

Stock Code: 000016, 200016 Stock Name: Konka Group-A, Konka Group-B Announcement No. 2021-67
Bond Code: 114423, 114489 Bond Name: 19 Konka 02, 19 Konka 04
114524, 114894 19 Konka 06, 21 Konka 01
133003, 133040 21 Konka 02, 21 Konka 03

KONKA GROUP CO., LTD.

INTERIM REPORT 2021 (SUMMARY)

Part I Important Notes

This Summary 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”).

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
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Stock exchange for stock listing	Shenzhen Stock Exchange	
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 2021	H1 2020	Change (%)
Operating revenue (RMB)	21,810,161,873.08	17,524,183,896.74	24.46%
Net profit attributable to the listed company's shareholders (RMB)	85,449,919.57	94,701,792.63	-9.77%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	-710,124,637.85	-650,010,495.47	-9.25%
Net cash generated from/used in operating activities (RMB)	-1,284,761,222.03	-1,076,366,927.48	-19.36%
Basic earnings per share (RMB/share)	0.0355	0.0393	-9.67%
Diluted earnings per share (RMB/share)	0.0355	0.0393	-9.67%
Weighted average return on equity (%)	1.01%	1.16%	-0.15%
	30 June 2021	31 December 2020	Change (%)
Total assets (RMB)	51,648,378,528.10	49,876,267,493.61	3.55%
Equity attributable to the listed company's shareholders (RMB)	8,276,742,905.90	8,428,640,176.97	-1.80%

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

Unit: share

Number of ordinary shareholders	106,460	Number of preferred shareholders with resumed voting rights (if any)				
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percent age	Number of shares	Restricted shares	Shares in pledge, marked or frozen	
					Status	Shares
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	7.48%	180,001,110	0		
WANG JINGFENG	Domestic natural person	4.61%	111,000,000	0		
GUOYUAN SECURITIES BROKER (HK) CO., LTD.	Foreign legal person	2.40%	57,850,325	0		

HOLY TIME GROUP LIMITED	Foreign legal person	2.38%	57,289,100	0	
GAOLING FUND,L.P.	Foreign legal person	2.19%	52,801,250	0	
LI HANFA	Domestic natural person	1.07%	25,680,000	0	
NAM NGAI	Foreign natural person	0.94%	22,567,540	0	
CHINA MERCHANTS SECURITIES (HK) LIMITED	State-owned legal person	0.80%	19,358,220	0	
ZHENG LIN	Domestic natural person	0.52%	12,500,000	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 111,000,000 A-shares in the Company through his securities account for customer credit trading guarantee in Guotai Junan Securities Co., Ltd. Li Hanfa holds 25,680,000 A-shares in the Company through his securities account for customer credit trading guarantee in Western Securities Co., Ltd. Zheng Lin holds 12,500,000 A-shares in the Company through his securities account for customer credit trading guarantee in Ping An 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. Outstanding Bonds at the Date when this Report Was Authorized for Issue

Applicable Not applicable

(1) Basic Information of 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	0	5.00%
Privately placed corporate bonds in 2019 of Konka Group Co., Ltd (Tranche I) (Variety II)	19 Konka 02	114423	14 January	14 January	150,000	5.00%

			2019	2022		
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	0	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	0	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%
Privately placed corporate bonds in 2021 of Konka Group Co., Ltd (Tranche I)	21 Konka 01	114894	8 January 2021	8 January 2024	100,000	4.46%
Privately placed corporate bonds in 2021 of Konka Group Co., Ltd (Tranche II)	21 Konka 02	133003	21 May 2021	21 May 2024	50,000	4.00%
Privately placed corporate bonds in 2021 of Konka Group Co., Ltd (Tranche III)	21 Konka 03	133040	9 July 2021	9 July 2024	80,000	3.95%

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

Item	30 June 2021	31 December 2020
Debt/asset ratio	79.49%	78.51%
	H1 2021	H1 2020
EBITDA-to-interest coverage (times)	1.72	1.73

