

SHENZHEN CEREALS HOLDINGS CO., LTD.

Summary of Semi-Annual Report 2020

I. Important Notice

The summary is abstract from full-text of annual report, for more details of operating results, financial condition and future development plan of the Company; investors should found in the full-text of annual report that published on media appointed by CSRC.

In addition to the following directors, other directors attended the Board Meeting for the deliberation of the semi-annual report.

Name of the director not present in person	Title of the director not present in person	Reason for not attending the meeting in person	Name of principal
Lu Qiguang	Director	On a business trip	Hu Xianghai

Prompt of non-standard audit opinion

Applicable Not applicable

Profit distribution pre-plan of common stock or capitalizing of common reserves pre-plan deliberated by the Board in the reporting period

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve.

Profit distribution pre-plan of preferred stock deliberated and approved by the Board in the reporting period

Applicable Not applicable

II. Basic information of the company

1. Company profile

Short form of the stock	SZCH, Shenliang B	Stock code	000019, 200019
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Dai Bin	Chen Kaiyue, Liu Muya	
Office add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	
Tel.	0755-82027522	0755-82027522	
E-mail	szch@slkg1949.com	chenky@slkg1949.com, liumy@slkg1949.com	

2. Main financial data and index

Whether information disclosure and preparation place changed in reporting period or not

Yes No

	The Period	Same period of last year	Changes over last year
Operating revenue (RMB)	4,740,428,222.10	4,782,167,732.69	-0.87%
Net profit attributable to shareholders of the listed Company (RMB)	210,738,686.12	203,168,850.61	3.73%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	196,760,081.80	198,195,100.05	-0.72%
Net cash flow arising from operating activities (RMB)	9,610,361.15	-389,429,629.75	102.47%
Basic earnings per share (RMB/Share)	0.1828	0.1763	3.69%
Diluted earnings per share (RMB/Share)	0.1828	0.1763	3.69%
Weighted average ROE	4.66%	4.82%	-0.16%
	End of the Period	End of last year	Changes over end of last year
Total assets (RMB)	7,028,727,913.52	6,775,067,275.86	3.74%
Net assets attributable to shareholder of listed Company (RMB)	4,400,982,300.34	4,420,751,187.57	-0.45%

3. Amount of shareholders and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end		63,329	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)		0	
Particulars about shares held top 10 shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shares hold	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Shenzhen Food Group Co., Ltd.	State-owned legal person	63.79%	735,237,253	669,184,735		
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	15,384,832		
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.53%	6,057,114	0		
Lin Junbo	Domestic nature person	0.30%	3,500,000	0		
Shanghai Ruiting Asset Management Co., Ltd.-Shanghai Ruiting Better Life No. 2 Private Equity Investment Fund	Other	0.30%	3,442,929	0		
Sun Huiming	Domestic nature	0.30%	3,436,462	0		

	person					
Gao Lizhi	Domestic nature person	0.19%	2,204,400	0		
Hu Xiangzhu	Domestic nature person	0.18%	2,079,000	0		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.13%	1,472,625	0		
Zhang Jianmin	Domestic nature person	0.11%	1,272,039	0		
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 100% equity of Fude Capital, and holds 34% of Agricultural Products indirectly through Fude Capital; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.					
Explanation on shareholders involving margin business (if applicable)	<p>1. Shareholder - Shanghai Ruiting Asset Management Co., Ltd.-Shanghai Ruiting Better Life No. 2 Private Equity Investment Fund holds 3,442,929 shares of the Company under customer credit trading secured securities account through Everbright Securities Co., Ltd., common account holds 0 shares, and 3,442,929 shares are held in total at end of the Period. During the reporting period, the credit trading secured securities account has 3,442,929 shares increased, and no change in the common account, shares held are increased 3,442,929 shares in total.</p> <p>2. Shareholder Zhang Jianmin holds 1,272,039 shares of the Company under customer credit trading secured securities account through China Galaxy Securities Co., Ltd., common account holds 0 shares, and 1,272,039 shares are held by Zhang in total at end of the Period. During the reporting period, the credit trading secured securities account has 1,272,039 shares increased, and no change in the common account, shares held by Zhang are increased 1,272,039 shares in total.</p>					

4. Changes of controlling shareholders or actual controller

Controlling shareholder changed in the Period

Applicable Not applicable

Controlling shareholders had no change in reporting period.

Actual controller changed in the Period

Applicable Not applicable

Actual controller had no change in reporting period.

5. Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

Applicable Not applicable

No preferred stock in reporting period.

6. Corporate Bonds

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

III. Discussion and analysis of the operation

1. Brief of the operation in Period

Dose the Company need to comply with disclosure requirements of the special industry

No

During the reporting period, the sudden novel coronavirus epidemic brought unprecedented severe challenges to the company. The company made every effort to promote the start of production, ensure the supply, and coordinate the prevention and control of the epidemic and its operation and management. In accordance with the annual key work and strategic planning goals, the company took the reorganization and subsequent integration and the reshaping of the company's strategy as the starting point and end point of operation and management, and well completed the semi-annual goals and tasks.

