flow hedging reserve (valid portion of the gains or losses arising from cash flow hedges instrument)		
8. Exchange differences on foreign currency translation	4,709,024.94	-6,150,898.05
9. Others		
Other comprehensive income (net of tax) attributable to minority interests	5,393,934.83	-10,065,530.63
VII. Total comprehensive income	400,900,236.67	-662,808,145.89
Total comprehensive income attributable to the owners of the parent company	430,139,107.98	-226,885,980.37
Total comprehensive income attributable to minority interests	-29,238,871.31	-435,922,165.52
VIII. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.04	-0.02
(2) Diluted earnings per share (RMB/share)	0.04	-0.02

For business combinations under common control occurred during this period, the net profit of the party being acquired realised before combination is RMB0, that of the previous period was RMB0.

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department: Zhu Yan

## Income Statement of the Parent Company

January to March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	First quarter of 2019	First quarter of 2018
I. Total operating revenue	257,694,646.85	248,823,783.62
Less: Operating costs	19,164,446.65	17,936,655.21
Business tax and surcharges	36,872,327.56	30,112,563.02
Selling expenses	5,214,433.50	3,094,187.56
Administrative expenses	20,897,770.98	27,421,394.19
Research and development expenses		
Finance costs	342,608,434.77	198,156,652.16
Including: Interest expenses	1,058,668,155.60	743,524,548.49
Interest income	779,523,209.96	569,610,942.03
Assets impairment losses		
Credit impairment losses		
Add: Other gains		
Investment gains (“-” indicating loss)	33,842,966.05	8,133,348.74
Including: Share of profits of associates and joint ventures	-20,551,533.95	8,133,348.74
Net exposure hedging gains (“-” indicating loss)		
Gains from changes in fair value (“-” indicating loss)		
Gains on disposal of assets (“-” indicating loss)		
II. Operating profit (“-” indicating loss)	-133,219,800.56	-19,764,319.78
Add: Non-operating income	2,688,720.62	2,056,724.57
Less: Non-operating expenses		62,496.82
III. Total profit (“-” indicating total loss)	-130,531,079.94	-17,770,092.03
Less: Income tax expenses		
IV. Net profit (“-” indicating net loss)	-130,531,079.94	-17,770,092.03
(1) Net profits from continuing operations (“-” indicating net loss)	-130,531,079.94	-17,770,092.03
(2) Net profits from discontinued operations (“-” indicating net loss)		
V. Other comprehensive income (net of tax)	-4,001,912.75	
(1) Other comprehensive income that will not be reclassified into profit or loss subsequently	-4,001,912.75	
1. Changes arising from re-measurement of net liabilities or net assets of defined benefit plans	-4,001,912.75	

2. Share of other comprehensive income (that will not be reclassified to profit or loss) accounted for using equity method		
3. Changes in fair value of investment in other equity instruments		
4. Changes in fair value of corporate credit risk		
(2) Other comprehensive income that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income (that will be reclassified to profit or loss subsequently) accounted for using equity method		
2. Changes in fair value of other debt investment		
3. Profits or loss for changes in fair value of available-for-sale financial assets		
4. Financial assets reclassified to other comprehensive income		
5. Held-to-maturity investments reclassified as profit or loss for available-for-sale financial assets		
6. Credit impairment provision of other debt investment		
7. Cash flow hedging reserve (valid portion of the gains or losses arising from cash flow hedges instrument)		
8. Exchange differences on foreign currency translation		
9. Others		
VI. Total comprehensive income	-134,532,992.69	-17,770,092.03
VII. Earnings per share:		
(1) Basic earnings per share (RMB/share)		
(2) Diluted earnings per share (RMB/share)		

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department: Zhu Yan

## Consolidated Statement of Cash Flows

January to March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	First quarter of 2019	First quarter of 2018
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	13,816,656,231.43	11,734,285,570.95
Net increase in deposits from customers and inter-bank deposits		
Net increase in borrowings from central bank		
Net decrease in deposits in central bank		47,783,282.04
Net increase in loans from other financial institutions		
Cash received as premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in policy holder deposits and investment		
Cash received from interests, fees and commissions		
Net increase in loans from banks and other financial institutions		
Net increase in capital from repurchase business		
Net cash received for agency securities trading		
Refund of taxes and levies	89,608,243.20	48,668,985.65
Cash received from other operating activities	1,173,176,853.78	1,053,241,222.61
Subtotal of cash inflows from operating activities	15,079,441,328.41	12,883,979,061.25
Cash paid for purchasing goods and receiving services	9,020,429,992.70	7,573,937,556.97
Net increase in customers' loans and advances		
Net increase in deposits in central bank and inter-bank deposits	194,960,553.48	
Cash paid for compensation payout under original insurance contracts		
Net increase in held-for-trading financial assets		
Net increase in Loans to banks or other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and for the benefit of employees	1,671,019,334.89	1,512,474,421.02
Taxes and levies paid	2,306,924,871.87	1,488,895,303.36

