



HAINAN JINGLIANG HOLDINGS CO., LTD.
ANNUAL REPORT 2019

March, 2020

HAINAN JINGLIANG HOLDINGS CO., LTD.

ANNUAL REPORT 2019

Part I Important Notes

This Annual Report is based on the full text of the 2019 Annual Report of Hainan Jingliang Holdings Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Report on the media designated by the China Securities Regulatory Commission (the “CSRC”).

All the Company’s directors have attended the Board meeting for the review of this Report and its summary.

Independent auditor’s modified opinion:

Applicable Not applicable

Board-approved final cash and/or stock dividend plan for ordinary shareholders for the Reporting Period:

Applicable Not applicable

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

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period :

Applicable Not applicable

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

Part II Key Corporate Information

1. Stock Profile

Stock name	JLKG, JL-B	Stock code	000505, 200505
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Guan Ying	Gao Deqiu	
Address	15/F, Jing Liang Building, NO. 16 East Third Ring Middle Road, Chaoyang District, Beijing	15/F, Jing Liang Building, NO. 16 East Third Ring Middle Road, Chaoyang District, Beijing	
Fax	010-51672010	010-51672010	
Tel.	010-51672130	010-51672029	
Email address	1124387865@qq.com	gaodeqiu_jl@163.com	

2. Principal Activities or Products in the Reporting Period

The Company is principally engaged in oils and oilseeds processing and trading, as well as food production. It runs its oils and oilseeds processing and trading business primarily in Beijing City, Tianjin City and Hebei Province under the brands of “Gu Chuan”, “Lv Bao”, “Gu Bi” and “Huo Niao”, with the main products being soybean oil, rapeseed oil, sunflower seed oil and sesame oil and paste, among others. As for its food production business, it primarily develops, produces and markets snack food and bread under the brands of “Little Prince”, “MS Dong”, “Jianqiang De Tudou” and “Gu Chuan”, among others, with the main products being potato chips, cakes and pastries and bread.

In 2019, the oils industry was in face of increasing hardships and a heavy hit caused by external factors including the continued China-U.S. trade friction and African swine fever, Therefore, the oils and oilseeds division of the Company took the initiative to adjust operating strategies, gave play to its industrial chain advantage, and strengthened mutual support and information sharing among the links of the industrial china, which minimized the hit from the external factors. For the Reporting Period, the oils and oilseeds division recorded operating revenue of RMB6,451 million, and a gross profit of RMB105 million.

In 2019, the snack food industry saw an influx of strategic products and fiercer competition on the consumer market. The snack food business of the Company deepened the model of “Professional Production + Cultural Creativity + Internet”, pursued a market-oriented strategy, and vigorously promoted innovation in marketing, management, products and technology. The bread processing business enhanced channel marketing and development of new products. For the Reporting Period, the food division recorded operating revenue of RMB0.94 billion, and a gross profit of RMB186 million.

3. Key Financial Information

(1) Key Financial Information of the Past Three Years

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

Yes No

Unit: RMB

	2019	2018	2019-over-2018 change (%)	2017
Operating revenue	7,440,286,465.54	7,409,124,303.41	0.42%	7,917,639,044.13
Net profit attributable to the listed company's shareholders	133,341,925.75	167,956,581.15	-20.61%	129,603,167.36
Net profit attributable to the listed company's shareholders before exceptional items	104,483,092.09	127,425,177.20	-18.00%	63,818,849.21
Net cash generated from/used in operating activities	297,366,794.05	850,167,551.24	-65.02%	-1,379,507,779.66
Basic earnings per share (RMB/share)	0.19	0.24	-20.83%	0.2

Diluted earnings per share (RMB/share)	0.19	0.24	-20.83%	0.2
Weighted average return on equity (%)	5.70%	7.69%	-1.99%	5.01%
	31 December 2019	31 December 2018	Change of 31 December 2019 over 31 December 2018 (%)	31 December 2017
Total assets	5,231,266,600.19	4,917,148,996.28	6.39%	6,082,383,851.23
Equity attributable to the listed company's shareholders	2,406,039,283.87	2,272,469,925.43	5.88%	2,101,342,683.37

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	1,707,549,259.31	1,575,728,466.08	1,824,886,529.92	2,332,122,210.23
Net profit attributable to the listed company's shareholders	26,311,530.50	25,199,373.91	33,840,967.80	47,990,053.54
Net profit attributable to the listed company's shareholders before exceptional items	17,033,200.00	24,161,273.59	28,276,307.45	35,012,311.05
Net cash generated from/used in operating activities	172,926,738.46	47,665,555.75	226,153,437.87	-149,378,938.03

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

4. Share Capital and Shareholder Information at the Period-End

(1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	37,551	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	36,206	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge or frozen		
					Status	Shares	
BEIJING GRAIN GROUP CO., LTD.	State-owned legal person	42.06%	288,439,561	164,877,598			
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT CENTER	State-owned legal person	7.07%	48,510,460	48,510,460			

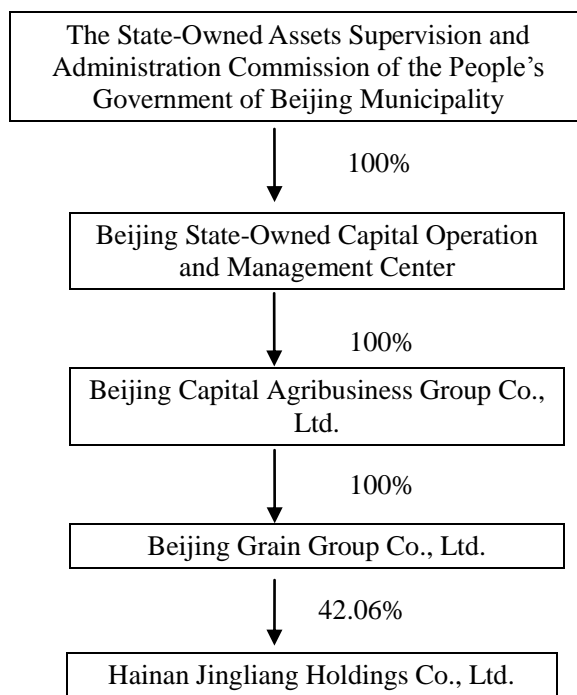
CHINA DEVELOPMENT BANK CAPITAL CO., LTD.	State-owned legal person	2.97%	20,393,051	0		
LI SHERYN ZHAN MING	Foreign natural person	2.58%	17,683,400	0		
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	2.00%	13,697,179	0		
XIE YU	Domestic natural person	0.50%	3,450,469	0		
MEI JIANYING	Domestic natural person	0.38%	2,604,203	0		
HU TIANGAO	Domestic natural person	0.34%	2,356,052	0		
ZHANG XIAOXIA	Domestic natural person	0.28%	1,949,250	0		
JI XIANGYAO	Domestic natural person	0.28%	1,909,713	0		
Related or acting-in-concert parties among the shareholders above	Beijing State-Owned Capital Operation And Management Center owns 100% of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is a shareholder of the Company (a 42.06% holding). Apart from that, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.					
Shareholders involved in securities margin trading (if any)	<ol style="list-style-type: none"> 1. Shareholder Xie Yu holds 3,450,469 shares in the Company through his account of collateral securities for margin trading in Guotai Junan Securities Co., Ltd. 2. Shareholder Ji Xiangyao holds 1,909,713 shares in the Company through his account of collateral securities for margin trading in Guotai Junan Securities Co., Ltd. 3. Shareholder Wang Xiaoxing holds 1,758,000 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd. 					

