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中國中鐵股份有限公司
CHINA RAILWAY GROUP LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 390)

**RESULTS ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

The Board of Directors of China Railway Group Limited (the “**Company**”) announces the unaudited results (the “**First Quarterly Results**”) of the Company and its subsidiaries for the first quarter ended 31 March 2019 (the “**Reporting Period**”), which have been prepared in accordance with the Accounting Standards for Business Enterprises of the PRC. This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

1 IMPORTANT NOTICE

1.1 The Board of Directors and the Supervisory Committee of the Company and its directors, supervisors and senior management warrant that there are no false presentations or misleading statements contained in, or material omissions from, this report, and severally and jointly accept legal responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report.

1.2 Director Absent from the Board Meeting

Name of the director absent from the Board meeting	Position of the director absent from the Board meeting	Reason for being absent from the Board meeting	Proxy
ZHANG Xian	Director	Due to other business matters	ZHOU Mengbo

On 29 April 2019, the Company convened the 21th meeting of the fourth session of the Board of Directors, which considered and approved the first quarterly report of 2019. Mr. ZHANG Xian, an executive director of the Company, was unable to attend the meeting in person due to other business matters, and appointed Mr. ZHOU Mengbo, an executive director of the Company, as a proxy to attend the meeting and vote on his behalf.

1.3 Mr. LI Changjin, person in charge of the Company, Mr. YANG Liang, person in charge of accounting affairs and Mr. HE Wen, person in charge of the accounting department (head of accounting), hereby warrant the authenticity, accuracy and completeness of the financial information contained in this quarterly report.

1.4 The first quarterly report of the Company has not been audited.

2 COMPANY INFORMATION

2.1 Main Financial Data

Unit: '000 Currency: RMB

	At the end of the Reporting Period	At the end of the previous year	Change compared with previous year (%)
Total assets	970,130,655	942,676,101	2.91
Net assets attributable to equity holders of the Company	195,693,823	191,782,332	2.04
	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 previous reporting period	Change compared with the same period of previous year (%)
Net cash generated from operating activities	-37,473,958	-26,773,372	N/A

	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 previous reporting period	Change compared with the same period of previous year (%)
Revenue	159,734,111	147,572,329	8.24
Net profit attributable to equity holders of the Company	3,843,742	3,197,426	20.21
Net profit attributable to equity holders of the Company excluding non-recurring profits and losses	3,702,500	3,043,652	21.65
Weighted average net assets yield (%)	2.13	2.04	increased by 0.09 percentage point
Basic earnings per share (RMB/share)	0.150	0.131	14.50
Diluted earnings per share (RMB/share)	0.150	0.131	14.50

Non-recurring profit and loss items and amount:

✓ Applicable □ Not Applicable

Unit: '000 Currency: RMB

Item	Reporting Period
Gains or losses from the disposal of non-current assets	21,741.00
Government grant as included in profit and loss of current period, other than those closely relating to business of company and subject to a fixed amount or norm under the national policy	52,209.00
Debt restructuring gains or losses	4,203.30
Gains or losses on changes in fair value arising from held-for-trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities (excluding the valid hedging business relating to the Company's business), as well as investment gains from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments	17,344.00
Other net non-operating income and expenses	92,237.92
Impact of minority interests (after tax)	441.05
Impact of income tax	-46,933.81
Total	<u><u>141,242.46</u></u>

2.2 Number of Shareholders, Particulars of Shareholding of Top Ten Shareholders and Top Ten Holders of Tradable Shares (or Without Selling Restrictions) as at the End of the Reporting Period

Unit: Share

Total number of shareholders 644,025

Particulars of shareholding of top ten shareholders

Name of shareholder (full name)	Number of shares held as at the end of the Reporting Period	Shareholding percentage (%)	Number of shares with selling restrictions	Status of pledged/frozen shares	Status of shares	Number of shares	Nature of the shareholder
China Railway Engineering Group Company Limited ("CREC") (Note 1)	11,582,936,890	50.70	0	None		0	State-owned
HKSCC Nominees Limited (Note 2)	4,008,952,149	17.55	0	None		0	Other
China Securities Finance Corporation Limited	683,615,678	2.99	0	None		0	Other
China Reform Holdings Corporation Ltd.	424,904,009	1.86	0	None		0	State-owned
Ping An UOB Fund – Ping An Bank -China Universal Capital Management Co., Ltd.	278,500,643	1.22	0	None		0	Other
Central Huijin Asset Management Ltd.	235,455,300	1.03	0	None		0	State-owned
The Hong Kong Securities Clearing Company Limited (Note 3)	175,639,458	0.77	0	None		0	Other
Beijing Chengtong Financial Control Investment Co., Ltd.	162,780,809	0.71	0	None		0	State-owned
Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	131,135,600	0.57	0	None		0	Other
Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	131,135,600	0.57	0	None		0	Other

Name of shareholder (full name)	Number of shares held as at the end of the Reporting Period	Shareholding percentage (%)	Number of shares with selling restrictions	Status of pledged/frozen shares		Nature of the shareholder
				Status of shares	Number of shares	
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other
Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	131,135,600	0.57	0	None	0	Other

Particulars of shareholding of top ten shareholders without selling restrictions

Name of shareholder	Total number of tradable shares held without selling restrictions as at the end of the Reporting Period	Type and quantity of shares	
		Type of shares	Quantity
CREC (Note 1)	11,418,542,890	RMB-dominated ordinary shares	11,418,542,890
	164,394,000	Overseas listed foreign shares	164,394,000
HKSCC Nominees Limited (Note 2)	4,008,952,149	Overseas listed foreign shares	4,008,952,149
China Securities Finance Corporation Limited	683,615,678	RMB-dominated ordinary shares	683,615,678
China Reform Holdings Corporation Ltd.	424,904,009	RMB-dominated ordinary shares	424,904,009
Ping An UOB Fund – Ping An Bank – China Universal Capital Management Co., Ltd.	278,500,643	RMB-dominated ordinary shares	278,500,643
Central Huijin Asset Management Ltd.	235,455,300	RMB-dominated ordinary shares	235,455,300
The Hong Kong Securities Clearing Company Limited (Note 3)	175,639,458	RMB-dominated ordinary shares	175,639,458
Beijing Chengtong Financial Control Investment Co., Ltd.	162,780,809	RMB-dominated ordinary shares	162,780,809
Boshi Fund – Agricultural Bank of China – Boshi China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600

