

Stock Code: 000019, 200019

Public Notice No.: 2019- 55

Short Form of the Stock: SZCH, Shenliang B

SHENZHEN CEREALS HOLDINGS CO., LTD.

Summary of Semi-Annual Report 2019

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.

All Directors are attended the Board Meeting for deliberation of this Report.

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	Du Jianguo	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	dujg@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

Reasons for retroactive adjustment or re-statement

Enterprise combined under the same control

	The Period	Same period of last year		Changes over last year
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	4,782,167,732.69	136,721,215.40	4,434,688,646.82	7.84%
Net profit attributable to shareholders of the listed Company (RMB)	203,168,850.61	-18,246,639.07	202,779,343.34	0.19%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	198,195,100.05	-18,884,920.69	-18,884,920.69	1,149.49%
Net cash flow arising from operating activities (RMB)	-389,429,629.75	9,795,470.07	52,861,245.30	-836.70%
Basic earnings per share (RMB/Share)	0.1763	-0.0367	0.1759	0.23%
Diluted earnings per share (RMB/Share)	0.1763	-0.0367	0.1759	0.23%
Weighted average ROE	4.82%	-1.95%	5.06%	-0.24%
	End of the Period	End of last year		Changes over end of last year
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	6,432,513,092.25	1,040,484,135.20	6,468,951,793.87	-0.56%
Net assets attributable to shareholder of listed Company (RMB)	4,260,480,115.67	928,673,938.26	4,172,502,535.11	2.11%

3. Amount of shareholders and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	1,152,535,254	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 Fude State-Owned Capital Operation Co., Ltd.	State-owned legal person	63.79%	735,237,253	669,184,735		
Shenzhen Agricultural Products Co., Ltd	State-owned legal person	8.23%	94,832,294	15,384,832		
Sun Huiming	Domestic nature person	0.30%	3,436,462	0		
Bohai Securities Co., Ltd.	State-owned	0.26%	2,980,500	0		

	legal person					
Hu Xiangzhu	Domestic nature person	0.24%	2,800,000	0		
Lin Junbo	Domestic nature person	0.17%	2,000,000	0		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.13%	1,472,625	0		
Li Qian	Domestic nature person	0.11%	1,309,661	0		
Li Yongqi	Domestic nature person	0.10%	1,099,205	0		
Cai Congda	Domestic nature person	0.09%	1,080,051	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)		Shareholder Li Yongqi holds 1,097,205 shares of the Company under customer credit trading secured securities account through Xingye Securities Co., Ltd, common account holds 2,000 shares, and 1,099,205 shares are held by Li in total at end of the Period. During the reporting period, the credit trading secured securities account has 9,100 shares decreased, and 100 shares increased in the common account, shares held by Li are decreased 9,000 shares in total.				

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, according to the annual key work and strategic planning objectives, the company focused on the post-restructuring integration development and corporate strategy reshaping, and effectively exerted the leading role of party building, and implemented the reform requirements of “Double Hundred Actions” throughout the various key work. The main economic indicators in the first half of the year have been completed well, the quality of main business development has been improved, the construction of strategic projects has been steadily advanced, and the internal management and control level has been further improved.

1. Main business development

During the reporting period, the company

based on its own advantages and industrial development, used information technology, innovated and opened up the grain and oil products supply channels and trading methods, created a new pattern for tea and food business industry, built a multi-group and multi-channel food supply chain and service network, expanded the effective supply of medium- and high-end grain, oil, and food, and strived to meet people's needs of "quality, diversity, nutrition, health, green, and convenience", and promoted the transformation of grain and oil products from "eat full" to "eat well".

As the “grain security” project and “rice bag” in Shenzhen, the company completed the government grain and oil reserve service with quality and quantity guaranteed during the reporting period, the monthly average grain reserve was 1.065 million tons, and the monthly average oil reserve was 12,100 tons, which guaranteed the sufficient grain and oil supply and stable price in Shenzhen through the balanced rotation of grain and oil.

During the reporting period, the company integrated and reconstructed the deep processing of tea and natural plants, and allocated the staff. Through integration, some businesses initially achieved stop loss or turnaround goals.

2. Key projects

During the reporting period, the construction and operation of the company's Dongguan grain logistics node progressed smoothly. The construction of grain logistics and terminal supporting projects, CDE warehouse project, food deep processing projects and the first phase of the wharf have been steadily advanced according to the plan and progress. The international foods wharf loaded and unloaded 128 vessels with a turnover of 180,000 tons. The subordinate Dongguan logistics company promoted the establishment of safety production standardization and achieved results, and was awarded the second-level enterprise of safety production standardization.

During the reporting period, the company's northeast grain source base project achieved “breaking ice”. In order to speed up the implementation of the “North Grain to the South, South Grain for Storage in North” strategy, the company set up the infrastructure office of the Northeast Grain Source Project to accelerate the construction of the grain source base project. In June, the main project of the first phase of the Northeast Grain Source Base Project of 150,000 tons has been started.

During the reporting period, the company focused on promoting grain and oil platform transactions. At the 2nd China Grain Trade Conference, “www.zglsjy.com.cn” further expanded the market influence and expanded new customers to bid and list trading on the basis of serving internal customers. As of June, the “www.zglsjy.com.cn” had a trading volume of 2.2 million tons.