Cash paid for other operating activities	6,096,359,841.41	6,076,571,557.69
Subtotal of cash outflows from operating activities	19,289,694,594.35	16,651,878,839.04
Net cash flows from operating activities	-4,210,253,265.94	-3,767,899,777.79
<b>II. Cash flows from investing activities:</b>		
Cash received from redemption of investments	20,008,109.74	
Cash received from return on investments	49,587,500.00	120,496,394.53
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,058,470.11	29,705,146.88
Net cash received from disposal of subsidiaries and other business entities	710,150,973.33	
Cash received from other investing activities	73,949,251.49	313,099,104.76
Subtotal of cash inflows from investing activities	860,754,304.67	463,300,646.17
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	490,119,726.26	504,992,327.96
Cash paid for investments		39,819,668.00
Net increase in pledged loans		
Net cash paid for acquisition of subsidiaries and other business entities	100,000,000.00	
Cash paid for other investing activities	1,211,820,131.96	1,514,238,837.24
Subtotal of cash outflows from investing activities	1,801,939,858.22	2,059,050,833.20
Net cash flows arising from investing activities	-941,185,553.55	-1,595,750,187.03
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions	2,304,000.00	
Including: Cash received by subsidiaries from investments of minority interests	2,304,000.00	
Cash received from borrowings	18,765,010,300.00	15,258,840,000.00
Cash received from issuance of bonds	8,500,000,000.00	6,500,000,000.00
Cash received from other financing activities		
Subtotal of cash inflows from financing activities	27,267,314,300.00	21,758,840,000.00
Cash paid for debts settlement	16,823,714,178.94	10,363,550,000.00
Cash paid for the distribution of dividends, profits or interest payments	1,500,218,547.36	1,234,076,090.07
Including: Dividends and profits paid by subsidiaries to minority interests	7,000,000.00	2,058,000.00
Cash paid for bonds settlement	1,496,693,960.77	5,500,000,000
Cash paid for other financing activities	70,603,288.59	354,446,804.03
Subtotal of cash outflows from financing activities	19,891,229,975.66	17,452,072,894.10
Net cash flows arising from financing activities	7,376,084,324.34	4,306,767,105.90

<b>IV. Effects of exchange rate fluctuations on cash and cash equivalents</b>	230,836.45	-1,818,351.89
<b>V. Net increase in cash and cash equivalents</b>	2,224,876,341.30	-1,058,701,210.81
Add: Opening balance of cash and cash equivalents	13,520,047,307.82	12,914,086,803.47
<b>VI. Closing balance of cash and cash equivalents</b>	15,744,923,649.12	11,855,385,592.66

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department:  
Zhu Yan



## Statement of Cash Flows of the Parent Company

January to March 2019

Prepared by: BBMG Corporation

Unit and Currency: RMB, Unaudited

Items	First quarter of 2019	First quarter of 2018
<b>I. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	291,629,806.86	276,686,604.57
Refund of taxes and levies		
Cash received from other operating activities	14,776,350,810.91	9,914,151,973.07
Subtotal of cash inflows from operating activities	15,067,980,617.77	10,190,838,577.64
Cash paid for purchasing goods and receiving services	904,440.92	2,194,674.89
Cash paid to and for the benefit of employees	20,447,574.35	19,954,236.37
Taxes and levies paid	40,411,483.59	29,368,383.40
Cash paid for other operating activities	12,054,052,749.21	14,199,273,696.96
Subtotal of cash outflows from operating activities	12,115,816,248.07	14,250,790,991.62
Net cash flows from operating activities	2,952,164,369.70	-4,059,952,413.98
<b>II. Cash flows from investing activities:</b>		
Cash received from redemption of investments		
Cash received from return on investments	15,440,633.01	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business entities	1,577,668,300.00	
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	1,593,108,933.01	
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,193,739.00	38,550.00
Cash paid for investments	4,180,532,303.91	
Net cash paid for acquisition of subsidiaries and other business entities	100,000,000.00	
Cash paid for other investing activities		
Subtotal of cash outflows from investing activities	4,281,726,042.91	38,550.00
Net cash flows arising from investing activities	-2,688,617,109.90	-38,550.00
<b>III. Cash flows from financing activities:</b>		
Cash received from capital contributions		
Cash received from borrowings	14,950,500,000.00	10,281,000,000.00
Cash received from issuance of bonds	2,000,000,000.00	6,500,000,000.00