Name of shareholder	Total number of tradable shares held without selling restrictions as at the end of the Reporting Period	Type and quantity of shares	
		Type of shares	Quantity
Yifangda Fund – Agricultural Bank of China – Yifangda China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Dacheng Fund – Agricultural Bank of China – Dacheng China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Jiashi Fund – Agricultural Bank of China – Jiashi China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Guangfa Fund – Agricultural Bank of China – Guangfa China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Central European Fund – Agricultural Bank of China – Central European China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Huaxia Fund – Agricultural Bank of China – Huaxia China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600
Yinhua Fund – Agricultural Bank of China – Yinhua China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600

Name of shareholder	Total number of tradable shares held without selling restrictions as at the end of the Reporting Period	Type and quantity of shares	
		Type of shares	Quantity
Southern Fund – Agricultural Bank of China – Southern China Securities Financial Asset Management Plan	131,135,600	RMB-dominated ordinary shares	131,135,600

Statement on the related relations and concerted actions between the shareholders above

CREC, the controlling shareholder, does not have related relations or perform concerted actions with the above other shareholders. The Company is not aware of any related relationships or concerted action relationships between the above shareholders.

Statement on holders of preference shares with voting rights resumed and respective number of shares

N/A

Notes:

1. 11,582,936,890 shares of the Company held by CREC include 11,418,542,890 A shares without selling restrictions and 164,394,000 H shares without selling restrictions of the Company. Since the shares without selling restrictions held by CREC are of different nature, therefore the particulars of which are set out separately in the table named “Particulars of shareholding of top ten shareholders without selling restrictions”.
2. H shares held by HKSCC Nominees Limited are held on behalf of its various clients, and the number has deducted the number of H shares held by CREC.
3. A shares held by Hong Kong Securities Clearing Company Limited are held on behalf of northbound investors of the Company through the Shanghai – Hong Kong Stock Connect.
4. The numbers shown in the table are based on the register of member of the Company as at 31 March 2019.

2.3 Number of Holders of Preference Shares, Particulars of Shareholding of Top Ten Holders of Preference Shares and Top Ten Holders of Preference Shares Without Selling Restrictions as at the End of the Reporting Period

☐ Applicable ☒ Not Applicable

3 BUSINESS OPERATIONS OF THE COMPANY

3.1 Macro-economic Situation

According to the data released by the National Bureau of Statistics, in the first quarter of 2019, the national economy saw stable performance with growing positive factors and ran within a reasonable range, sustaining the momentum of progress in overall stability. In the first quarter of 2019, the country's GDP totalled RMB21.3 trillion, representing a year-on-year increase of 6.4% at comparable prices. The country's fixed-asset investment (excluding rural households) was RMB10.2 trillion, representing a year-on-year increase of 6.3% (the increase rate up by 0.2 percentage point compared with the period of January to February), of which the infrastructure investment recorded a year-on-year increase of 4.4% (the increase rate up by 0.1 percentage point compared with the period of January to February). The country's real property development investment was RMB2.4 trillion, representing a year-on-year increase of 11.8% (the increase rate up by 0.2 percentage point compared with the period of January to February and up by 1.4 percentage points compared with the same period last year).

3.2 Overview of the Business Performance of the Company

During the Reporting Period, the Company actively adapted itself to the changes in the global and domestic macro-economic environment and policy, made every effort to grasp market opportunities, and further unleashed and boosted internal energy of enterprises and made a good head start. In the first quarter of 2019, the business scale of the Company grew steadily, further booting its earnings. The value of the new contracts was RMB313.29 billion, representing a year-on-year increase of 0.3%; the value of contract backlog was RMB3,030.44 billion, representing an increase of 4.4% compared with the end of last year. The Company achieved total operating revenue of RMB160.263 billion, representing a year-on-year increase of 7.97%; the Company's net profit attributable to shareholders of the Company was RMB3.844 billion, representing a year-on-year increase of 20.11%; the Company's overall gross profit margin was 10.01%, representing a year-on-year increase of 0.57 percentage point; the Company's basic earnings per share of the first quarter were RMB0.150, representing a year-on-year increase of 14.5%. The Company continued to push forward the deleveraging and risk control work and the asset-liability ratio remained basically stable despite the increased business scale, and the Company's asset-liability ratio at the end of the period was 76.55%.

In terms of business segments, the operating revenue of the infrastructure construction segment was RMB134.644 billion, representing a year-on-year increase of 8.30%; the gross profit margin of the infrastructure construction segment was 7.64%, representing a year-on-year increase of 0.33 percentage point. The operating revenue of the survey, design and consulting services segment was RMB4.226 billion, representing a year-on-year increase of 3.00%; the gross profit margin of the survey, design and consulting services segment was 28.14%, representing a year-on-year decrease of 0.66 percentage point. The operating revenue of the engineering equipment and component manufacturing segment was RMB4.366 billion, representing a year-on-year increase of 3.04%; the gross profit margin of engineering equipment and component manufacturing segment was 23.89%, representing a year-on-year increase of 2.09 percentage points. The operating revenue of the property development segment was RMB4.875 billion, representing a year-on-year increase of 40.01%; the gross profit margin of the property development segment was 25.30%, representing a year-on-year increase of 0.17 percentage point.