Part III Significant Events

In the Reporting Period, the Company adhered to the development strategy integrating "technology + industry + industrial park" and closely centered on the new mainline of "semiconductor + new consumer electronics (CE) + industrial park". It grasped the driving force of technology, explored the value of the industry, and regarded industrial parks as a carrier and platform. In addition, the Company earnestly conducted reforms, transformation, and upgrading. In line with its strategic planning, the Company mainly carried out the following tasks:

1. The Company has continuously raised its R&D input and technology innovation. In terms of Micro LEDs, it has built a whole-procedure Micro LED R&D and production line and launched Micro LEDs with small spacing applied to wearables, flexible Micro LEDs, and 8K commercial Micro LEDs. Meanwhile, the hybrid mass transfer technology developed by the company has reached the advanced level in the industry in both transfer efficiency and yield. Currently, the Company has completed the small-lot trial production of Micro LED chips and the small- and medium-lot trial production of Mini LED chips. Furthermore, the Company won the Second Prize of Guangdong Science and Technology Progress Award by jointly completing the New-generation Intelligent Video Business System and Industrialization, the Third Prize of Anhui Science and Technology Progress Award by jointly completing the Key Technology R&D and Industrialization of New Refrigerators Based on Multi-field Coupling, and the 2020 Shenzhen Patent Award for its LED-based Multi-functional Control System.

2. In the Reporting Period, the Company perfected and promoted the traditional CE business by "advocating high-end brands, localize overseas business, and utilize intelligent and diversified manufacturing", and vigorously conducted quality projects. Additionally, it closely followed market demands, quickly optimized and upgraded products, and launched APHAEA OLED V5 Series TVs and the K Freshness Series Long Freshness-keeping Refrigerator.

3. The Company, integrated industry with cities and homes, strove to expand new sci-tech parks, give full play to the industrial cluster effect, and drive regional upgrading, in accordance with the development strategy of "technology + industry + industrial park", based on the development of the sci-tech industry. In the Reporting Period, the Company successively launched the construction projects of the Konka intelligent household appliance headquarters and the Central China headquarters in Xi'an and Changsha, and promoted and completed relevant sci-tech parks in conformity with high requirements, standards, and quality. In the meantime, it kept strengthening investment attraction, project construction, post-lending management, and park operations, gradually formed its park brands, and formulated park operation standards with its own characteristics.

4. In the Reporting Period, the Company maintained a growth momentum in the business, proved by its YoY increase of 24.46% in operating revenue.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2021	H1 2020	Change (%)	Main reason for change
Operating revenue	21,810,161,873.08	17,524,183,896.74	24.46%	As the domestic pandemic was gradually under control and the industry rebounded, business was gradually back to normal.
Cost of sales	20,817,175,713.78	16,268,993,432.88	27.96%	
Selling expense	667,662,036.47	969,224,381.98	-31.11%	During the reporting period, the company strictly controlled the publicity fee and channel fee
Administrative expense	359,053,667.07	440,915,780.44	-18.57%	
Finance costs	459,415,782.71	387,040,866.75	18.70%	
Income tax expense	84,263,268.37	73,425,522.47	14.76%	
R&D investments	284,663,467.26	258,049,586.29	10.31%	
Net cash generated from/used in operating activities	-1,284,761,222.03	-1,076,366,927.48	-19.36%	
Net cash generated from/used in investing activities	-1,785,387,038.28	-142,693,107.96	-1,151.21%	Increase in cash payments for investments
Net cash generated from/used in financing activities	3,939,565,440.45	1,256,220,908.63	213.60%	Decrease in debt repayments
Net increase in cash and cash equivalents	861,929,112.82	44,203,902.08	1,849.89%	mainly due to the net inflow of cash flow from financing activities

The Board of Directors
Konka Group Co., Ltd.
27 August 2021