Cash received from other financing activities		
Subtotal of cash inflows from financing activities	16,950,500,000.00	16,781,000,000.00
Cash paid for debts settlement	11,025,679,800.00	6,126,000,000.00
Cash paid for the distribution of dividends, profits or interest payments	984,672,053.53	824,538,583.51
Cash paid for other financing activities		4,500,000,000.00
Subtotal of cash outflows from financing activities	12,010,351,853.53	11,450,538,583.51
Net cash flows arising from financing activities	4,940,148,146.47	5,330,461,416.49
<b>IV. Effects of exchange rate fluctuations on cash and cash equivalents</b>		4,545.40
<b>V. Net increase in cash and cash equivalents</b>	5,203,695,406.27	1,270,474,997.91
Add: Opening balance of cash and cash equivalents	6,440,358,384.99	6,259,648,184.09
<b>VI. Closing balance of cash and cash equivalents</b>	11,644,053,791.26	7,530,123,182.00

Legal Representative: Jiang Deyi Chief Accountant: Chen Guogao Head of the Accounting Department:  
Zhu Yan

4.1 Adjustment to relevant items in the financial statements at the beginning of the year in which the new financial instrument standard, new revenue standard and new lease standard are initially implemented

"√ Applicable" "□ Not applicable"

## Consolidated Balance Sheet

Unit and Currency: RMB

Items	31 December 2018	1 January 2019	Adjustment amount
<b>Current Assets:</b>			
Cash and bank balances	18,774,468,260.66	18,774,468,260.66	
Settlement reserves			
Loans to banks or other financial institutions			
Held-for-trading financial assets	1,034,558,112.73	1,034,558,112.73	
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable and accounts receivable	18,665,867,265.35	18,665,867,265.35	
Including: Bills receivable	11,225,781,814.50	11,225,781,814.50	
Accounts receivable	7,440,085,450.85	7,440,085,450.85	
Prepayments	2,008,371,750.64	2,008,371,750.64	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve receivable			
Other receivables	9,941,619,578.19	9,941,619,578.19	
Including: Interests receivable	1,301,741.00	1,301,741.00	
Dividends receivable	53,071,936.52	53,071,936.52	
Purchase and sell-back of financial assets			
Inventories	114,912,793,681.36	114,912,793,681.36	
Contract assets			
Assets classified as held for sale	109,534,153.31	109,534,153.31	
Non-current assets due within one year			
Other current assets	3,710,725,422.82	3,710,725,422.82	
Total current assets	169,157,938,225.06	169,157,938,225.06	
<b>Non-current assets:</b>			
Loans and advances			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investments			
Long-term receivables	802,351,921.55	802,351,921.55	
Long-term equity investments	3,036,757,009.85	3,036,757,009.85	

Investment in other equity instrument investments	396,187,115.71	396,187,115.71	
Other non-current financial assets	214,980,000.00	214,980,000.00	
Investment properties	21,327,245,245.17	21,327,245,245.17	
Fixed assets	44,692,772,001.56	44, 667,521,680.58	-25,250,320.98
Construction in progress	2,929,675,428.99	2,929,675,428.99	
Capitalized biological assets			
Oil and gas assets			
Right-of-use assets		1,054,491,464.75	1,054,491,464.75
Intangible assets	16,691,754,296.12	16,691,754,296.12	
Development expenses			
Goodwill	2,740,287,649.80	2,740,287,649.80	
Long-term prepaid expenses	1,242,705,854.17	1,242,705,854.17	
Deferred income tax assets	3,454,590,218.09	3,454,590,218.09	
Other non-current assets	1,588,846,733.06	1,588,846,733.06	
Total non-current assets	99,118,153,474.07	100,147,394,617.84	1,029,241,143.77
Total assets	268,276,091,699.13	269,305,332,842.90	1,029,241,143.77
<b>Current liabilities:</b>			
Short-term loans	39,880,392,209.57	39,880,392,209.57	
Borrowings from central bank			
Loans from banks and other financial institutions			
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable and accounts payable	20,438,365,203.63	20,438,365,203.63	
Receipts in advance	317,903,204.75	317,903,204.75	
Financial assets sold for repurchase			
Deposits from customers and inter-bank deposits			
Amount paid for agency securities trading			
Amount paid for agency securities underwriting			
Payroll payable	393,840,303.30	393,840,303.30	
Taxes payable	2,527,195,602.24	2,527,195,602.24	
Other payables	8,352,595,483.33	8,352,595,483.33	
Including: Interests payable	1,006,889,605.80	1,006,889,605.80	

