

Stock Code: 000016, 200016

Stock Name: Konka Group-A, Konka Group-B

Announcement No. 2020-91

Bond code: 114418, 114423

Bond name: 19 Konka 01, 19 Konka 02

114488, 114489

19 Konka 03, 19 Konka 04

114523, 114524

19 Konka 05, 19 Konka 06

## **KONKA GROUP CO., LTD.**

### **INTERIM REPORT 2020 (SUMMARY)**

#### **Part I Important Notes**

This Abstract is based on the full text of the Interim Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Objections raised by any of the directors, supervisors or senior management against any contents in this Report or its summary:

Name	Office title	Objection and explanation of why

Statement of objection:

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending meeting in person	Proxy entrusted to attend the meeting

Independent auditor’s modified opinion:

Applicable  Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable  Not applicable

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

Board-approved interim cash and/or stock dividend plan for preferred shareholders:

Applicable  Not applicable

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

## Part II Key Corporate Information

### 1. Stock Profile

Stock name	Konka Group-A, Konka Group-B	Stock code	000016, 200016
Stock exchange for stock listing	Shenzhen Stock Exchange		
Changed stock name (if any)	N/A		
Contact information	Board Secretary	Securities Representative	
Name	Wu Yongjun	Miao Leiqliang	
Office address	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China	
Tel.	0755-26609138	0755-26609138	
E-mail address	szkonka@konka.com	szkonka@konka.com	

### 2. Key Financial Information

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

Yes  No

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

### 3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

Number of ordinary shareholders	145,344	Number of preferred shareholders with resumed voting rights (if any)	0
Top 10 shareholders			
Name of shareholder	Nature of	Shareholdi	Number of
			Restricted
			Shares in pledge or

	shareholder	ng percentage	shares	shares	frozen	
					Status	Share s
OVERSEAS CHINESE TOWN ENTERPRISES CO., LTD	State-owned legal person	21.75%	523,746,932	0		
CITIC SECURITIES BROKERAGE (HONG KONG) CO., LTD.	Foreign legal person	7.56%	182,100,202	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.47%	59,497,225	0		
HOLY TIME GROUP LIMITED	Foreign legal person	2.33%	56,139,100	0		
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0		
WANG JINGFENG	Domestic natural person	1.01%	24,250,000	0		
NAM NGAI	Foreign natural person	0.92%	22,063,940	0		
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.83%	19,973,520	0		
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.52%	12,452,154	0		
SPDR Portfolio Emerging Markets ETF	Foreign legal person	0.46%	11,176,363	0		
Related or acting-in-concert parties among shareholders above	Happy Bloom Investment Limited, a wholly-owned subsidiary of the Company's first majority shareholder Overseas Chinese Town Enterprises Co. ("OCT Group" for short), holds 180,001,110 and 18,360,000 ordinary shares in the Company respectively through CITIC Securities Brokerage (Hong Kong) Co., Ltd. and China Merchants Securities (HK) Limited. Happy Bloom Investment Limited and Overseas Chinese Town Enterprises Co. are parties acting in concert. Other than that, it is unknown whether the other shareholders are related parties or acting-in-concert parties or not.					
Shareholders conducting margin trading	Wang Jingfeng holds 23,000,000 A-shares in the Company through his securities account for customer credit trading guarantee in Guotai Junan Securities Co., Ltd.					

#### 4. Change of Controlling Shareholder or Actual Controller in Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable  Not applicable

The actual controller remained the same in the Reporting Period.

#### 5. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

## 6. Corporate bonds

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

Such information is disclosed as below:

### (1) Basic Information of Corporate Bonds

Name	Abbr.	Code	Issue date	Due date	Bonds balance (RMB'0,000)	Coupon rate
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety I)	19 Konka 01	114418	14 January 2019	14 January 2022	100,000	5.00%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety II)	19 Konka 02	114423	14 January 2019	14 January 2022	150,000	5.00%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety I)	19 Konka 03	114488	3 June 2019	3 June 2022	50,000	4.50%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche II) (Variety II)	19 Konka 04	114489	3 June 2019	3 June 2022	50,000	4.70%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety I)	19 Konka 05	114523	22 July 2019	22 July 2022	80,000	4.53%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche III) (Variety II)	19 Konka 06	114524	22 July 2019	22 July 2022	70,000	4.70%

### (2) Financial Indicators as at the End of the Reporting Period

Item	30 June 2020	31 December 2019	Change (%)
Debt/asset ratio	77.16%	76.69%	0.47%
Item	H1 2020	H1 2019	Change (%)
EBITDA-to-interest coverage (times)	1.73	2.75	-37.09%

## Part III Operating Performance Discussion and Analysis

### (I) Business Overview of Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

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

1. R&D investment was stepped up to help the Company move towards a technology company. R&D investment increased 64.14% in the Reporting Period compared to the same period of last year and extended its reach to key areas in the upstream of the consumer electronics industry. In terms of its consumer electronics business, the Company actively integrated cutting-edge technologies such as 8K, 5G, AI and IoT to its products. The APHAEA-A5 AI TV launched by the Company is a master

control system in smart home for it can connect to other smart appliances through voice control. During the national “Two Sessions” in 2020, the Company took part in the building of a “5G+8K” UHD live broadcasting system with its new Micro LED 8K TV. The program of “5G+ UHD End-to-End Live Broadcasting System” led by the Company was selected in the “Top 10 Demonstration Programs of Shenzhen for 5G Application”. The programs of the Research and Industrialization of the Next-generation Internet Intelligent Terminal Key Technology and the A Method for Fuzzy Control of the Rotating Speed of Variable Frequency Compressor for Refrigerator, both led by the Company, won the Guangdong Provincial Second Prize for Progress in Science and Technology and the Henan Province Scientific and Technological Achievement Award respectively. As for new businesses, construction of the closed beta test base for semiconductor in Yancheng has commenced; and development of Micro LED-related technologies and products is in steady progress.

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

3. Affected by the COVID-19 pandemic, the Company saw a loss in the first quarter of 2020. As the pandemic is contained, market demand is in recovery and the Company adopted various cost actions, the second quarter of 2020 saw gradual improvement in the Company’s operating performance. However, due to a year-on-year drop of 32.69% in operating revenue in the Reporting Period, net profit attributable to the listed company’s shareholders was RMB95 million, down 73.15% year-on-year.

## **(II) Matters Related to Financial Reporting**

### **1. Changes to Accounting Policies, Accounting Estimates or Measurement Methods Compared to Last Accounting Period**

Applicable    Not applicable

On 5 July 2017, the Ministry of Finance issued the Accounting Standard No. 14 for Business Enterprises—Revenue (hereinafter, the “New Revenue Standard”) and required domestically listed companies to implement the New Revenue Standard from 1 January 2020. Therefore, the Company has implemented the New Revenue Standard from 1 January 2020.

## 2. Retrospective Restatements due to Correction of Material Accounting Errors in Reporting Period

Applicable  Not applicable

No such cases.

## 3. Changes to Scope of Consolidated Financial Statements Compared to Last Accounting Period

Applicable  Not applicable

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

The Board of Directors

Konka Group Co., Ltd.

27 August 2020