(2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between the Actual Controller and the Company



5. Corporate Bonds

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

No.

Part III Operating Performance Discussion and Analysis

1. Business Overview of the Reporting Period

(1) Overall Performance

In face of the constant hits by unfavorable factors such as the China-U.S. trade friction and the African swine fever in 2019, the Company pursued progress amid stability in all the work. For the year under review, the Company recorded operating revenue of RMB7.44 billion and a gross profit of RMB0.26 billion. By operating division, the oils and oilseeds division reported operating revenue of RMB6.451 billion and a gross profit of RMB105 million; and the food division posted operating revenue of RMB0.94 billion and a gross profit of RMB186 million. The net profit attributable to the Company as the parent was RMB133 million, and earnings per share were RMB0.19. The Company keeps growing in a steady manner.

Beijing Jingliang Food Co., Ltd., a swapped-in asset in a major asset restructuring, achieved healthy growth

through proactive market expansion and stricter cost control. For the year under review, it registered operating revenue of RMB7.4 billion, a gross profit of RMB309 million and a net profit attributable to the Company as the parent before exceptional items of RMB155 million. The cumulative actual net profits attributable to the Company as the parent before exceptional items for the past three years amount to RMB476 million, representing 107.55% of the three-year performance commitment. As such, it has smoothly fulfilled the performance commitment as agreed upon in the Profit Compensation Agreement and the supplementary agreement between the Company and Beijing Grain Group Co., Ltd. and Beijing State-Owned Capital Operation and Management Center.

(II) Major Results Achieved

1. The Prominent Overall Effect on Oils and Oilseeds Division

In 2019, the Sino-US trade friction and African swine fever have led in more pervasive effects to oils and oilseeds crushing industry. Therefore, the oils and oilseeds division adjusted strategies proactively, and took five platforms of “Risk Control and R&D, Operation of Stocks, Import and Export Trade, Production Management and Product Marketing” as supports, to realize the mutual support and information share among each node in the oils and oilseeds division, which has reduced maximally the effects generated from Sino-US trade war and turned losses into gains in oils and oilseeds crushing business in the second half year. Small-packed oils and oilseeds business has been further optimized. As the sales volume of high gross margin oils including sunflower oil of Gu Chuan, non-GMO soybean oil accounts for 65%, the sales volume has been improved, at the meantime exploring initially the integrated marketing mode, mining customers’ demands, innovating the marketing methods as well. The hedging risk control and product development were strengthened in oils and oilseeds trade business to seize the market opportunity, and thus the annual sales of oils and oilseeds has reached 0.4 million tons. Additionally, the warehouse service business was expanded and the management service was innovated in oils warehousing, and thus the soybean reserves was increased over 0.1 million tons.

2. The Steady-state Growth of the Food Division

In 2019, the food division remained stable development under the continuous influx of strategic competitors and intensive competition in the terminal market. The snack food business was oriented by market demand, commands overall arrangements through innovative thinking, vigorously advances the innovation of marketing, management, products and technology, as well as improves product experience and continuous enhancement of sales volume by carrying out new products promotion with web celebrities via certain activities such as live webcast to reach consumers closely. Meanwhile, owing to emphasize the product development and reinforce the expansion of retail channels in the bread processing business, the business sales in other channels was flat basically with the KFC system sales, and the Green Tea system was increased by 84% year-on-year.

3. The Positive Intervention of Land Restoration Business

With the help of the important development opportunity in rural revitalization strategy, the Company intervened in land restoration proactively. Over 700 mu of land was restored in the Reporting Period regarding the Caofeidian Project so that the Company has been familiar with the main procedures and key nodes of land

restoration by the operation of the project. There was no obvious progress in Xinyi Project for policy reasons in the Reporting Period.

4. The Continuous Improvement of Management Work

In the principle of standardized operation and simplification with high efficiency, the Company constituted excellent management and control system and management team to ensure the stable and efficient corporate operation. Firstly, the Company continued to promote the institutional system, establishing the interconnected and complementary system with four hierarchies of the company's articles of association, regulations of shareholders' meeting, board of directors and board of supervisors, company level and department level. The well-established inner control system has been shaped based on the institutional system and accompanied by the sheets and procedures. Secondly, the Company adheres to the economic analysis and the key work supervision mechanism, sticks to the monthly and quarterly analysis of the business operation, researches the solutions and supervises the job schedule, which effectively guaranteed the completion of the annual operational indicators. Thirdly, the Company carried on enhancing financial management with developing service and control simultaneously, which propelled the progress of business operation and project investment, and guaranteed the capital security.

2. Significant Change to Principal Activities in the Reporting Period

Yes No

3. Product Category Contributing over 10% of Principal Business Revenue or Profit

Applicable Not applicable

Unit: RMB

Product category	Operating revenue	Operating profit	Gross profit margin	YoY change in operating revenue (%)	YoY change in operating profit (%)	YoY change in gross profit margin (%)
Oils and oilseeds	6,451,212,047.10	289,288,375.24	4.48%	-0.32%	-17.78%	-0.95%
Food processing	940,737,948.76	297,683,457.05	31.64%	5.58%	6.73%	0.34%

4. Business Seasonality that Calls for Special Attention

Yes No

5. Significant YoY Changes in Operating Revenue, Cost of Sales and Net Profit Attributable to the Listed Company's Ordinary Shareholders or Their Compositions

Applicable Not applicable

6. Possibility of Listing Suspension or Termination

Applicable Not applicable

7. Matters Related to Financial Reporting

(1) YoY Changes to Accounting Policies, Accounting Estimates or Measurement Methods

Applicable Not applicable

① The Ministry of Finance issued from 31 March 2017 the revised versions of certain accounting standards, including the Accounting Standard No. 22 for Business Enterprises—Recognition and Measurement of Financial Instruments (CK [2017] No. 7), the Accounting Standard No. 23 for Business Enterprises—Transfer of Financial Assets (CK [2017] No. 8), the Accounting Standard No. 24 for Business Enterprises—Hedge Accounting (CK [2017] No. 9), and the Accounting Standard No. 37 for Business Enterprises—Presentation of Financial Instruments (CK [2017] No. 14), which were required to be applied, from 1 January 2019, to enterprises listed domestically in China.