3.3 Major Operation Information of the Company

3.3.1 Value of New Contracts by Business Segment

Business segments		January to March 2019		Aggregate amount for the current year		
		Number of new projects	Value of new contracts <i>(RMB'00,000,000)</i>	Number of new projects	Value of new contracts <i>(RMB'00,000,000)</i>	Increase/ decrease over same period last year <i>(%)</i>
Infrastructure construction <i>(Note 1)</i>		802	2,705.8	802	2,705.8	3.7
Including	Railway	174	517.6	174	517.6	-2.3
	Highway	58	420.2	58	420.2	7.6
	Municipal works and others	570	1,768.0	570	1,768.0	4.7
	Among which: urban rail transit	95	499.7	95	499.7	-22.8
Survey, design and consulting services			73.1		73.1	-1.9
Engineering equipment and component manufacturing			64.1		64.1	-11.7
Property development <i>(Note 2)</i>			97.9		97.9	6.1
Other businesses			192.0		192.0	-30.2
Total			3,132.9		3,132.9	0.3

Notes:

1. The aggregate value of new contracts of infrastructure construction business for the first quarter of 2019 includes an amount of RMB46.72 billion for newly signed infrastructure investment projects (PPP, BOT, etc.), increased by 37.3% over same period last year.
2. The value of new contracts for property development represents the value of the property sales contracts signed by the Company.

New contracts by geographical region:

Geographical region	Value of new contracts (RMB'00,000,000)	Increase/decrease over same period last year (%)
Domestic	3,061.2	4.9
Overseas	71.7	-65.1
Total	3,132.9	0.3

Major operating information on property development:

	January to March 2019	Aggregate amount for the current year	Increase/ decrease over same period last year (%)
	Area/Value	Area/Value	
Newly acquired land reserve ('0,000 m ²)	43.5	43.5	58.9
Area that has commenced construction ('0,000 m ²)	166.0	166.0	13.9
Area that has completed construction ('0,000 m ²)	16.0	16.0	-237.5
Contract area ('0,000 m ²)	72.0	72.0	-25.0
Contract value (RMB'00,000,000)	97.9	97.9	5.7

3.3.2 Contract Backlog by Business Segment

As at the end of the Reporting Period, the Company's contract backlog amounted to RMB3,030.44 billion, representing an increase of 4.4% as compared with that as at the end of last year, among which RMB2,801.31 billion was from infrastructure construction business, which represents an increase of 4.3% as compared with that as at the end of last year, RMB45.31 billion was from survey, design and consulting services business, which represents an increase of 9.6% as compared with that as at the end of last year, RMB39.97 billion was from engineering equipment and component manufacturing business, which represents a decrease of 0.3% as compared with that as at the end of last year and RMB143.85 billion was from other businesses, which represents an increase of 7.4% as compared with that as at the end of last year.

4 SIGNIFICANT EVENTS

4.1 Major Changes to Main Financial Statements Items and Financial Indicators of the Company and the Reasons Thereof.

✓ Applicable □ Not Applicable

Item	At the end of the Reporting Period (RMB'000)	At the end of the previous period (RMB'000)	Change (%)	Explanation of the change
Cash and cash equivalents	99,064,413	134,476,377	-26.33	Mainly due to the settlement of certain labour and procurement payables during the New Year's Day and the Spring Festival; and the moderate increase of land reserves.
Inventories	198,240,502	165,241,259	19.97	First, the investment to real property projects has increased, and the real property project reserve has increased by a certain margin; second, the raw material reserve has been increased to ensure the construction progress of infrastructure projects and respond to the rising raw material prices.
Accounts receivables	117,666,621	105,909,473	11.10	As the increase of the company's business scale, the construction receivables have increased.
Accounts payables	275,045,323	285,252,004	-3.58	Mainly due to the settlement of certain labour and procurement payables during the New Year's Day and the Spring Festival.
Short-term borrowings	82,783,411	72,655,690	13.94	The increase is mainly due to the supplement of the liquidity needs of capital.

4.2 Progress of Significant Events and Analysis on Its Impact and Solutions

☒ Applicable ☐ Not Applicable

Information on the progress of the Company's market-driven debt-to-equity swap project: On 26 December 2018, the Company received the "Notice Regarding CSRC's First Feedback on the Review of Administrative Permission Items" (No. 182019) issued by the CSRC. However, as the relevant financial data had expired on 31 December 2018, on 30 January 2019, the Company submitted to the CSRC the "Request of China Railway Group Limited Regarding Suspension of the Review on the Application Documents of the Acquisition of Assets by Issuance of Shares", applying on its own initiative for the CSRC's suspension of review on the acquisition of assets by issuance of shares by the Company. After receiving the "Notice Regarding Suspension of the Review Relevant to the Application for Administrative Permission" (No. 182019), the Company published the Announcement of China Railway Group Limited on Receipt of the Notice Regarding Suspension of the Review Relevant to the Application for Administrative Permission from CSRC (Announcement No. Lin 2019-007) on 12 February 2019 on the website of Shanghai Stock Exchange, the China Securities Journal, the Shanghai Securities News, the Securities Daily and the Securities Times. After the formal disclosure of the Company's 2018 Annual Report on 30 March 2019, the Company submitted to the CSRC the "Request of China Railway Group Limited Regarding Resumption of the Review on the Application Documents of the Acquisition of Assets by Issuance of Shares" on 19 April, and disclosed a series of announcements including the Announcement of China Railway on the Reply to the Notice Regarding CSRC's First Feedback on the Review of Administrative Permission Items and the Announcement of China Railway on the Revision Notes to the Report Relating to the Acquisition of Assets by Issuance of Shares (Revised Version) on 20 April; On 22 April, the Company formally submitted the full set of documents to the CSRC for acceptance of review; On 24 April, the Company published further announcement according to relevant requirements of the CSRC. On 24 April 2019, the Company received the "Notice Regarding Resumption of the Review Relevant to the Application for Administrative Permission from the CSRC" (No. 182019) and published an announcement on 25 April. On 25 April, the Company received a notice from the CSRC, according to which, the Listed Companies Merger and Reorganisation Vetting Committee of the CSRC will hold a working conference recently to review the acquisition of assets by issuance of shares by the Company, and the Company published an announcement on 26 April. On 30 April, the Company published the Announcement on Review on the Acquisition of Assets by Issuance of Shares of the Company by the Merger and Reorganisation Vetting Committee of the CSRC. For details of the aforesaid announcements, please refer to the announcements and relevant documents published by the Company on the website of Shanghai Stock Exchange, the China Securities Journal, the Shanghai Securities News, the Securities Daily and the Securities Times. The subsequent progress of the project will be further announced according to regulations.