3. Continuous innovation and development

During the reporting period, the company improved the efficiency of its operational management by increasing the application of informatization innovation results to ensure the sustainable and healthy development of enterprise. At present, the innovative R&D system with Shenliang research institute as the core and with the far-reaching data, the product research and development center of flour company, the duoximi quality inspection R&D department, the technology center of reserve branch, the tea product and technology research and development center as the key supports has been focusing on the innovation and research and development of informatization projects, guided by the operational management needs and the development of the industry's most cutting-edge technology, planned and completed 14 informatization projects such as company management and control and innovation management platform. Up to now, the company has 69 patents and 23 software copyrights.

4. Other key tasks

(1) During the reporting period, the company completed the organizational restructuring, completed the changes of company name, business scope, registered capital and securities short name, and completed the reelection of the board of directors, the board of supervisors and senior management personnel. In accordance with the new regulatory requirements and relevant regulations and procedures, the company completed the combination and revision of the internal systems to promote the improvement of corporate governance, and further enhanced the management effectiveness of the company through various effective measures.

(2) During the reporting period, the company implemented the relevant requirements of the “Double Hundred Actions” state-owned enterprise reform, further expanded the compensation system and incentive and restraint mechanism, and completed the overall market-based selection and employment of the management teams of some subordinate units, and promoted the rotation exchange of key position talents, and further optimized the company's talent echelon construction.

(3) During the reporting period, the company further strengthened fund management and control, and in accordance with the centralized management mode of “internal bank” funds, promoted the online reporting platform, and effectively supervised the expense reimbursement, capital expenditure and operating expenses of the company headquarters and subordinate units. At the same time, the company further improved the CBS fund management information system function, and fully opened the bank-corporate direct linkage of 9 banks to realize the system supervision of banks and accounts. During the reporting period, the company promoted the subordinate units to optimize the structure of the debts and achieved remarkable results.

(4) During the reporting period, the company built a new pattern of safe production, further strengthened the concept of safe development, strictly implemented the responsibility system for production safety, consolidated the foundation of safety management, investigated hidden dangers and immediately rectified them, and became the first enterprise in the municipal state-owned assets system to complete the “double” prevention mechanisms and safety standardization construction. The company closely followed the theme of “preventing risks, eliminating hidden dangers, and restraining accidents”, and has comprehensively launched the “Safe Production Month” activities.

In the first half of 2019, the company achieved a total operating income of RMB 4,782,167,700, an increase of 7.84% over the same period of the previous year (after restructuring); operating profit of RMB 235,345,700, an increase of 7.38% over the same period of the previous year (after restructuring); net profit attributable to shareholders of listed companies was RMB 203,168,900, an increase of 0.19% over the same period of the previous year (after restructuring).

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

(i) 1. Implementation of the Accounting Standards for Business Enterprise No. 22- Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprise No. 23- Transfer of Financial Assets, Accounting Standards for Business Enterprise No. 24- Hedge Accounting and Accounting Standards for Business Enterprise No. 37- Presentation of Financial Instruments (2017 Revised), and in 2017, the Ministry of Finance revised the Accounting Standards for Business Enterprise No. 22- Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprise No. 23- Transfer of Financial Assets, Accounting Standards for Business Enterprise No. 24- Hedge Accounting and Accounting Standards for Business Enterprise No. 37- Presentation of Financial Instruments. The revised standards stipulate that for financial instruments that have not been derecognized on the first implementation date, if the previous recognition and measurement are inconsistent with the requirements of the revised standards, they shall be retrospectively adjusted. If the data relating to the comparative financial statements in prior period are inconsistent with the requirements of the revised standards, no adjustment is required. The Company will adjust the retained earnings and other comprehensive income at the beginning of the year due to the cumulative impact of retrospective adjustment, the main impacts of the implementation of the above standards are as follows: (1) Due to the change in the name of the report item, "the financial assets measured at fair value and whose changes are included in the current profit and loss" are reclassified as "trading financial assets", financial assets measured at fair value and whose changes are included in the current profit and loss have a decrease of RMB 1,124,927.96; and the trading financial assets have an increase of RMB 1,124,927.96; (2) the available-for-sale equity instrument investments are reclassified as the "financial assets measured at fair value and whose changes are included in the current profit and loss". Available-for-sale financial assets have a decrease of RMB 57,500.00; other non-current financial assets have an increase of RMB 57,500.00.

2. Implementation of the Ministry of Finance issued the Notice on Revision and Issuance of 2019 Financial Statement Format for General Corporate. On 30 April 2019, the Ministry of Finance issued the Notice on Revision and Issuance of 2019 Financial Statement Format for General Corporate (Cai Kuai [2019] No.6), format of the financial statement has been revised. Main impact for implementation of the above mentioned regulations: in balance sheet: the "Note receivable and account receivable" divided into "Note receivable" and "Account receivable"; "Note payable and account payable" divided into "Note payable" and "Account payable"; the comparison data are adjusted accordingly. "Note receivable and account receivable" divided into "Note receivable" and "Account receivable", current amount of "Note receivable" was RMB 350,756.64 while RMB 1,027,635.04 at last period; the "Account receivable" has RMB 617,831,167.71 in the period while RMB 473,646,886.64 at last period; "Note payable and account payable" divided into "Note payable" and "Account payable", current amount of "Account payable" was RMB 171,201,542.03 while RMB 472,738,283.80 at last period. The item of "credit impairment loss" is set up in the Income Statement. The comparison data will not be adjusted. The current amount of "credit impairment loss" is RMB 5,143,559.77.

(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.

SHENZHEN CEREALS HOLDINGS CO., LTD.

Chairman: Zhu Junming

27 August 2019