② The Ministry of Finance issued in May 2019 the revised versions of the Accounting Standard No. 7 for Business Enterprises—Exchange of Non-Monetary Assets (CK [2019] No. 8) and the Accounting Standard No. 12 for Business Enterprises—Debt Restructuring (CK [2019] No. 9), which were required to be applied, from 10 and 17 June 2019 respectively, to enterprises adopting China's Accounting Standards for Business Enterprises.

(2) Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

No such cases.

(3) YoY Changes to the Scope of Consolidated Financial Statements

Applicable Not applicable

Beijing Jingliang Gu Bi Oils Co., Ltd. was newly included in, and Jingliang Misimi Catering Management (Tianjin) Co., Ltd. and Jingliang Xinchuang (Tianjin) Commercial Management Co., Ltd. were excluded from the consolidated financial statements of the Reporting Period.

Consolidated Balance Sheet

December 31, 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance	Balance at the end of the previous year
Current assets:				
Monetary capital	VI.1	557,168,512.39	924,870,016.78	924,870,016.78
Transactional financial assets	VI.2	161,300,000.00	223,300,000.00	Not applicable
Derivative financial assets	VI.3	88,792,254.00	71,260,414.60	71,260,414.60
Notes receivable				
Accounts receivable	VI.4	80,743,986.81	97,775,710.11	97,775,710.11
Receivables financing				Not applicable
Prepayment	VI.5	138,379,800.10	120,181,442.89	120,181,442.89
Other receivables	VI.6	19,220,097.34	18,256,513.93	18,256,513.93
Buy-back financial assets				
Inventory	VI.7	1,412,755,661.65	1,224,186,963.07	1,224,186,963.07
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	VI.8	560,297,233.13	65,521,816.63	288,821,816.63
Total current assets		3,018,657,545.42	2,745,352,878.01	2,745,352,878.01
Non-current assets:				
Debt investment				Not applicable
Available-for-sale financial assets	VI.9	Not applicable	Not applicable	20,000,000.00
Other debt investments				Not applicable
Held-to-maturity investment		Not applicable	Not applicable	
Long-term receivables				
Long-term equity investment	VI.10	198,301,333.79	182,827,226.11	182,827,226.11
Other equity instruments investment	VI.11	20,000,000.00	20,000,000.00	Not applicable
Other non-current financial assets				Not applicable
Investment property	VI.12	31,781,350.74	33,395,101.68	33,395,101.68
Fixed assets	VI.13	1,210,450,340.22	1,271,803,080.56	1,271,803,080.56
Construction in process	VI.14	17,876,177.78	37,369,757.78	37,369,757.78
Productive biological assets				
Oil-and-gas assets				
Intangible assets	VI.15	368,170,434.38	383,382,527.68	383,382,527.68
Development expenditure				
Goodwill	VI.16	191,394,422.51	191,394,422.51	191,394,422.51
Long-term deferred expenses	VI.17	21,026,628.97	34,671,018.22	34,671,018.22
Deferred income tax assets	VI.18	2,603,066.38	15,330,980.14	15,330,980.14
Other non-current assets	VI.19	151,005,300.00	1,622,003.59	1,622,003.59
Total non-current assets		2,212,609,054.77	2,171,796,118.27	2,171,796,118.27
Total assets		5,231,266,600.19	4,917,148,996.28	4,917,148,996.28

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Consolidated Balance Sheet (Continued)

December 31, 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance	Balance at the end of the previous year
Current liabilities:				
Short-term borrowings	VI.20	1,329,238,701.60	1,437,715,080.91	1,437,715,080.91
Transactional financial liabilities				Not applicable
Derivative financial liabilities				
Notes payable				
Accounts payable	VI.21	130,568,413.43	140,564,713.11	140,564,713.11
Account collected in advance	VI.22	481,119,461.41	145,317,064.18	145,317,064.18
Employee payroll payable	VI.23	25,192,583.58	31,494,568.05	31,494,568.05
Taxes payable	VI.24	47,842,621.41	35,783,819.84	35,783,819.84
Other payables	VI.25	96,171,396.23	111,288,708.99	111,288,708.99
Fees and commissions payable				
Payables for reinsurance				
Held-for-sale liabilities				
Non-current liabilities due within one year				
Other current liabilities	VI.26		11,100,915.25	11,100,915.25
Total current liabilities		2,110,133,177.66	1,913,264,870.33	1,913,264,870.33
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Including: Preferred stock				
Perpetual capital bonds				
Long-term payables				
Long-term payable to employees	VI.28	5,730,662.87	40,245,406.52	40,245,406.52
Estimated liabilities				
Deferred income	VI.27	71,518,169.27	74,953,385.51	74,953,385.51
Deferred income tax liabilities	VI.18	52,788,949.62	49,618,839.47	49,618,839.47
Other non-current liabilities				
Total non-current liabilities		130,037,781.76	164,817,631.50	164,817,631.50
Total liabilities		2,240,170,959.42	2,078,082,501.83	2,078,082,501.83
Shareholder's equity:				
Capital stock	VI.29	685,790,364.00	685,790,364.00	685,790,364.00
Other equity instruments				
Including: Preferred stock				
Perpetual capital bonds				
Capital reserves	VI.30	1,595,672,048.19	1,595,711,805.31	1,595,711,805.31
Less: treasury stock				
Other comprehensive income	VI.31	267,628.14	438.33	438.33
Surplus reserves	VI.32	122,122,436.98	122,122,436.98	122,122,436.98
Undistributed profit	VI.33	2,186,806.56	-131,155,119.19	-131,155,119.19
Total equity attributable to the parent company		2,406,039,283.87	2,272,469,925.43	2,272,469,925.43
Minority equity	VI.34	585,056,356.90	566,596,569.02	566,596,569.02
Total shareholder's equity		2,991,095,640.77	2,839,066,494.45	2,839,066,494.45
Total liabilities and shareholder's equity		5,231,266,600.19	4,917,148,996.28	4,917,148,996.28

