

# Shenzhen China Bicycle Company (Holdings) Limited

## Summary of Semi-Annual Report 2020

### I. Important Notice

The summary is abstract from full-text of semi-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 semi-annual report that published on media appointed by CSRC.

Other directors attending the Meeting for semi-annual report deliberation except for the followed

Name of director absent	Title for absent director	Reasons for absent	Attorney
-------------------------	---------------------------	--------------------	----------

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. Company profile

#### 1. Company Profile

Short form of the stock	*ST Zhonghua –A, *ST Zhonghua –B	Stock code	000017, 200017
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Sun Longlong	Yu Xiaomin, Zhong Xiaojin	
Office add.	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen	501 Zhongxin Technology Building, No.31 Bagua Rd., Bagualing, Futian District, Shenzhen	
Tel.	0755-25516998,28181666	0755-25516998,28181666	
E-mail	dmc@szcbc.com	dmc@szcbc.com	

## 2. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes  No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating revenue (RMB)	42,656,355.21	38,274,433.02	11.45%
Net profit attributable to shareholders of the listed company (RMB)	2,797,643.50	-798,946.17	-450.17%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	2,197,907.57	-910,390.17	-341.42%
Net cash flow arising from operating activities (RMB)	1,350,395.94	-8,901,256.74	-115.17%
Basic earnings per share (RMB/Share)	0.0051	-0.0014	-464.29%
Diluted earnings per share (RMB/Share)	0.0051	-0.0014	-464.29%
Weighted average ROE	32.84%	-5.74%	38.58%
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	74,493,806.65	62,733,602.58	18.75%
Net assets attributable to shareholder of listed company (RMB)	9,917,039.80	7,119,396.30	39.30%

## 3. Number of shares and shares held

In Share

Total common stock shareholders in reporting period-end	44,039	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0			
Top ten shareholders						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Shareholding numbers	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Shenzhen Guosheng Energy Investment	Domestic non-State-owned legal person	11.52%	63,508,747	0		

Development Co., Ltd.						
UOB Koy Hian (Hong Kong) Co., Ltd.	Foreign legal person	2.89%	15,907,850		0	
Guosen Securities (Hong Kong) brokerage Co., Ltd.	Foreign legal person	2.52%	13,909,425		0	
Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.	Foreign legal person	1.51%	8,303,272		0	
Li Huili	Domestic nature person	0.71%	3,891,124		0	
Xu Hongbo	Domestic nature person	0.58%	3,187,419		0	
Ge Zhiqiong	Domestic nature person	0.58%	3,177,952		0	
LI SHERYN ZHAN MING	Foreign natural person	0.57%	3,157,600		0	
CMS Hong Kong Co., Ltd	State-owned legal person	0.54%	2,999,676		0	
Special Account for Property Disposal of Bankrupt Enterprise of CBC	Domestic non-State-owned legal person	0.47%	2,602,402		0	
Explanation on associated relationship among the aforesaid shareholders	Li Huili, spouse of the Ji Hanfei, the actual controller of the Company- Shenzhen Guosheng Energy Investment Development Co., Ltd., holding B-share of the Company on behalf of Shenzhen Guocheng Energy Investment Development Co., Ltd., beyond that, the Company has no idea of whether other circulated shareholders belong to concerted action persons ruled in the Administration Norms for Information Disclosure of Change on Shareholding of Shareholders of Listed Companies.					
Shareholders involving margin business (if applicable)	N/A					

#### 4. Changes of controlling shareholders or actual controller

Changes of controlling shareholders in reporting period

Applicable  Not applicable

Changes of controlling shareholders had no change in reporting period.

Changes of actual controller in reporting period

Applicable  Not applicable

Changes of actual controller in reporting period 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. Corporation Bonds**