4.3 Undertakings that have not been Fulfilled during the Reporting Period

☐ Applicable ☒ Not Applicable

4.4 Warnings and Explanations on Loss Forecast or Significant Changes Compared with the Corresponding Period of Last Year in Net Profit from the Beginning of the Year to the End of the Next Reporting Period

☐ Applicable ☒ Not Applicable

5 APPENDIX – FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES OF THE PRC

Financial statements prepared in accordance with the Accounting Standards for Business Enterprises of the PRC are set out in the appendix to this announcement.

6 PUBLICATION OF THE FIRST QUARTERLY RESULTS ANNOUNCEMENT

This announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.crec.cn. The first quarterly report of 2019 prepared in accordance with the Accounting Standards for Business Enterprises of the PRC will also be available on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Company at www.crec.cn.

By order of the Board
China Railway Group Limited
LI Changjin
Chairman

29 April 2019

As at the date of this announcement, the executive directors of the Company are LI Changjin (Chairman), ZHANG Zongyan, ZHOU Mengbo and ZHANG Xian; the independent non-executive directors are GUO Peizhang, WEN Baoman, ZHENG Qingzhi and CHUNG Shui Ming Timpson; and the non-executive director is MA Zonglin.

APPENDIX

I. FINANCIAL STATEMENTS

Consolidated Balance Sheet

31 March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	31 March 2019	31 December 2018
Current assets:		
Cash and cash equivalents	99,064,413	134,476,377
Trading financial assets	1,819,260	4,294,866
Derivative financial assets	189	650
Bills and accounts receivables	122,843,576	109,490,116
Among which: Bills receivables	5,176,955	3,580,643
Accounts receivables	117,666,621	105,909,473
Advances to suppliers	30,022,787	41,612,959
Other receivables	33,404,709	30,514,802
Among which: Interests receivables	416,157	487,006
Dividends receivables	24,824	22,164
Inventories	198,240,502	165,241,259
Contract assets	112,683,119	109,245,613
Non-current assets due within one year	21,490,946	21,277,010
Other current assets	39,292,020	35,527,983
Total current assets	658,861,521	651,681,635
Non-current assets:		
Debt investments	16,755,684	12,474,286
Long-term receivables	12,798,126	11,953,550
Long-term equity investments	38,815,750	35,432,741
Investments in other equity instruments	6,414,777	5,792,060
Other non-current financial assets	8,423,831	7,366,277
Investment properties	10,556,992	10,607,174
Fixed assets	56,254,862	55,873,637
Construction in progress	9,157,972	8,434,697
Right-of-use assets	2,932,385	0
Intangible assets	63,695,620	60,233,008
Goodwill	898,705	898,705
Long-term deferred expenses	1,073,893	1,091,985
Deferred income tax assets	6,919,417	6,866,394

Consolidated Balance Sheet (Continued)

Item	31 March 2019	31 December 2018
Other non-current assets	76,571,120	73,969,952
Total non-current assets	311,269,134	290,994,466
Total assets	970,130,655	942,676,101
Current liabilities:		
Short-term borrowings	82,783,411	72,655,690
Trading financial liabilities	90,588	69,340
Derivative financial liabilities	0	1,622
Bills and accounts payables	339,818,239	343,800,743
Among which: Bills payables	64,772,916	58,548,739
Accounts payables	275,045,323	285,252,004
Advances from customers	298,266	282,735
Deposits from customers and peers	739,773	823,468
Accrued payroll	2,914,410	3,608,830
Taxes payables	9,540,585	9,838,365
Other payables	57,445,333	57,334,822
Among which: Interests payables	402,906	732,085
Dividends payables	362,639	500,878
Contract liabilities	101,538,425	91,999,246
Non-current liabilities due within one year	26,172,684	25,523,637
Other current liabilities	15,760,243	16,522,113
Total current liabilities	637,101,957	622,460,611
Non-current liabilities:		
Long-term borrowings	60,393,105	56,031,383
Bonds payables	31,390,331	27,994,935
Lease liabilities	1,280,186	0
Long-term payables	6,122,436	7,686,698
Long-term accrued payroll	2,990,663	3,029,137
Accrued liabilities	1,006,331	1,001,566
Deferred income	959,975	991,316
Deferred income tax liabilities	1,152,068	1,162,707
Other non-current liabilities	198,774	173,720
Total non-current liabilities	105,493,869	98,071,462
Total liabilities	742,595,826	720,532,073

Consolidated Balance Sheet (Continued)

Item	31 March 2019	31 December 2018
Equity:		
Share capital	22,844,302	22,844,302
Other equity instruments	31,930,947	31,930,947
Including: Preference shares	0	0
Perpetual notes	31,930,947	31,930,947
Capital reserve	46,370,629	46,370,629
Other comprehensive income	-229,993	-322,990
Surplus reserve	8,445,021	8,377,863
General risk reserve	2,523,931	2,519,101
Accumulated profits	83,808,986	80,062,480
Equity attributable to equity holders of the Company	195,693,823	191,782,332
Minority interests	31,841,006	30,361,696
Total equity	227,534,829	222,144,028
Total liabilities and equity	970,130,655	942,676,101