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Consolidated Income Statement

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Total operating income		7,440,286,465.54	7,409,124,303.41
Including: Operating income	VI.35	7,440,286,465.54	7,409,124,303.41
II. Total operating cost		7,250,551,844.78	7,204,362,064.65
Including: Operating cost	VI.35	6,814,063,757.54	6,745,315,208.12
Tax and surcharges	VI.36	23,815,023.60	23,913,023.48
Selling expenses	VI.37	196,226,794.74	193,741,132.13
Administration expenses	VI.38	175,824,643.30	190,162,317.40
Research and development expenses	VI.39	7,461,688.57	2,742,564.22
Financial expenses	VI.40	33,159,937.03	48,487,819.30
Including: interest expenses	VI.40	47,287,539.19	78,514,993.77
Interest income	VI.40	14,712,048.02	11,149,346.83
Add: Other income	VI.41	20,809,451.38	16,548,514.37
Income from investment (Losses shall be filled in with "-")	VI.42	20,096,434.74	30,981,211.92
Including: income from investment on joint venture and cooperative enterprise	VI.42	7,478,217.97	8,330,122.46
Income from derecognition of financial assets measured at amortized cost			
Income from exchange(Losses shall be filled in with "-")			
Income from net exposure hedging(Losses shall be filled in with "-")			Not applicable
Income from changes in fair value (Losses shall be filled in with "-")	VI.43	11,943,192.05	2,009,952.25
Credit impairment loss(Losses shall be filled in with "-")	VI.44	-1,295,667.79	Not applicable
Income from assets impairment(Losses shall be filled in with "-")	VI.45	-32,583.96	-1,378,746.21
Income from asset disposal (Losses shall be filled in with "-")	VI.46	9,385,155.42	-367,796.13
III. Operating profit (Losses shall be filled in with "-")		250,640,602.60	252,555,374.96
Add: non-operating income	VI.47	11,208,562.91	35,905,938.23
Less: non-operating expenditure	VI.48	2,141,563.37	11,151,483.05
IV. Total profit (Total losses shall be filled in with "-")		259,707,602.14	277,309,830.14
Less: income tax expense	VI.49	81,069,431.03	66,183,707.60
V. Net profit (Net loss shall be filled in with "-")		178,638,171.11	211,126,122.54
(I) Classified by operations continuity:			
1. Net profit from continuing operations (Net loss shall be filled in with "-")		178,652,548.00	209,743,353.03
2. Net profit from discontinuing operations (Net loss shall be filled in with "-")		-14,376.89	1,382,769.51
(II) Classified by ownership attribution:			
1. Net profit attributable to shareholders of the parent company (Net loss shall be filled in with "-")		133,341,925.75	167,956,581.15
2. Minority interest income (Net loss shall be filled in with "-")		45,296,245.36	43,169,541.39
VI. Net of tax from other comprehensive income	VI.50	267,189.81	438.33
Net of tax from other comprehensive income attributable to shareholders of the parent company		267,189.81	438.33
1. Other comprehensive income that cannot be reclassified into the profit and loss			
(1) Remeasure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3) Changes in fair value of other equity instrument investments			Not applicable
(4) Changes in the fair value of the company's own credit risk			Not applicable
(5) Other			
2. Other comprehensive income that will be reclassified into the profit and loss		267,189.81	438.33
(1) Other comprehensive income that can be transferred to gains and losses under the equity method		147,576.00	-421,278.00
(2) Changes in fair value of other debt investments			Not applicable
(3) Changes in fair value of available-for-sale financial asset investments		Not applicable	
(4) Reclassification of financial assets included in other comprehensive income			Not applicable
(5) Held-to-maturity investment reclassified into profit and loss of available-for sale financial assets		Not applicable	
(6) Provision for credit impairment of other debt investments			Not applicable
(7) Cash flow hedge reserve			
(8) Balance arising from the translation of foreign currency		119,613.81	421,716.33
(9) Other			
Net of tax from other comprehensive income attributable to minority shareholder			
VII. Total comprehensive income		178,905,360.92	211,126,560.87
Total comprehensive income attributable to shareholders of the parent company		133,609,115.56	167,957,019.48
Total comprehensive income attributable to minority shareholder		45,296,245.36	43,169,541.39
VIII. Earnings per share:			
(I) Basic earnings per share		0.19	0.24
(II) Diluted earnings per share		0.19	0.24

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative: Person in charge of accounting: Person in Charge of Accounting Agency:

Consolidated Statement of Cash Flow

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Cash Flows from Operating Activities:			
Cash Receipts from Sales of Goods or Rendering of Services		8,265,584,972.64	7,990,459,320.64
Tax Refund Receipts		11,408,107.48	14,126,030.06
Other Cash Receipts Concerning Operating Activities	VI.51	642,762,726.56	1,320,871,012.55
Subtotal of Cash Inflows from Operating Activities		8,919,755,806.68	9,325,456,363.25
Cash Paid for Purchase of Goods and Accepting Services		7,446,652,722.52	6,935,638,967.14
Cash Paid to and for Employees		332,964,818.11	287,851,792.25
Taxes and Fees Paid		173,997,250.91	197,454,799.03
Other Cash Paid Concerning Operating Activities	VI.51	668,774,221.09	1,054,343,253.59
Subtotal of Cash Outflows from Operating Activities		8,622,389,012.63	8,475,288,812.01
Net Cash Flows from Operating Activities		297,366,794.05	850,167,551.24
II. Cash Flows from Investment Activities:			
Cash Receipts from Disinvestment		2,300,800,000.00	2,723,610,000.00
Cash Receipts from Returns on Investments		8,600,589.61	60,787,738.09
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		52,435,973.45	5,101,872.08
Net Cash Received by Disposal of Subsidiaries and Other Business Units		-22,584.54	
Other Cash Receipts Concerning Investment Activities			
Subtotal of Cash Inflows from Investment Activities		2,361,813,978.52	2,789,499,610.17
Cash Paid for Purchase and Construction of Fixed Assets, Intangible		72,817,852.74	58,607,796.65
Cash Paid for Investments		2,721,295,893.36	2,847,910,000.00
Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities			
Subtotal of Cash Outflows from Investment Activities		2,794,113,746.10	2,906,517,796.65
Net Cash Flows from Investment Activities		-432,299,767.58	-117,018,186.48
III. Cash Flows from Financing Activities:			
Cash Receipts from Accepting Investment			41,000,000.00
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders			41,000,000.00
Cash Receipts from Borrowings		2,238,852,871.20	2,429,218,399.64
Other Cash Receipts Concerning Financing Activities			
Subtotal of Cash Inflows from Financing Activities		2,238,852,871.20	2,470,218,399.64
Cash Paid for Repayment of Debts		2,346,683,635.55	3,262,582,688.36
Cash Paid for Distribution of Dividends, Profits or Repayment of		69,631,601.22	106,159,134.37
Including: Dividends and Profits Paid by Subsidiaries to Minority			
Other Cash Paid Concerning Financing Activities			
Subtotal of Cash Outflows from Financing Activities		2,416,315,236.77	3,368,741,822.73
Net Cash Flows from Financing Activities		-177,462,365.57	-898,523,423.09
IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents		-376,900.47	18,805,411.68
V. Net Increase in Cash and Cash Equivalents		-312,772,239.57	-146,568,646.65
Add: Opening Balance of Cash and Cash Equivalents		867,870,016.78	1,014,438,663.43
VI. Closing Balance of Cash and Cash Equivalents		555,097,777.21	867,870,016.78

