

Stock Code: 000020 200020

Public Notice No.: 2021-09

Short Form of the Stock: SHEN HUAFA-A, SHEN HUAFA-B

Shenzhen Zhongheng Huafa Co., Ltd.

Summary of 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.

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

Name of director absent	Title for absent director	Reasons for absent	Attorney
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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 plan of cash dividends carried out, bonus issued and capitalizing of common reserves either.

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	Shen HUAFA A, Shen HUAFA B	Stock code	000020, 200020
Stock exchange for listing	Shenzhen Stock Exchange		
Person/Way to contact	Secretary of the Board	Rep. of security affairs	
Name	Niu Zhuo		
Office add.	618, 6/F, East Tower, No.411 Building, Huafa (N) Road, Futian District, Shenzhen		
Fax.	0755-86360206		
Tel.	0755-86360201		
E-mail	huafainvestor@126.com.cn		

2. Main business or product introduction in the reporting period

After years of development, the company has gradually formed two main businesses in industry and property

management. Among them, the industrial business mainly includes injection molding, polyon (light-weight packaging materials), and complete machine production and sales of liquid crystal display, property management business is mainly the lease of its own property.

3. Main accounting data and financial indexes

(I) Main accounting data and financial indexes for recently three years

Whether it has retroactive adjustment or re-statement on previous accounting data

☐ Yes ☒ No

In RMB

	2020	2019	Changes over last year	2018
Operating income	691,742,269.12	721,557,440.51	-4.13%	637,046,707.03
Net profit attributable to shareholders of the listed company	6,830,187.40	5,460,049.15	25.09%	3,295,022.72
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	4,103,393.55	4,843,096.96	-15.27%	1,535,043.65
Net cash flow arising from operating activities	59,719,269.60	74,463,707.01	-19.80%	-21,894,459.66
Basic earnings per share (RMB/Share)	0.0241	0.0193	24.87%	0.0116
Diluted earnings per share (RMB/Share)	0.0241	0.0193	24.87%	0.0116
Weighted average ROE	2.05%	1.67%	0.38%	1.02%
	End of 2020	End of 2019	Changes over end of last year	End of 2018
Total assets	627,779,621.06	614,163,899.86	2.22%	617,090,153.46
Net assets attributable to shareholder of listed company	336,248,737.29	329,428,049.89	2.07%	323,968,000.74

(2) Quarterly main financial index

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	87,800,584.55	212,902,836.83	200,183,800.78	190,855,046.96
Net profit attributable to shareholders of the listed company	-400,741.17	3,566,338.72	1,685,488.94	2,496,470.28
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-208,179.52	3,376,075.98	1,108,517.51	344,348.95

Net cash flow arising from operating activities	7,931,308.59	13,268,903.65	-7,509,489.19	46,028,546.55
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Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the company's quarterly report and semi-annual report

☐ Yes ☒ No

4. Shares and shareholders

(1) Particulars about common stock shareholders, preference shareholders with voting rights recovered and top ten shareholders

In Share

Total common stock shareholders in reporting period-end	21,840	Total common stock shareholders at end of last month before annual report disclosed	22,456	Total preference shareholders with voting rights recovered at end of reporting period	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed	0
Top ten shareholders							
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of shares pledged/frozen		
					State of share	Amount	
Wuhan Zhongheng Group	Domestic non-state-owned legal person	42.13%	119,289,894	0	Pledged	116,100,000	
					Frozen	119,289,894	
SEG (HONG KONG) CO., LTD.	Overseas legal person	5.85%	16,569,560	0	Pledged	0	
					Frozen	0	
GOOD HOPE CORNER INVESTMENTS LTD.	Overseas legal person	2.50%	7,072,000	0	Pledged	0	
					Frozen	0	
Changjiang Securities Brokerage (Hong Kong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0	
					Frozen	0	
Guoyuan Securities Brokerage (Hong Kong) Limited	Overseas legal person	1.37%	3,870,117	0	Pledged	0	
					Frozen	0	
Li Zhongqiu	Overseas	1.00%	2,830,000	0	Pledged	0	

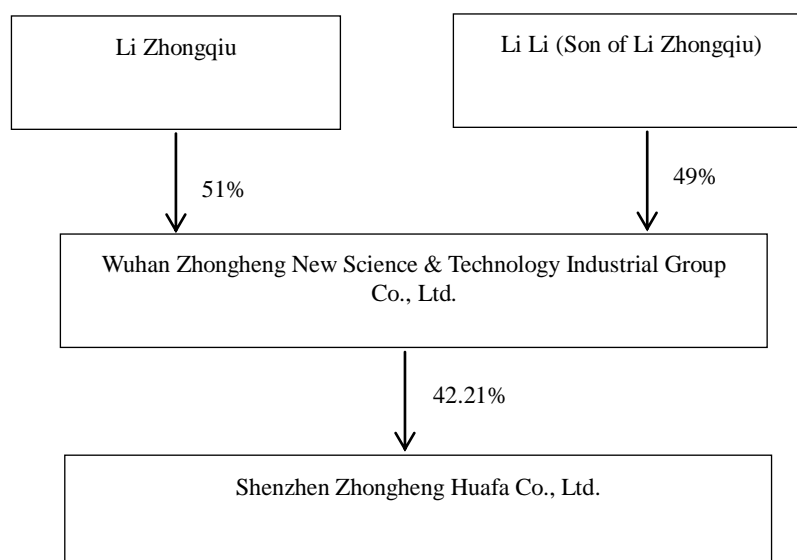
	nature person				Frozen	0
LI SHERYN ZHAN MING	Overseas nature person	0.51%	1,446,100	0	Pledged	0
					Frozen	0
China Merchants Securities Hong Kong Co., Ltd.	State-owned legal person	0.50%	1,413,888	0	Pledged	0
					Frozen	0
Shengyin Investment Co., Ltd.	Overseas legal person	0.50%	1,408,600	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person	0.37%	1,041,073	0	Pledged	0
					Frozen	0
Explanation on associated relationship among the aforesaid shareholders		Among the top ten shareholders, Li Zhongqiu is the actual controller of Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd. and is a party acting in concert. Shengyin Investment Co., Ltd. is an overseas wholly-owned subsidiary of Wuhan Zhongheng group. The Company neither knew whether there exists associated relationship among the other shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.				
Explanation on involving margin business (if applicable)		N/A				