1. Main business development

During the reporting period, based on its own advantages and industrial development, the company used information technology to broaden product supply channels and transaction methods. Through the integration of resources, the company enhanced the synergistic effect of the industrial chain to create a new pattern in the grain, oil and food industry. The company continued to focus on the main business of grain and oil, and achieved steady development in main business by actively improving the supply chain, extending the industrial chain, upgrading the value chain, and completing grain and oil supply services with quality and quantity.

2. Key projects

During the reporting period, the company focused on the strategy of “smart grain, oil and food supply chain quality service providers” and promoted the construction and operation of grain logistics nodes projects, and achieved the strategic goals for the first half of the year. The grain logistics and terminal supporting project of SZCG Dongguan Grain Logistics Node Project, the CDE warehouse project, the food deep processing project and the first-phase terminal project have all been basically completed. The Northeast Grain Source Base Project has accelerated the construction of the second phase project of the Grain Source Base. The 150,000-ton storage main project of the first phase of the Northeast Grain Source Base Project has been officially put into use.

3. Continuous innovation and development

The company has formed an innovative R&D system centered on the SZCG Research Institute, with the key supports of SYDATA, Flour Company Product R&D Center, Doximi Quality Inspection R&D Department, SZCG Reserve Branch Technology Center, and Tea Product and Technology R&D Center. Up to now, the company has applied for and obtained a total of 90 patents and owns 23 software copyrights.

During the reporting period, the company ensured the sustainable and healthy development of the company by increasing the application of informatization innovation results and enhancing the efficiency of operation and management.

4. Other key tasks

(1) During the reporting period, continue to improve corporate governance. In accordance with the new regulatory requirements and relevant regulations and procedures, the company completed the combination and revision of

the internal systems and further enhanced the management effectiveness of the company through various effective measures.

(2) During the reporting period, the preparation of the "14th Five-Year" strategic plan was initiated. On the premise of conscientiously implementing the goals and tasks of the "13th Five-Year Plan", the company combined with its actual conditions, closely focused on the "dual-zone driving effect", formulated the company's "14th Five-Year Plan" work plan, and scientifically proposed the development goals, work ideas, and key tasks of "14th Five-Year Plan" period.

(3) During the reporting period, the company continued to launch new products. Doximi has developed a high-quality formula rice "Black-faced Spoonbill"; Flour Company has launched a series of special flours for new products such as bread, steamed bread and moon cakes.

(4) During the reporting period, the company actively fulfilled its social responsibilities. The company helped fight the epidemic by donating 5.1 million yuan to Hubei; implemented the policy of reducing rents and fees, and reducing or exempting rents totaling more than 16.5 million yuan for tenants who meet the requirements.

(5) During the reporting period, the company implemented the main responsibility for production safety. Resolutely implemented various safety requirements in place, and achieved five "0"s for production safety accidents, food safety accidents, fire safety accidents, personal injury accidents, and environmental pollution accidents.

In first half of 2020, the company achieved a total operating income of 4,740,428,200 yuan, a decrease of 0.87% over the same period of the previous year; operating profit of 218,523,000 yuan, a decrease of 7.15% over the same period of the previous year; net profit attributable to shareholders of listed companies was 210,738,700 yuan, an increase of 3.73% from a year earlier.

2. Relevant items involving financial report

(1) Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last fiscal period

√ Applicable □ Not applicable

1. Changes of important accounting policies

Content & reasons	Approval procedure	Note (Name and amount of report items that are significantly affected)
On July 5, 2017, the Ministry of Finance revised and issued the "Accounting Standards for Business Enterprises No. 14-Revenue" (No. CK [2017] 22). According to the requirements of the Ministry of Finance, for companies listed at home and abroad at the same time and companies listed abroad and adopting the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements, it has been implemented since January 1, 2018; for other domestic listed companies, it has been implemented from January 1, 2020; for non-listed companies that implement the Accounting Standards for Business Enterprises, it	Approved by the 7 th Session of 10 th BOD on 31 Dec. 2019	This change in accounting policy did not cause a major change in the company's revenue recognition method, and did not have a major impact on the company's current and previous net profit, total assets and net assets. This change in accounting policy is a corresponding change made by the company in accordance with the latest accounting standards revised and promulgated by the Ministry of Finance. The changed accounting

will be implemented on January 1, 2021. According to the requirements of the above documents, the company made corresponding changes to its accounting policies.		policy is in compliance with relevant regulations and the actual situation of the company.
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2. Changes of important accounting estimate

There were no significant changes in accounting estimates during the reporting period.

(2) Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company

(3) Particulars about the change of consolidation range compared with the financial report of last fiscal period

Applicable Not applicable

The Company had no change of consolidation range in reporting period.