Legal representative of the Company: LI Changjin

Person in charge of accounting affairs: YANG Liang

Person in charge of the accounting department: HE Wen

Company Balance Sheet
31 March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	31 March 2019	31 December 2018
Current assets:		
Cash and cash equivalents	14,669,907	45,423,076
Trading financial assets	67,131	59,468
Derivative financial assets	147	186
Bills and accounts receivables	10,237,145	10,999,210
Among which: Bills receivables	0	0
Accounts receivables	10,237,145	10,999,210
Advances to suppliers	5,194,237	4,269,685
Other receivables	8,059,507	5,807,809
Among which: Interests receivables	0	0
Dividends receivables	1,774,221	1,774,221
Inventories	24,544	5,807
Contract assets	1,697,841	1,801,711
Non-current assets due within one year	1,371,568	3,752,947
Other current assets	74,552,142	71,029,609
Total current assets	115,874,169	143,149,508
Non-current assets:		
Debt investments	1,602,414	1,652,414
Long-term receivables	993,216	934,955
Long-term equity investments	173,580,133	172,822,030
Investments in other equity instruments	1,747,930	1,747,930
Other non-current financial assets	692,850	692,850
Investment properties	127,733	128,648
Fixed assets	273,898	281,192
Construction in progress	42,905	37,192
Right-of-use assets	0	0
Intangible assets	585,290	571,902
Long-term deferred expenses	75,634	84,070
Deferred income tax assets	366,745	371,888
Other non-current assets	6,729,448	6,968,809
Total non-current assets	186,818,196	186,293,880
Total assets	302,692,365	329,443,388

Company Balance Sheet (Continued)

Item	31 March 2019	31 December 2018
Current liabilities:		
Short-term borrowings	23,770,000	22,600,000
Bills and accounts payables	14,611,177	17,361,092
Advances from customers	0	0
Contract liabilities	10,859,693	8,974,244
Accrued payroll	12,451	12,789
Taxes payables	373,228	214,602
Other payables	57,006,071	89,093,301
Among which: Interests payables	0	0
Dividends payables	137,167	363,167
Non-current liabilities due within one year	2,975,722	5,102,029
Other current liabilities	949,552	805,187
Total current liabilities	110,557,894	144,163,244
Non-current liabilities:		
Long-term borrowings	10,858	10,858
Bonds payables	23,387,530	17,750,811
Lease liabilities	0	0
Long-term payables	4,145,008	3,573,476
Long-term accrued payroll	13,457	13,910
Deferred income	4,105	4,105
Total non-current liabilities	27,560,958	21,353,160
Total liabilities	138,118,852	165,516,404
Equity:		
Share capital	22,844,302	22,844,302
Other equity instruments	31,930,947	31,930,947
Including: Preference shares	0	0
Perpetual notes	31,930,947	31,930,947
Capital reserve	51,737,898	51,736,226
Other comprehensive income	-192,128	-197,899
Surplus reserve	7,706,483	7,706,483
Accumulated profits	50,546,011	49,906,925
Total equity	164,573,513	163,926,984
Total liabilities and equity	302,692,365	329,443,388

Legal representative of the Company: LI Changjin

Person in charge of accounting affairs: YANG Liang

Person in charge of the accounting department: HE Wen

Consolidated Income Statement

January – March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	First Quarter of 2019	First Quarter of 2018
1. Total operating revenue	160,262,870	148,430,331
Including: Revenue	159,734,111	147,572,329
Interest income	225,165	311,836
Handling fees and commission revenue	303,594	546,166
2. Total operating costs	154,989,320	144,006,446
Including: Cost of sales	144,085,826	134,311,696
Interest expenses	133,897	113,380
Tax and surcharges	1,241,548	1,130,280
Selling expenses	811,654	740,184
Administrative expenses	5,154,372	4,763,899
Research and development expenses	1,432,470	1,247,096
Finance expenses	1,547,602	1,199,657
Among which: Interest expenses	1,560,719	1,320,340
Interest income	269,274	238,651
Impairment losses on assets	55,022	500,254
Credit loss allowances	526,929	0
Add: Other gains	52,209	27,631
Investment gains (loss is marked with “-”)	45,513	87,061
Among which: Investment gains from associates and joint ventures	42,449	79,536
Gain on changes in fair value (loss is marked with “-”)	17,344	11,589
Gain on disposal of assets (loss is marked with “-”)	21,741	-2,374
3. Profit from operations (loss is marked with “-”)	5,410,357	4,547,792
Add: Non-operating income	96,238	113,044
Less: Non-operating expenses	56,405	52,322

Consolidated Income Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
4. Profit before tax (loss is marked with “-”)	5,450,190	4,608,514
Less: Income tax expense	1,261,851	1,134,583
5. Net profit (net loss is marked with “-”)	4,188,339	3,473,931
(1) By operation continuity		
1. Net profit from continuing operation (net loss is marked with “-”)	4,188,339	3,473,931
2. Net profit from discontinued operation (net loss is marked with “-”)	0	0
(2) By ownership		
1. Net profit attributable to owners of the Company (net loss is marked with “-”)	3,843,742	3,197,426
2. Minority interests (net loss is marked with “-”)	344,597	276,505
6. Other comprehensive income, net of tax	54,846	-216,726
Other comprehensive income attributable to owners of the Company, net of tax	22,684	-207,983
(1) Other comprehensive income which will not be reclassified to profit or loss	-1,370	-268
1. Changes in remeasurement of defined benefit obligations	-1,370	-268
2. Other comprehensive income which will not be reclassified to profit or loss under the equity method	0	0
3. Changes in fair value of investments in other equity instruments	0	0
4. Changes in fair value of enterprise credit risk	0	0
(2) Other comprehensive income which will be reclassified to profit or loss	24,054	-207,715
1. Other comprehensive income which will be reclassified to profit or loss under the equity method	0	0
2. Changes in fair value of other debt investments	0	0
3. Gains or losses on changes in fair value of available-for-sale financial assets	0	-108,361
4. Reclassification of financial assets recognized in other comprehensive income	0	0

Consolidated Income Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	0	0
6. Credit loss allowances for other debt investments	0	0
7. Cash flow hedge reserve (Effective portion of gains or losses on cash flow hedge)	1,200	0
8. Differences on translation of financial statements prepared in foreign currencies	20,430	-92,973
9. Others	2,424	-6,381
Other comprehensive income attributable to minority interests, net of tax	32,162	-8,743
7. Total comprehensive income	4,243,185	3,257,205
Total comprehensive income attributable to owners of the Company	3,866,426	2,989,443
Total comprehensive income attributable to minority interests	376,759	267,762
8. Earnings per share:		
(1) Basic earnings per share (RMB/share)	0.150	0.131
(2) Diluted earnings per share (RMB/share)	0.150	0.131

For business combination under common control during the Reporting Period, the net profit realized by the acquiree before combination was RMB Nil and the net profit realized by the acquiree for the reporting period of previous year was RMB Nil.