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

No

## **III. Discussion and analysis by the Management Team**

### **1. Introduction of operation in the reporting period**

The sudden novel coronavirus epidemic brought serious threats to the lives and health of people in all countries, and caused severe impacts on the world economy. The social economy faced serious difficulties and the company's operations face with special risks. In response to the epidemic, under the leadership of the party and government, the people of the whole country have taken effective prevention and control measures based on their own conditions and achieved positive results. While doing a good job in the prevention and control of the epidemic, the government, enterprises, and employees have made concerted efforts to restore economic and social development and enterprise production and operation. The government has taken multiple measures to stabilize people's livelihood and enterprises and employment, and the company increased revenue and cut expenditures to ensure business and stability and survival and development. The government's assistance measures for enterprises include extending holidays, returning social security to stabilize employment, issuing post-stabilization subsidies, exempting enterprise pension insurance, issuing anti-epidemic subsidies, providing loan discounts and liquidity support, etc. The company's measures include extending holidays, strengthening disinfection and epidemic prevention, home office, flexible office and other measures, doing everything possible to maintain upstream and downstream business, adopting capital vitalization, optimizing and adjusting business premises, and reducing expenses to ensure corporate cash flow, creating conditions to ensure the health of employees, the stability of the team, the stability of the society and the guarantee of employment, and contributing the enterprise's strength for success of the epidemic prevention and control. With the joint efforts of the government, enterprises, and employees, the company's business operations began to gradually recover at the end of the first quarter. So far, the business recovery has been generally smooth. The company will continue to do a good job in epidemic prevention and control and the recovery and development of enterprise production and operation.

In first half of 2020, combine actual condition of financially insecure after reorganization, on the one hand, we adhere to traditional business model development, in combination with the new national standard of safety technical specifications for electric bicycle, the Company carry out R&D works on the products. Optimize and adjust the product structure and sales mode transformation, actively expand the e-commerce business model in accordance with the e-commerce transformation of business team and controllable cost of internal & external connections, so as to realize the stable development of e-commerce for retail business; at the same time, based on the long-term process of the electric bicycle business, the follow-up research of related industrial projects and technology applications in the upstream and downstream of the industrial chain have been carried out accordingly, and on the basis of extensive business contacts and businesses in previous years, it continued to expand the lithium battery material business to enrich the main business. On the one hand, continued to promote the development of the jewelry gold supply chain business and expand the business dimension. In August 2019, the company and Shenzhen Zuankinson Jewelry Co., Ltd. jointly invested 6.5 million yuan to establish Shenzhen Xinsen Jewelry and Gold Supply Chain Co., Ltd., the company holding 65% of the shares as the controlling shareholder of Shenzhen Xinsen Jewelry and Gold Supply Chain Co., Ltd., while Zuankinson Jewelry holding 35% of the shares. According to the actual situation of business development, in February 2020, the two parties decided to increase the capital of Shenzhen Xinsen

Jewelry and Gold Supply Chain Co., Ltd. to 20 million yuan in the same proportion, and the relevant registered capital have been in place in June 2020. In order to meet the future operation and development needs of Shenzhen Xinsen Jewelry and Gold Supply Chain Co., Ltd., and enhance its financial strength, comprehensive competitiveness and anti-risk ability, the company signed a capital increase contract with the joint venture Shenzhen Zuankinson Jewelry and Gold Supply Chain Co., Ltd. in August 2020, and once again increased capital to Shenzhen Xinsen Jewelry and Gold Supply Chain Co., Ltd. in the same proportion, and the registered capital was increased from 20 million yuan to 200 million yuan, of which the company increased capital of 117 million yuan, which would be successively invested in accordance with its own funds and the availability of funds raised from the non-public issuance of A shares; Zuankinson Jewelry newly increased capital of 63 million yuan, totaling 180 million yuan. On August 21, 2020, the company's 2020 second extraordinary general meeting of shareholders reviewed and approved the above capital increase. On the one hand, we strived to promote the selection of the company's restructuring party and plan for the non-public issuance of stocks, hoping to improve the company's business strength and development potential.