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Consolidated Statement of Changes in Shareholder's Equity
Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Current Amount											Minority equity	Total shareholders' equities
	Shareholder's Equity attributable to the Parent Company										Subtotal		
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit			
	Preferred stock	Perpetual bond	Others										
I. Year-end balance of last year	685,790,364.00				1,595,711,805.31		438.33		122,122,436.98	-131,155,119.19	2,272,469,925.43	566,596,569.02	2,839,066,494.45
Add: changes in accounting policies													
Correction of prior period errors													
Other													
II. Balance at beginning of current year	685,790,364.00				1,595,711,805.31		438.33		122,122,436.98	-131,155,119.19	2,272,469,925.43	566,596,569.02	2,839,066,494.45
III. Increases and decreases of current year (Decrease shall be filled in with "-")					-39,757.12		267,189.81			133,341,925.75	133,569,358.44	18,459,787.88	152,029,146.32
(I) Total comprehensive income							267,189.81			133,341,925.75	133,609,115.56	45,296,245.36	178,905,360.92
(II) Investment of shareholders and capital reduction					-39,757.12						-39,757.12	-14,560,121.11	-14,599,878.23
1. Common equity invested by shareholders													
2. Capital invested by other equity instruments holders													
3. The amount of shares recorded into the shareholder's equity													
4. Others					-39,757.12						-39,757.12	-14,560,121.11	-14,599,878.23
(III) Distribution of profits												-12,276,336.37	-12,276,336.37
1. Withdrawal of surplus reserves													
2. Withdrawal of general risk reserve													
3. Distribution to shareholders												-12,276,336.37	-12,276,336.37
4. Others													
(IV) Inner carrying-over of shareholders' equities													
1. Capital reserve converted into capital (or capital stock)													
2. Surplus public accumulation converted into capital (or capital stock)													
3. Surplus public accumulation loss remedy													
4. Change in defined benefit plan carried forward to retained earnings													
5. Other comprehensive income carried forward to retained earnings													
6. Others													
(V) Special reserve													
1. Withdrawal for current period													
2. Use for current period													
(VI) Others													
IV. Closing balance of current year	685,790,364.00				1,595,672,048.19		267,628.14		122,122,436.98	2,186,806.56	2,406,039,283.87	585,056,356.90	2,991,095,640.77

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Consolidated Statement of Changes in Shareholder's Equity (Continued)
Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Amount of Last Period													
	Shareholder's Equity attributable to the Parent Company										Minority equity	Total shareholders' equities		
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit			Subtotal	
	Preferred stock	Perpetual bond	Others											
I. Year-end balance of last year	685,790,364.00				1,592,541,582.73					122,122,436.98	-299,111,700.34	2,101,342,683.37	499,079,730.54	2,600,422,413.91
Add: changes in accounting policies														
Correction of prior period errors														
Other														
II. Balance at beginning of current year	685,790,364.00				1,592,541,582.73					122,122,436.98	-299,111,700.34	2,101,342,683.37	499,079,730.54	2,600,422,413.91
III. Increases and decreases of current year (Decrease shall be filled in with "-")					3,170,222.58		438.33			167,956,581.15		171,127,242.06	67,516,838.48	238,644,080.54
(I) Total comprehensive income							438.33			167,956,581.15		167,957,019.48	43,169,541.39	211,126,560.87
(II) Investment of shareholders and capital reduction					3,170,222.58							3,170,222.58	41,000,000.00	44,170,222.58
1. Common equity invested by shareholders													41,000,000.00	41,000,000.00
2. Capital invested by other equity instruments holders														
3. The amount of shares recorded into the shareholder's equity														
4. Others					3,170,222.58							3,170,222.58		3,170,222.58
(III) Distribution of profits													-16,652,702.91	-16,652,702.91
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk reserve														
3. Distribution to shareholders													-16,652,702.91	-16,652,702.91
4. Others														
(IV) Inner carrying-over of shareholders' equities														
1. Capital reserve converted into capital (or capital stock)														
2. Surplus public accumulation converted into capital (or capital stock)														
3. Surplus public accumulation loss remedy														
4. Change in defined benefit plan carried forward to retained earnings														
5. Other comprehensive income carried forward to retained earnings														
6. Others														
(V) Special reserve														
1. Withdrawal for current period														
2. Use for current period														
(VI) Others														
IV. Closing balance of current year	685,790,364.00				1,595,711,805.31		438.33			122,122,436.98	-131,155,119.19	2,272,469,925.43	566,596,569.02	2,839,066,494.45

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Balance Sheet

December 31, 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance	Balance at the end of the previous year
Current assets:				
Monetary capital		5,606,837.37	13,597,659.66	13,597,659.66
Transactional financial assets				Not applicable
Derivative financial assets				
Notes receivable				
Accounts receivable	XVI.1	42,510.00	79,986.00	79,986.00
Receivables financing				Not applicable
Prepayment		532,843.92	20,000.00	20,000.00
Other receivables	XVI.2	12,612,756.48	227,353.10	227,353.10
Inventory		4,824,035.45	4,824,035.45	4,824,035.45
Held-for-sale assets				
Non-current assets due within one year				
Other current assets		2,114,765.22	1,962,371.32	1,962,371.32
Total current assets		25,733,748.44	20,711,405.53	20,711,405.53
Non-current assets:				
Debt investment				Not applicable
Available-for-sale financial assets		Not applicable	Not applicable	20,000,000.00
Other debt investments				Not applicable
Held-to-maturity investment		Not applicable	Not applicable	
Long-term receivables				
Long-term equity investment	XVI.3	2,377,420,527.10	2,375,639,964.05	2,375,639,964.05
Other equity instruments investment		20,000,000.00	20,000,000.00	Not applicable
Other non-current financial assets				Not applicable
Investment property		5,476,357.73	5,778,794.33	5,778,794.33
Fixed assets		3,028,013.69	3,260,620.04	3,260,620.04
Construction in process				
Productive biological assets				
Oil-and-gas assets				
Intangible assets		94,800.66	171,069.18	171,069.18
Development expenditure				
Goodwill				
Long-term deferred expenses		86,477.92	180,817.60	180,817.60
Deferred income tax assets				
Other non-current assets				
Total non-current assets		2,406,106,177.10	2,405,031,265.20	2,405,031,265.20
Total assets		2,431,839,925.54	2,425,742,670.73	2,425,742,670.73