Legal representative of the Company: LI Changjin

Person in charge of accounting affairs: YANG Liang

Person in charge of the accounting department: HE Wen

Company Income Statement

January – March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	First Quarter of 2019	First Quarter of 2018
1. Revenue	8,717,050	8,346,031
Less: Cost of sales	8,114,067	7,864,520
Tax and surcharges	15,068	16,859
Selling expenses	0	0
Administrative expenses	101,150	66,719
Research and development expenses	0	9
Finance expenses	490,023	-390,482
Among which: Interest expenses	607,966	421,899
Interest income	48,059	618,841
Impairment losses on assets	0	-33
Credit loss allowances	-19,510	0
Add: Other gains	0	0
Investment gains (loss is marked with “-”)	881,830	35,544
Among which: Investment gains from associates and joint ventures	0	0
Gain on changes in fair value (loss is marked with “-”)	7,663	0
2. Profit from operations (loss is marked with “-”)	905,745	823,983
Add: Non-operating income	108	26
Less: Non-operating expenses	2,020	50
3. Profit before tax (loss is marked with “-”)	903,833	823,959
Less: Income tax expense	232,247	0
4. Net profit (net loss is marked with “-”)	671,586	823,959
(1) Net profit from continuing operation (net loss is marked with “-”)	671,586	823,959
(2) Net profit from discontinued operation (net loss is marked with “-”)	0	0

Company Income Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
5. Other comprehensive income, net of tax	5,763	435
(1) Other comprehensive income which will not be reclassified to profit or loss	0	0
1. Changes in remeasurement of defined benefit obligations	0	0
2. Other comprehensive income which will not be reclassified to profit or loss under the equity method	0	0
3. Changes in fair value of investments in other equity instruments	0	0
4. Changes in fair value of enterprise credit risk	0	0
(2) Other comprehensive income which will be reclassified to profit or loss	5,763	435
1. Other comprehensive income which will be reclassified to profit or loss under the equity method	0	0
2. Changes in fair value of other debt investments	0	0
3. Gains or losses on changes in fair value of available-for-sale financial assets	0	0
4. Reclassification of financial assets recognized in other comprehensive income	0	0
5. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets	0	0
6. Credit loss allowances for other debt investments	0	0
7. Cash flow hedge reserve (Effective portion of gains or losses on cash flow hedge)	0	0
8. Differences on translation of financial statements prepared in foreign currencies	5,763	435
9. Others	0	0
6. Total comprehensive income	677,349	824,394
7. Earnings per share:		
(1) Basic earnings per share (RMB/share)	N/A	N/A
(2) Diluted earnings per share (RMB/share)	N/A	N/A

Legal representative of the Company: LI Changjin
 Person in charge of accounting affairs: YANG Liang
 Person in charge of the accounting department: HE Wen

Consolidated Cash Flow Statement

January – March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	First Quarter of 2019	First Quarter of 2018
1. Cash flow from operating activities:		
Cash received from sales of goods or services rendered	183,933,698	171,958,671
Net increase in deposits from customers and peers	0	213,823
Cash received from interests, handling fees and commission	528,759	858,002
Receipt of tax refund	85,290	53,577
Cash received relating to other operating activities	5,542,366	5,346,230
Sub-total of cash inflows from operating activities	190,090,113	178,430,303
Cash paid for purchase of goods and services received	201,335,195	180,505,253
Net increase in loans and advances from customers	83,695	0
Cash paid for interests, handling fees and commission	133,897	113,380
Cash paid to and on behalf of employees	14,204,568	13,178,196
Tax payments	7,774,898	7,801,265
Cash paid relating to other operating activities	4,031,818	3,605,581
Sub-total of cash outflows from operating activities	227,564,071	205,203,675
Net cash flow from operating activities	-37,473,958	-26,773,372

Consolidated Cash Flow Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
2. Cash flow from investing activities:		
Cash received from disposal of investments	2,471,152	2,361,054
Cash received from return on investments	158,702	78,465
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets	42,431	47,553
Net cash receipts from disposal of subsidiaries and other business units	0	0
Cash received relating to other investing activities	2,648,140	2,285,145
Sub-total of cash inflows from investing activities	5,320,425	4,772,217
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	5,030,463	4,321,679
Cash paid for acquisitions of investments	10,844,678	5,354,584
Net cash payments for acquisition of subsidiaries or other business units	8,259	3,000
Cash paid relating to other investing activities	0	0
Sub-total of cash outflows from investing activities	15,883,400	9,679,263
Net cash flow from investing activities	-10,562,975	-4,907,046
3. Cash flow from financing activities:		
Cash received from investors	325,174	0
Including: Cash received by subsidiaries for investment by minority shareholders	325,174	0
Cash received from borrowings	33,602,918	31,532,004
Cash received from bond issuance	4,499,559	0
Cash received relating to other financing activities	0	77,233
Sub-total of cash inflows from financing activities	38,427,651	31,609,237
Cash paid for repayment of borrowings	19,306,876	32,295,074
Cash paid for dividends, profit distribution or interest payment	1,632,948	1,120,340
Including: Dividends and profits paid to minority shareholders by subsidiaries	0	0
Cash paid relating to other financing activities	0	0
Sub-total of cash outflows from financing activities	20,939,824	33,415,414
Net cash flow from financing activities	17,487,827	-1,806,177

Consolidated Cash Flow Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
4. Effect of foreign exchange rate changes on cash and cash equivalents	-13,234	-8,087
5. Net increase in cash and cash equivalents	-30,562,340	-33,494,682
Add: Balances of cash and cash equivalents at the beginning of the period	117,767,645	116,688,297
6. Balances of cash and cash equivalents at the end of the period	87,205,305	83,193,615

Legal representative of the Company: LI Changjin
 Person in charge of accounting affairs: YANG Liang
 Person in charge of the accounting department: HE Wen