Dividends payable	492,510,444.74	492,510,444.74	
Short-term financing bonds payable	6,500,000,000.00	6,500,000,000.00	
Fees and commissions payable			
Reinsurance accounts payable			
Contract liabilities	23,715,168,353.77	23,715,168,353.77	
Liabilities classified as held for sale	40,291,356.83	40,291,356.83	
Non-current liabilities due within one year	18,543,864,543.14	18,541,426,105.02	-2,438,438.12
Other current liabilities	8,492,714,136.95	8,492,714,136.95	
Total current liabilities	129,202,330,397.51	129,199,891,959.39	-2,438,438.12
<b>Non-current liabilities:</b>			
Insurance contract reserve payable			
Long-term loans	30,506,054,265.70	30,506,054,265.70	
Bonds payable	20,231,089,289.70	20,231,089,289.70	
Including: Premium			
Perpetual			
Lease liabilities		1,146,303,871.03	1,146,303,871.03
Long-term payables	315,856,652.08	302,387,775.11	-13,468,876.97
Long-term payroll payable	674,179,502.11	674,179,502.11	
Provisions	606,650,918.54	606,650,918.54	
Deferred income	888,404,866.72	888,404,866.72	
Deferred income tax liabilities	5,960,849,194.26	5,960,849,194.26	
Other non-current liabilities	676,174,065.29	676,174,065.29	
Total non-current liabilities	59,859,258,754.40	60,992,093,748.46	1,132,834,994.06
Total liabilities	189,061,589,151.91	190,191,985,707.85	1,130,396,555.94
<b>Owners' equity (or shareholders' equity):</b>			
Paid-up capital (or share capital)	10,677,771,134.00	10,677,771,134.00	
Other equity instruments	14,962,000,000.00	14,962,000,000.00	
Including: Preferred			
Perpetual	14,962,000,000.00	14,962,000,000.00	
Capital reserve	5,273,970,842.54	5,273,970,842.54	
Less: Treasury shares			
Other comprehensive income	206,951,321.03	206,951,321.03	
Specific reserve	20,124,124.94	20,124,124.94	
Surplus reserve	1,537,434,040.24	1,537,434,040.24	
General risk provision	340,792,201.29	340,792,201.29	
Retained earnings	24,646,427,835.84	24,616,723,371.77	-29,704,464.07
Total equity attributable to owners of the parent company	57,665,471,499.88	57,635,767,035.81	-29,704,464.07
Minority interests	21,549,031,047.34	21,477,580,099.24	-71,450,948.10

Total owners' equity (or shareholders' equity)	79,214,502,547.22	79,113,347,135.05	-101,155,412.17
Total liabilities and owners' equity (or shareholders' equity)	268,276,091,699.13	269,305,332,842.90	1,029,241,143.77

Explanation of adjustments to the items:

" Applicable" " Not applicable"

Please refer to 4.2 for details.

Balance Sheet of the Parent Company

Unit and Currency: RMB

Items	31 December 2018	1 January 2019	Adjustment amount
<b>Current Assets:</b>			
Cash and bank balances	6,490,366,382.70	6,490,366,382.70	
Held-for-trading financial assets			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Bills receivable and accounts receivable			
Including: Bills receivable			
Accounts receivable			
Prepayments	13,098,540.40	13,098,540.40	
Other receivables	66,901,797,608.27	66,901,797,608.27	
Including: Interests receivable	2,685,808,925.09	2,685,808,925.09	
Dividends receivable	255,727,024.99	255,727,024.99	
Inventories			
Contract assets			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets	2,241,084.31	2,241,084.31	
Total current assets	73,407,503,615.68	73,407,503,615.68	
<b>Non-current assets:</b>			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	46,569,735,251.07	46,569,735,251.07	
Investment in other equity instrument investments	200,000.00	200,000.00	
Other non-current financial assets			
Investment properties	10,487,725,592.87	10,487,725,592.87	
Fixed assets	1,162,385,959.60	1,162,385,959.60	
Construction in progress			
Capitalized biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	368,789,672.92	368,789,672.92	
Development expenses			
Goodwill			