In terms of planning for the non-public issuance of stocks, the company started planning for the non-public issuance of stocks in July 2016, and hired brokers, lawyers and accountants and other intermediary agencies to cooperate in various tasks. Since then, the nineteenth (temporary) meeting, the twenty-second (temporary) meeting, the twenty-sixth (temporary) meeting of the ninth board of directors and the second extraordinary general meeting of the company in 2017 reviewed and approved the proposals related to the non-public issuance of stocks. In combination with the capital market and the actual situation of the company, from January to February 2018, the fourth (temporary) meeting of the company's tenth board of directors and the company's first extraordinary general meeting of shareholders in 2018 reviewed and approved the Proposal on Adjusting the Scheme of the Company's Non-public Issuance of A Shares, and the Proposal on Preplanning for the Company's Non-public Issuance of A Shares (Third Revised Draft) and other related proposals. According to the above proposals, the total amount of funds raised in this non-public issuance of shares should not exceed 750 million yuan, after deducting the issuance costs, it is planned to invest 680 million yuan in the "online and offline marketing network platform construction upgrade project", and it is planned to invest 70 million yuan in the "R&D center construction project". On April 21, 2020, the company held the nineteenth (interim) board meeting of the tenth session of the board of directors, and reviewed and approved the "Proposal on the Termination of Agreement of the Conditionally Effective Share Subscription Agreement (Second Revised Draft) Signed with the Original Subscription Object" and the "Proposal on the Preplanning for the Non-public Issuance of A Shares by Shenzhen China Bicycle (Holdings) Co., Ltd.", etc. The company terminated the non-public issuance of shares matter in 2016 and at the same time launched the preplanning for non-public issuance of A shares in 2020, and planned to raise funds of total amount not exceeding 450 million yuan through non-public issuance of shares from 5 specific investors, including Wansheng Industrial Holdings (Shenzhen) Co., Ltd., Fuzhou Zuankinson Jewelry Co., Ltd., Shenzhen Yilian Jinchuang Technology Co., Ltd., Shenzhen Hualinglong Jewelry Co., Ltd. and Shenzhen Jindaogu Jewelry Co., Ltd., and all the funds would be used to supplement working capital after deducting the issuance costs. At present, the company's non-public issuance plan of 2020 has been reviewed and approved by the company's shareholders meeting, and the follow-up still needs to be approved by the China Securities Regulatory Commission. Related work is in progress.

In the context of the still sluggish domestic traditional manufacturing industry, the company insisted on accelerating its own professional transformation and e-commerce transformation in accordance with the guidelines of "Made in China 2025", strived to expand business dimensions to enrich main business, strengthened structural adjustments, and strengthened quality management, intensified cost and expense management and control, and strived to improve the ability of traditional enterprises to adapt to the new economic normal and the ability to participate in market competition. Through all kinds of work hard, in first half of 2020, the Company achieved operating revenue of 42.6564 million yuan, net profit amounted to 3.4206 million yuan and the net profit attributable to shareholder of listed company amounted to 2.7976 million yuan.

As the operating revenue with jewellery concerned in first half of 2020 accounts for more than 30% of the operating revenue of the Company, the Company shall comply with the disclosure requirement of "Guidelines on Industry Information Disclosure of Shenzhen Stock Exchange No. 11- Listed Company Engaged in Jewelry-related Business", specific information are as:

(1) Operation of the physical store in reporting period

During the reporting period, gold and jewelry business of the Company mainly provides supply chain management and services in the vertical field of gold and jewelry, it connects with the downstream gold jewelry brand and does not have the physical stores.

(2) Operation of the on-line sales in reporting period

The Company does not have on-line sales in the Period

(3) Inventory in the reporting period

As of end of the Period, balance of inventory from jewelry business amounted to 3211567.68 yuan, a 19.21% down compared with that of period-begin, types of the inventory includes:

In yuan

Item	Types	Amount	Proportion
Finished goods	Jewelry	327,919.84	10.21%
	Gold jewelry	—	—
	Other	—	—
	Total	327,919.84	10.21%
Raw materials	Gold	—	—
	Platinum	—	—
	Diamond	753,891.51	23.47%
	Total	753,891.51	23.47%
Wrappage		16,754.16	0.52%
Goods in process		2,113,002.17	65.79%
Total		3,211,567.68	100.00%

## 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

The contents and reasons of accounting policy changes	Examination and approval procedures
According to the regulations of "Accounting Standards for Business Enterprises No. 14 - Revenue" of the Ministry of Finance, domestic listed companies are required to implement this accounting standard from January 1, 2020. The Company has implemented the "Accounting Standards for Business Enterprises No. 14 - Revenue" (CK [2017] No. 22) revised by the Ministry of Finance from January 1, 2020.	Deliberated and approved by 24 <sup>th</sup> session of 10 <sup>th</sup> BOD

In accordance with the relevant regulations for the connection of the old and new standards, no adjustments are made to comparable period information, and the cumulative impact of the implementation of the new standards adjusts the amount of retained earnings at the beginning of the period and other related items in the financial statements. The specific impact of the implementation of the new revenue standard on the Company is that the contract-related advance receipts are changed from the "advance receipts" item to the "contract liabilities" item in presentation.

### (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 in reporting period.

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

Applicable  Not applicable

The Company had no particular about the change of consolidation range compared in reporting period.

**Board of Directors of  
Shenzhen China Bicycle Company (Holdings) Limited  
27 August 2020**