Company Cash Flow Statement

January – March 2019

Prepared by China Railway Group Limited

(All amounts expressed in RMB thousand, unaudited)

Item	First Quarter of 2019	First Quarter of 2018
1. Cash flow from operating activities:		
Cash received from sales of goods or services rendered	9,854,009	7,838,967
Receipt of tax refund	0	1,224
Cash received relating to other operating activities	1,547,345	1,788,358
Sub-total of cash inflows from operating activities	11,401,354	9,628,549
Cash paid for purchase of goods and services received	11,413,630	8,727,385
Cash paid to and on behalf of employees	133,649	96,423
Tax payments	297,129	430,786
Cash paid relating to other operating activities	32,186,443	33,169,182
Sub-total of cash outflows from operating activities	44,030,851	42,423,776
Net cash flow from operating activities	-32,629,497	-32,795,227
2. Cash flow from investing activities:		
Cash received from disposal of investments	3,380,000	4,676,444
Cash received from return on investments	823,763	66,323
Sub-total of cash inflows from investing activities	4,203,763	4,742,767
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	539	1,345
Cash paid for acquisitions of investments	6,807,709	3,175,140
Sub-total of cash outflows from investing activities	6,808,248	3,176,485
Net cash flow from investing activities	-2,604,485	1,566,282

Company Cash Flow Statement (Continued)

Item	First Quarter of 2019	First Quarter of 2018
3. Cash flow from financing activities:		
Cash received from investors	0	0
Cash received from borrowings	7,000,000	1,000,000
Cash received from bond issuance	4,499,559	0
Cash received relating to other financing activities	0	0
Sub-total of cash inflows from financing activities	11,499,559	1,000,000
Cash paid for repayment of borrowings	6,745,000	653,420
Cash paid for dividends, profit distribution or interest payment	1,050,494	1,000,157
Cash paid relating to other financing activities	279	27
Sub-total of cash outflows from financing activities	7,795,773	1,653,604
Net cash flow from financing activities	3,703,786	-653,604
4. Effect of foreign exchange rate changes on cash and cash equivalents	-77,160	-7,578
5. Net increase in cash and cash equivalents	-31,607,356	-31,890,127
Add: Balances of cash and cash equivalents at the beginning of the period	43,273,802	41,710,203
6. Balance of cash and cash equivalents at the end of the period	11,666,446	9,820,076

Legal representative of the Company: LI Changjin

Person in charge of accounting affairs: YANG Liang

Person in charge of the accounting department: HE Wen

II. EFFECT OF FIRST ADOPTION OF NEW FINANCIAL INSTRUMENT STANDARD, NEW REVENUE STANDARD AND NEW LEASES STANDARD ON THE OPENING BALANCE OF FINANCIAL STATEMENTS IN THE YEAR OF FIRST ADOPTION

Consolidated Balance Sheet

(All amounts expressed in RMB thousand)

Item	31 December 2018	1 January 2019	Adjustments
Current assets:			
Cash and cash equivalents	134,476,377	134,476,377	
Trading financial assets	4,294,866	4,294,866	
Derivative financial assets	650	650	
Bills and accounts receivables	109,490,116	109,490,116	
Among which: Bills receivables	3,580,643	3,580,643	
Accounts receivables	105,909,473	105,909,473	
Advances to suppliers	41,612,959	41,471,870	-141,089
Other receivables	30,514,802	30,514,802	
Among which: Interests receivables	487,006	487,006	
Dividends receivables	22,164	22,164	
Inventories	165,241,259	165,241,259	
Contract assets	109,245,613	109,245,613	
Non-current assets due within one year	21,277,010	21,277,010	
Other current assets	35,527,983	35,527,983	
Total current assets	651,681,635	651,540,546	-141,089
Non-current assets:			
Debt investments	12,474,286	12,474,286	
Long-term receivables	11,953,550	11,953,550	
Long-term equity investments	35,432,741	35,432,741	
Investments in other equity instruments	5,792,060	5,792,060	
Other non-current financial assets	7,366,277	7,366,277	
Investment properties	10,607,174	10,607,174	
Fixed assets	55,873,637	55,593,351	-280,286
Construction in progress	8,434,697	8,434,697	
Right-of-use assets	0	2,661,791	2,661,791
Intangible assets	60,233,008	60,233,008	
Goodwill	898,705	898,705	
Long-term deferred expenses	1,091,985	1,091,985	
Deferred income tax assets	6,866,394	6,866,394	
Other non-current assets	73,969,952	73,969,952	
Total non-current assets	290,994,466	293,375,971	2,381,505
Total assets	942,676,101	944,916,517	2,240,416

Consolidated Balance Sheet (Continued)

Item	31 December 2018	1 January 2019	Adjustments
Current liabilities:			
Short-term borrowings	72,655,690	72,655,690	
Trading financial liabilities	69,340	69,340	
Derivative financial liabilities	1,622	1,622	
Bills and accounts payables	343,800,743	343,800,743	
Advances from customers	282,735	282,735	
Deposits from customers and peers	823,468	823,468	
Accrued payroll	3,608,830	3,608,830	
Taxes payables	9,838,365	9,838,365	
Other payables	57,334,822	57,334,822	
Among which: Interests payables	732,085	732,085	
Dividends payables	500,878	500,878	
Contract liabilities	91,999,246	91,999,246	
Non-current liabilities due within one year	25,523,637	26,871,954	1,348,317
Other current liabilities	16,522,113	16,522,113	
Total current liabilities	622,460,611	623,808,928	1,348,317
Non-current liabilities:			
Long-term borrowings	56,031,383	56,031,383	
Bonds payables	27,994,935	27,994,935	
Lease liabilities	0	1,051,823	1,051,823
Long-term payables	7,686,698	7,526,974	-159,724
Long-term accrued payroll	3,029,137	3,029,137	
Accrued liabilities	1,001,566	1,001,566	
Deferred income	991,316	991,316	
Deferred income tax liabilities	1,162,707	1,162,707	
Other non-current liabilities	173,720	173,720	
Total non-current liabilities	98,071,462	98,963,561	892,099
Total liabilities	720,532,073	722,772,489	2,240,416
Equity:			
Share capital	22,844,302	22,844,302	
Other equity instruments	31,930,947	31,930,947	
Including: Preference shares	0	0	
Perpetual notes	31,930,947	31,930,947	
Capital reserve	46,370,629	46,370,629	
Other comprehensive income	-322,990	-322,990	
Surplus reserve	8,377,863	8,377,863	
General risk reserve	2,519,101	2,519,101	
Accumulated profits	80,062,480	80,062,480	
Equity attributable to owners of the Company	191,782,332	191,782,332	
Minority interests	30,361,696	30,361,696	
Total equity	222,144,028	222,144,028	
Total liabilities and equity	942,676,101	944,916,517	2,240,416