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Balance Sheet (Continued)

December 31, 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance	Balance at the end of the previous year
Current liabilities:				
Short-term borrowings				
Transactional financial liabilities				Not applicable
Financial liabilities at fair value through profit or loss		Not applicable	Not applicable	
Derivative financial liabilities				
Notes payable				
Accounts payable				
Account collected in advance		38,896.41	38,896.41	38,896.41
Employee payroll payable		480,445.28	438,195.96	438,195.96
Taxes payable		1,709,752.97	976,458.68	976,458.68
Other payables		503,550,996.94	449,947,050.56	449,947,050.56
Held-for-sale liabilities				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities		505,780,091.60	451,400,601.61	451,400,601.61
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Including: Preferred stock				
Perpetual capital bonds				
Long-term payables				
Long-term payable to employees				
Estimated liabilities				
Deferred income				
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities				
Total liabilities		505,780,091.60	451,400,601.61	451,400,601.61
Shareholder's equity:				
Capital stock		685,790,364.00	685,790,364.00	685,790,364.00
Other equity instruments				
Including: Preferred stock				
Perpetual capital bonds				
Capital reserves		2,173,387,468.71	2,173,387,468.71	2,173,387,468.71
Less: treasury stock				
Other comprehensive income				
Special reserves				
Surplus reserves		109,487,064.39	109,487,064.39	109,487,064.39
Undistributed profit		-1,042,605,063.16	-994,322,827.98	-994,322,827.98
Total shareholder's equity		1,926,059,833.94	1,974,342,069.12	1,974,342,069.12
Total liabilities and shareholder's equity		2,431,839,925.54	2,425,742,670.73	2,425,742,670.73

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Income Statement

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Operating income	XVI.4	2,190,925.69	
Less: Operating cost			
Tax and surcharges		401,771.40	1,196,961.62
Selling expenses			
Administration expenses		36,066,032.99	23,607,509.95
Research and development expenses			
Financial expenses		13,632,818.73	14,073,236.91
Including: interest expenses		15,731,192.10	15,038,228.78
Interest income		2,103,116.98	974,811.35
Add: Other income		27,173.88	
Income from investment (Losses shall be filled in with "-")			
Including: income from investment on joint venture and cooperative enterprise			
Income from derecognition of financial assets measured at amortized cost			
Income from net exposure hedging(Losses shall be filled in with "-")			Not applicable
Income from changes in fair value (Losses shall be filled in with "-")			
Credit impairment loss(Losses shall be filled in with "-")		-35,432.20	Not applicable
Income from assets impairment(Losses shall be filled in with "-")			3,094,336.89
Income from asset disposal (Losses shall be filled in with "-")		122,419.37	
II. Operating profit (Losses shall be filled in with "-")		-47,795,536.38	-35,783,371.59
Add: non-operating income			16,679,043.74
Less: non-operating expenditure		486,698.80	31,950.68
III. Total profit (Total losses shall be filled in with "-")		-48,282,235.18	-19,136,278.53
Less: income tax expense			
IV. Net profit (Net loss shall be filled in with "-")		-48,282,235.18	-19,136,278.53
(I) Net profit from continuing operations (Net loss shall be filled in with "-")		-48,282,235.18	-19,136,278.53
(II) Net profit from discontinuing operations (Net loss shall be filled in with "-")			
V. Net of tax from other comprehensive income			
(I) Other comprehensive income that cannot be reclassified into the profit and loss			
1. Other comprehensive income that cannot be reclassified into the profit and loss			
2. Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(3) Changes in fair value of other equity instrument investments			Not applicable
(4) Changes in the fair value of the company's own credit risk			Not applicable
(5) Other			
(II) Other comprehensive income that will be reclassified into the profit and loss			
(1) Other comprehensive income that can be transferred to gains and losses under the equity method			
(2) Changes in fair value of other debt investments			Not applicable
(3) Changes in fair value of available-for-sale financial asset investments		Not applicable	
(4) Reclassification of financial assets included in other comprehensive income			Not applicable
(5) Held-to-maturity investment reclassified into profit and loss of available-for sale financial assets		Not applicable	
(6) Provision for credit impairment of other debt investments			Not applicable
(7) Cash flow hedge reserve			
(8) Balance arising from the translation of foreign currency			
(9) Other			
VI. Total comprehensive income		-48,282,235.18	-19,136,278.53

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Statement of Cash Flow

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Cash Flows from Operating Activities:			
Cash Receipts from Sales of Goods or Rendering of Services			
Tax Refund Receipts		27,173.88	1,500.00
Other Cash Receipts Concerning Operating Activities		42,776,834.30	50,575,445.10
Subtotal of Cash Inflows from Operating Activities		42,804,008.18	50,576,945.10
Cash Paid for Purchase of Goods and Accepting Services			
Cash Paid to and for Employees		25,272,710.61	20,758,423.44
Taxes and Fees Paid		137,305.54	5,842,797.23
Other Cash Paid Concerning Operating Activities		58,084,923.57	16,664,927.81
Subtotal of Cash Outflows from Operating Activities		83,494,939.72	43,266,148.48
Net Cash Flows from Operating Activities		-40,690,931.54	7,310,796.62
II. Cash Flows from Investment Activities:			
Cash Receipts from Disinvestment			
Cash Receipts from Returns on Investments			
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets			
Net Cash Received by Disposal of Subsidiaries and Other Business Units			
Other Cash Receipts Concerning Investment Activities			
Subtotal of Cash Inflows from Investment Activities			
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		290,062.88	248,977.61
Cash Paid for Investments		1,780,563.05	39,000,000.00
Net Cash Paid for obtaining Subsidiaries and Other Business Units			
Other Cash Paid Concerning Investment Activities			
Subtotal of Cash Outflows from Investment Activities		2,070,625.93	39,248,977.61
Net Cash Flows from Investment Activities		-2,070,625.93	-39,248,977.61
III. Cash Flows from Financing Activities:			
Cash Receipts from Accepting Investment			
Cash Receipts from Borrowings		32,700,000.00	243,800,000.00
Other Cash Receipts Concerning Financing Activities			
Subtotal of Cash Inflows from Financing Activities		32,700,000.00	243,800,000.00
Cash Paid for Repayment of Debts			195,000,000.00
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests			18,624,336.67
Other Cash Paid Concerning Financing Activities			
Subtotal of Cash Outflows from Financing Activities			213,624,336.67
Net Cash Flows from Financing Activities		32,700,000.00	30,175,663.33
IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents			
		-10,061,557.47	-1,762,517.66
Add: Opening Balance of Cash and Cash Equivalents		13,597,659.66	15,360,177.32
VI. Closing Balance of Cash and Cash Equivalents			
		3,536,102.19	13,597,659.66