Long-term prepaid expenses			
Deferred income tax assets	266,341,821.16	266,341,821.16	
Other non-current assets			
Total non-current assets	58,855,178,297.62	58,855,178,297.62	
Total assets	132,262,681,913.30	132,262,681,913.30	
<b>Current liabilities:</b>			
Short-term loans	24,931,850,000.00	24,931,850,000.00	
Held-for-trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Bills payable and accounts payable	7,262,384.48	7,262,384.48	
Receipts in advance	143,686,136.43	143,686,136.43	
Contract liabilities			
Payroll payable	14,420,033.15	14,420,033.15	
Taxes payable	82,674,779.38	82,674,779.38	
Other payables	4,398,166,645.39	4,398,166,645.39	
Including: Interests payable	870,259,849.55	870,259,849.55	
Dividends payable	252,473,041.69	252,473,041.69	
Liabilities classified as held for sale			
Short-term financing bonds payable	6,500,000,000.00	6,500,000,000.00	
Non-current liabilities due within one year	8,769,671,412.11	8,769,671,412.11	
Other current liabilities			
Total current liabilities	44,847,731,390.94	44,847,731,390.94	
<b>Non-current liabilities:</b>			
Long-term loans	19,767,370,000.00	19,767,370,000.00	
Bonds payable	18,518,190,202.83	18,518,190,202.83	
Including: Premium Perpetual			
Lease liabilities			
Long-term payables			
Long-term payroll payable	363,676,960.00	363,676,960.00	
Provisions			
Deferred income			
Deferred income tax liabilities	2,162,277,161.43	2,162,277,161.43	
Other non-current liabilities			
Total non-current liabilities	40,811,514,324.26	40,811,514,324.26	
Total liabilities	85,659,245,715.20	85,659,245,715.20	



<b>Owners' equity (or shareholders' equity):</b>			
Paid-up capital (or share capital)	10,677,771,134.00	10,677,771,134.00	
Other equity instruments	14,962,000,000.00	14,962,000,000.00	
Including: Premium			
Perpetual	14,962,000,000.00	14,962,000,000.00	
Capital reserve	6,674,854,902.82	6,674,854,902.82	
Less: Treasury shares			
Other comprehensive income	64,844,712.79	64,844,712.79	
Surplus reserve	1,537,434,040.24	1,537,434,040.24	
Retained earnings	12,686,531,408.25	12,686,531,408.25	
Total owners' equity (or shareholders' equity)	46,603,436,198.10	46,603,436,198.10	
Total liabilities and owners' equity (or shareholders' equity)	132,262,681,913.30	132,262,681,913.30	

Explanation of adjustments to the items:

Applicable  Not applicable

#### 4.2 Retrospective adjustments to comparative figures for the previous period due to the initial implementation of the new financial instrument standard and new lease standard

Applicable  Not applicable

##### *I. Details of the change of accounting policy*

In December 2018, the Ministry of Finance amended and issued the Accounting Standards for Business Enterprises No. 21 – Leases (《企業會計準則第21號—租賃》) (hereinafter the “**New Lease Standard**”) and required s companies that are listed both domestically and overseas, and companies that are listed overseas and adopt the International Financial Reporting Standards or the Accounting Standards for Business Enterprises for the preparation of financial statements to adopt the new lease standard from 1 January 2019. As an enterprise with shares are listed both domestically and overseas, the Company has implemented the New Lease Standard from 1 January 2019.

The New Lease Standard introduces significant changes in requirements on the leasee's identification, initial recognition, subsequent measurement, presentation and disclosure of leases and other areas. The New Lease Standard cancels the lessee's classification of finance lease and operating lease, and requires the lessee to separately recognize the right-of-use assets and lease liabilities for all leases taking into consideration the discount of future lease payments and other factors; in subsequent measurement, the corresponding assets are depreciated and the interest expenses for the corresponding liabilities are calculated using the effective interest rate method; for short-term leases and low-value asset leases, it is allowed to elect not to recognize the right to use assets and lease liabilities. For the accounting treatment in relation to the lessor, there is no substantial difference between the New Lease Standard and the original lease standard, but provisions regarding the disclosure of the lessor have been added, which provide more useful information for users of the financial statements.

*II. The impact of change of accounting policy on the figures of the Group's financial statements at the beginning of the period*

In accordance with relevant transition provisions of the New Lease Standard, the Company did not re-assess contracts existing prior to 1 January 2019 and adopted a simplified treatment method therefor. For short-term lease and low-value asset leases, the Company, as a lessee, also adopted a simplified treatment method without recognizing right-of-use assets and lease liabilities, and will recognize profit or loss using the straight-line method during the lease term. Other than short-term leases and low-value asset leases, the Company adjusted the retained earnings and the amount of other related items in the financial statements at the beginning of 2019 based on the cumulative effect of the initial implementation of this Standard, and did not adjust the information related to the comparable period.

Such change of accounting policy will reduce the net assets by RMB101 million with the total assets increasing by RMB1,029 million and total liabilities increasing by RMB1,130 million.

### 4.3 Audit Report

Applicable Not applicable"