(2) Total preferred stock shareholders of the Company and shares held by top ten shareholders with preferred stock held

☐ Applicable ☒ Not applicable

The Company had no shareholders with preferred stock held in the reporting.

(3) Property right and controlling relationships between the actual controllers of the Company and the Company is as follows:



5. Corporate bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

III. Discussion and analysis of business

1. Introduction of operation in the reporting period

2020 was a very unusual year, the sudden outbreak of COVID-19 epidemic caused the company's important subsidiary in Wuhan to be affected by the epidemic, the resumption of work and production was later than in other areas of the country, and the loss of orders was relatively serious. Faced with such a difficult business environment, all employees of the company worked together to actively overcome the adverse effects of the epidemic, complied with the industry environment and the adjustment of national policies, broke through thinking and management strategies, and achieved good operating results.

In 2020, the company achieved operating revenue of 691.7423 million yuan, a decrease of 4.13% on a year-on-year basis, total profits of 8.82 million yuan, increased by 13.76% compared with the same period last year, net profit amounted to 6.8302 million yuan, a 25.09% up from a year earlier.

●Video service business achieved annual operating income of 396.06 million yuan, an increase of 19.29% on a year-on-year basis, operation profit amounted as 6.4795 million yuan with 132.49% up from a year earlier. During the reporting period, the Video Business Division adjusted the product structure and optimized the sales ratio of each brand of products. The sales ratio of AOC, VSCN and VSC series brands have increased, which opened online sales channels such as Jingdong while completing existing customer orders, and sold 900,000 LCD monitors in 2020, an increase of 9.68% over last year.

●Injection molding business achieved annual operating income of 185.4917 million yuan, a decrease of 25.86% over the same period last year, operation profit amounted as 548,600 yuan, an increase of 2.39% from a year earlier. With the unceasingly fierce competition in the market, the profit margin of injection molding was squeezed, but the new production line put into production by this business division at the end of 2018 gave full play to its automation advantages in 2020, which greatly improved production efficiency and reduced production costs. The injection molding division achieved annual sales volume of 9,900 tons, completed the annual sales target.

●Polyon business achieved annual operating income of 35.8333 million yuan, a decrease of 44.30% over the same period last year. Actual sales for the year were 2,500 tons, basically reaching the sales target. In order to better fulfill the sales target of 2021, the EPS business division maintained existing orders, increased the proportion of structural parts orders, developed new customer resources, and strive to accept more domestic and foreign large-scale household appliance customers' orders.

●The property rental business achieved annual operating income of 40.5875 million yuan, an increase of 4.55% from a year earlier, operating profit amounted as 6 million yuan with a growth of 7.86% over that of last year. In 2020, the company optimized the structural proportion of commercial tenants, and the occupancy rate was greatly improved, at the same time, the company strictly controlled costs and reduced unnecessary expenditures. Therefore, the company's overall rental profits increased significantly compared with the previous year.

2. Whether the main business had major change in the reporting period

☐ Yes ☒ No

3. About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit

☒ Applicable ☐ Not applicable

In RMB

Name	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
Monitor	396,060,015.82	6,479,543.15	6.63%	19.29%	132.49%	0.15%
Injection model	185,491,674.08	548,642.72	9.40%	-25.86%	2.39%	-1.39%
EPS products	35,833,322.61	-4,117,636.91	-5.74%	-44.30%	-279.45%	-9.07%
Property lease	40,587,453.21	6,000,207.46	86.87%	4.55%	7.86%	-6.75%

4. Whether the characteristics of management seasonal or cyclical need special attention

☐ Yes ☒ No

5. In the reporting period, note of major changes in operating income, operating cost, total net profit attributable to common stock shareholders of listed company or composing the previous reporting period

☐ Applicable ☒ Not applicable

6. Facing delisting

☐ Applicable ☒ Not applicable

7. Related matters relating to financial reports

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

☐ Applicable ☒ Not applicable

There was no change in aspect of accounting policy, estimates and calculation method

(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 the period.

(3) Compare with last year's financial report; explain changes in consolidation statement's scope

☒ Applicable ☐ Not applicable

Combined party	Percentage of equity acquired in enterprise combination	Constitute the basis for the enterprise combination under the same control	Combining date	Basis for determining the date of combination	Income of the combined party from the beginning of the period of combination to the date of combination	Net profit of the combined party from the beginning of the period of combination to the date of combination	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
Ruth Co., Ltd.	100.00%		2020.11.10	Equity Transfer Agreement				

Ruth Co., Ltd was established in Hong Kong dated 25 October 2020 with registered capital of HK\$ 10,000.00, no actual capital contributed and has not yet commenced production and operation activities.