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Current Amount										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equities
		Preferred stock	Perpetual bond	Others							
I. Year-end balance of last year	685,790,364.00				2,173,387,468.71				109,487,064.39	-994,322,827.98	1,974,342,069.12
Add: changes in accounting policies											
Correction of prior period errors											
Other											
II. Balance at beginning of current year	685,790,364.00				2,173,387,468.71				109,487,064.39	-994,322,827.98	1,974,342,069.12
III. Increases and decreases of current year (Decrease shall be filled in with "-")										-48,282,235.18	-48,282,235.18
(I) Total comprehensive income										-48,282,235.18	-48,282,235.18
(II) Investment of shareholders and capital reduction											
1. Common equity invested by shareholders											
2. Capital invested by other equity instruments holders											
3. The amount of shares recorded into the shareholder's equity											
4. Others											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Withdrawal of general risk reserve											
3. Distribution to shareholders											
4. Others											
(IV) Inner carrying-over of shareholders' equities											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus public accumulation converted into capital (or capital stock)											
3. Surplus public accumulation loss remedy											
4. Change in defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for current period											
2. Use for current period											
(VI) Others											
IV. Closing balance of current year	685,790,364.00				2,173,387,468.71				109,487,064.39	-1,042,605,063.16	1,926,059,833.94

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Statement of Changes in Shareholder's Equity (Continued)

Year 2019

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Year 2019										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equities
		Preferred stock	Perpetual bond	Others							
I. Year-end balance of last year	685,790,364.00				2,173,387,468.71				109,487,064.39	-975,186,549.45	1,993,478,347.65
Add: changes in accounting policies											
Correction of prior period errors											
Other											
II. Balance at beginning of current year	685,790,364.00				2,173,387,468.71				109,487,064.39	-975,186,549.45	1,993,478,347.65
III. Increases and decreases of current year (Decrease shall be filled in with "-")										-19,136,278.53	-19,136,278.53
(I) Total comprehensive income										-19,136,278.53	-19,136,278.53
(II) Investment of shareholders and capital reduction											
1. Common equity invested by shareholders											
2. Capital invested by other equity instruments holders											
3. The amount of shares recorded into the shareholder's equity											
4. Others											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Withdrawal of general risk reserve											
3. Distribution to shareholders											
4. Others											
(IV) Inner carrying-over of shareholders' equities											
1. Capital reserve converted into capital (or capital stock)											
2. Surplus public accumulation converted into capital (or capital stock)											
3. Surplus public accumulation loss remedy											
4. Change in defined benefit plan carried forward to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserve											
1. Withdrawal for current period											
2. Use for current period											
(VI) Others											
IV. Closing balance of current year	685,790,364.00				2,173,387,468.71				109,487,064.39	-994,322,827.98	1,974,342,069.12

(The attached notes to the financial statements are components of this financial statements.)

Legal Representative:

Person in charge of accounting:

Person in Charge of Accounting Agency:

Hainan Jingliang Holdings Co., Ltd.

Notes to the 2019 Financial Statements

(Unless otherwise stated, the amount unit is RMB Yuan)

I. Basic Information of the Company

(I) Place of incorporation, form of organization and head office address

Hainan Jingliang Holdings Co., Ltd. (hereinafter referred to as "the Company" or "Company" or "Jingliang Holdings") is established in accordance with the Hainan Provincial People's Government General Office QFBH (1992) No.1, approved by QY (1992) SGZ No. 6 Document of the People's Bank of Hainan Province and re-registered by Hainan Pearl River Enterprise Company on January 11, 1992. The Company issued 81,880,000 shares in total upon re-registration, of which 60,793,600 shares were converted from the net assets of the original company and 21,086,400 shares were newly issued. And the name of the Company is Hainan Pearl River Enterprise Co., Ltd. The business license registration number of the joint-stock company is 20128455-6, and the holding parent company Guangzhou Pearl River Enterprise Group holds 36,393,600 shares, accounting for 44.45%. Approved by ZGB (1992) No. 83 Document of the People's Bank of China in December 1992, the additional 21,086,400 shares were listed on the Shenzhen Stock Exchange for trading. The industry involved is real estate.

On March 25, 1993, in response to QGBH (1993) No.028 of Hainan Provincial Leading Group Office and SRYFZ (1993) No.099 of Shenzhen Special Economic Zone Branch of the People's Bank of China, the Company increased its share capital by converting the original share capital into 139,196,000 shares (according to distribution of 10, delivery of 5 and transfer of 2), with the controlling shareholder Guangzhou Pearl River Enterprises Group holding 48,969,120 shares accounting for 35.18% at the end of 1993.

In 1994, the share capital was increased by 10 to 10, and the total share capital was 278,392,000 shares after the increase. The controlling shareholder, Guangzhou Pearl River Enterprises Group, holds 97,938,240 shares, accounting for 35.18%.

In 1995, the issuance of 50,000,000 B Shares was approved by SZBF (1995) No.45 and SZBF (1995) No.12. The share capital of the Company was increased by 10:1.5 on the basis of the share capital after the additional B shares were issued, and the share capital of the Company after the increase was 377,650,800 shares. The holding parent company, Guangzhou Pearl River Enterprises Group, held 112,628,976 shares, accounting for 29.82% of the total.

In 1999, Guangzhou Pearl River Enterprises Group transferred all 112,628,976 shares to Beijing Wanfa Real Estate Development Co., Ltd.. After the transfer of shares was completed in June 1999, Beijing Wanfa Real Estate Development Co., Ltd. held 112,628,976 shares of the Company, accounting for 29.82% of the total shares of the Company, and became the controlling shareholder of the Company.