Explanation on adjustments to respective item:

Based on the calculation result of the effect of adopting New Leases Standard on 1 January 2019, the adjustments to financial statements items are as follows:

Right-of-use assets: Increased by RMB2,661.791 million

Fixed assets: Decreased by RMB280.286 million

Advances to suppliers: Decreased by RMB141.089 million

Non-current liabilities due within one year: Increased by RMB1,348.317 million

Leasing liabilities: Increased by RMB1,051.823 million

Long-term payables: Decreased by RMB159.724 million

Company Balance Sheet

(All amounts expressed in RMB thousand)

Item	31 December 2018	1 January 2019	Adjustments
Current assets:			
Cash and cash equivalents	45,423,076	45,423,076	
Trading financial assets	59,468	59,468	
Derivative financial assets	186	186	
Bills and accounts receivables	10,999,210	10,999,210	
Among which: Bills receivables	0	0	
Accounts receivables	10,999,210	10,999,210	
Advances to suppliers	4,269,685	4,269,685	
Other receivables	5,807,809	5,807,809	
Among which: Interests receivables	0	0	
Dividends receivables	1,774,221	1,774,221	
Inventories	5,807	5,807	
Contract assets	1,801,711	1,801,711	
Non-current assets due within one year	3,752,947	3,752,947	
Other current assets	71,029,609	71,029,609	
Total current assets	143,149,508	143,149,508	
Non-current assets:			
Debt investments	1,652,414	1,652,414	
Long-term receivables	934,955	934,955	
Long-term equity investments	172,822,030	172,822,030	
Investments in other equity instruments	1,747,930	1,747,930	
Other non-current financial assets	692,850	692,850	
Investment properties	128,648	128,648	
Fixed assets	281,192	281,192	
Construction in progress	37,192	37,192	
Right-of-use assets	0	0	
Intangible assets	571,902	571,902	
Long-term deferred expenses	84,070	84,070	
Deferred income tax assets	371,888	371,888	
Other non-current assets	6,968,809	6,968,809	
Total non-current assets	186,293,880	186,293,880	
Total assets	329,443,388	329,443,388	

Company Balance Sheet (Continued)

Item	31 December 2018	1 January 2019	Adjustments
Current liabilities:			
Short-term borrowings	22,600,000	22,600,000	
Bills and accounts payables	17,361,092	17,361,092	
Contract liabilities	8,974,244	8,974,244	
Accrued payroll	12,789	12,789	
Taxes payables	214,602	214,602	
Other payables	89,093,301	89,093,301	
Among which: Interests payables	533,750	533,750	
Dividends payables	363,167	363,167	
Non-current liabilities due within one year	5,102,029	5,102,029	
Other current liabilities	805,187	805,187	
Total current liabilities	144,163,244	144,163,244	
Non-current liabilities:			
Long-term borrowings	10,858	10,858	
Bonds payables	17,750,811	17,750,811	
Lease liabilities	0	0	
Long-term payables	3,573,476	3,573,476	
Long-term accrued payroll	13,910	13,910	
Deferred income	4,105	4,105	
Total non-current liabilities	21,353,160	21,353,160	
Total liabilities	165,516,404	165,516,404	
Equity:			
Share capital	22,844,302	22,844,302	
Other equity instruments	31,930,947	31,930,947	
Including: Preference shares	0	0	
Perpetual notes	31,930,947	31,930,947	
Capital reserve	51,736,226	51,736,226	
Other comprehensive income	-197,899	-197,899	
Surplus reserve	7,706,483	7,706,483	
Accumulated profits	49,906,925	49,906,925	
Total equity	163,926,984	163,926,984	
Total liabilities and equity	329,443,388	329,443,388	

Explanation on adjustments to respective item:

☐ Applicable ☒ Not Applicable

III. EXPLANATION ON COMPARATIVE FIGURES REGARDING THE RETROSPECTIVE ADJUSTMENTS ON FIRST ADOPTION OF NEW FINANCIAL INSTRUMENT STANDARD AND NEW LEASES STANDARD

On 7 December 2018, the Ministry of Finance issued the “Notice on Revising and Issuing Enterprise Accounting Standard No. 21 – Leases” (Caikuai [2018] No. 35) (the “**New Leases Standard**”), which is mandatory for domestically and overseas listed companies to adopt effective from 1 January 2019. The New Leases Standard does not distinguish operating lease and finance lease and requires all leases to be recognized in the financial statements as the unique accounting treatments, except for short-term leases and low-value-assets leases. Right-of-use assets and leasing liabilities, as well as respective amortization expenses and interest expenses, are to be recognized. The Company first adopted this standard and adjustments have been made to the opening balances of respective items in the financial statements in the year of first adoption based on the cumulative effects of first adoption on leases existed at the date of first adoption. No comparative figures have been adjusted.

Based on the calculation result of the effect of adopting the New Leases Standard on 1 January 2019, the major adjustments to financial statements items are as follows:

Right-of-use assets: Increased by RMB2,661.791 million

Fixed assets: Decreased by RMB280.286 million

Advances to suppliers: Decreased by RMB141.089 million

Non-current liabilities due within one year: Increased by RMB1,348.317 million

Leasing liabilities: Increased by RMB1,051.823 million

Long-term payables: Decreased by RMB159.724 million

IV. AUDIT REPORT

☐ Applicable ☒ Not Applicable