On January 10, 2000, the name of the Company was changed to Hainan Pearl River Holding Co., Ltd. and the Business

License for Enterprise Legal Person was renewed by Industrial & Commerce Administration Bureau of Hainan Province.

On August 17, 2006, the reform plan of the split share structure of the Company was implemented. The Company transferred 49,094,604 shares of capital stock to all shareholders at the ratio of 10 to 1.3. The original non-tradable shareholders transferred the increased shares to the tradable A-share holders. Beijing Wanfa Real Estate Development Co., Ltd. reimbursed the consideration shares of the non-tradable shareholders who have not expressly expressed their opinions. The converted total share capital was 426,745,404 shares, and the original controlling shareholder Beijing Wanfa Real Estate Development Co., Ltd. held 107,993,698 shares, accounting for 25.31%. Shareholders of non-tradable shares repaid 3,289,780 shares in consideration of the split share structure in 2007. Shareholders of non-tradable shares repaid 1,196,000 shares in consideration of the split share structure in 2009.

On 2 September 2016, Beijing Wanfa Real Estate Development Co., Ltd., the original controlling shareholder, transferred all of its 112,479,478 shares to Beijing Grain Group Co., Ltd. (hereinafter referred to as "Beijing Grain Group"). Upon completion of the share transfer in September 2016, Beijing Grain Group Co., Ltd. held 112,479,478 shares, accounting for 26.36% of the total shares of the Company. In November 2016, based on the confidence in the subject matter of the material asset restructuring and the future development of the Company, Beijing Grain Group Co., Ltd. decided to increase its shareholding through centralized bidding in the secondary market. After the increase, it held 123,561,963 shares of the Company, accounting for 28.95% of the total number of shares, and became the largest shareholder of the Company.

The Company determined July 31, 2017 as the delivery date of material assets in accordance with the material assets restructuring plan and the delivery agreement. On September 14, 2017, approved pursuant to the resolution of the Second Extraordinary General Meeting of Shareholders of the Company on November 18, 2016 and the *Approval Reply of the China Securities Regulatory Commission dated July 28, 2017 On Approval of Hainan Pearl River Holding Co., Ltd. to Purchase Assets and Raise Supporting Funds from Beijing Grain Group Co., Ltd.* (ZJXK (2017) No.1391): 1) The Company purchased assets from the original shareholders of Beijing Grain Food Co., Ltd. (hereinafter referred to as Beijing Grain Food) by issuing 210,079,552 shares of the balance between the transaction price of the injected assets and the assets to be purchased (the difference between the transaction price of the injected assets and the assets to be purchased was RMB 1,699.5436 million yuan). The par value in the issuance was RMB 1.00 per share and the issuance price was RMB 8.09 per share; 2) The Company has issued 48,965,408 non-public shares of the Company to Beijing Grain Group for the purpose of purchasing the supporting funds raised from the assets of the issuance of shares. The par value per share of the Company was RMB1.00 and the issuance price was RMB8.82 per share. The shareholder Beijing Grain Group conducted subscription in monetary funds. Upon completion of the issue, the registered capital was RMB 685,790,364.00 and the share capital was RMB 685,790,364.00. Beijing Grain Group, which accounted for 42.06% of the total number of shares, became the largest shareholder of the Company.

On March 10, 2018, the Company completed the registration formalities for industrial and commercial changes such as company name, legal representative, registered capital and business scope, and obtained the *Business License for Enterprise Legal Person* approved and renewed by Industrial & Commerce Administration Bureau of Hainan Province. The relevant

information after the change is listed as follows:

Company name: Hainan Jingliang Holdings Co., Ltd.

Uniform Social Credit Code: 914600002012845568

Type: Limited Company (Listed, State-controlled)

Registered address: F29, Dihao Building, Pearl River Square, Binhai Avenue, Haikou City

Office address: F29, Dihao Building, Pearl River Square, Binhai Avenue, Haikou City

Legal representative: Li Shaoling

Registered capital: 685,790,364 Yuan

Date of establishment: March 22, 1988

Business term: from March 22, 1988 to September 20, 2025

The parent company is Beijing Grain Group Co., Ltd..

(II) The nature of the Company's business and its main business activities

1. Business scope of the Company

The Company belongs to manufacturing-agricultural and sideline food processing industry, mainly including: food, beverages, oils, oils and by-products, vegetable proteins and their products, organic fertilizers, microbial fertilizers, production and marketing of agricultural fertilizers; land consolidation, soil remediation; agricultural comprehensive planting development, animal husbandry and aquaculture, agricultural equipment production and marketing; computer network technology, investment in communication projects, research and development and application of high-tech products; investment and consultation of environmental protection projects; animation, graphic design; import and export trade in goods and technology; rental of own premises. (General business projects shall be operated independently, and the permitted business projects shall be operated on the basis of relevant permits or approval documents) (Projects subject to approval by the relevant departments shall not be allowed to engage in business activities until approved by the relevant departments in accordance with the law.).

2. The nature of the Company's business and its main business activities

The Company and its subsidiaries are principally engaged in the processing, production and sales of foodstuffs, agricultural and sideline products, oils and fats, oils and snack foods.

3. Basic framework of the Company

The basic organizational structure of the Company: the shareholders' general meeting is the highest authority of the Company, the board of directors is the executive body of the shareholders' general meeting, the board of supervisors is the internal supervision body of the Company, and the general manager is responsible for the daily operation and management of the Company. The Company consists of the Office of the Board of Directors, the Office of the Board of Supervisors, the Department of Comprehensive Affairs, the Department of Securities Affairs, the Department of Strategic Investment, the Department of Finance (Settlement Center), the Department of Legal Affairs and Compliance, the Department of Human

Resources, the Department of Party and Mass Work, and the Department of Discipline Inspection and Supervision.

On May 6, 2010, the Beijing Investment Consulting Branch of Hainan Jingliang Holdings Co., Ltd. (now renamed as Hainan Pearl River Holding Co., Ltd.) was established with the unified social credit code of 91110107554875351W. Address: Room 5078, Building 3, No.3, Xijing Road, Badachu High-tech Park, Shijingshan District, Beijing. Business scope includes investment consulting, hotel investment and management; Purchase and lease of construction equipment; Sales of building materials, hardware and electrical equipment, furniture, plastics, daily necessities, leather products, rubber products, fodder, no longer packaged seeds, cereals, legumes, potato, flowers, grass and ornamental plants, fertilizers, non-metallic ores, metal products, metal ores, metal materials, goods import and export; R&D and application of high-tech products. ("1 Without the approval of the relevant departments, the funds shall not be raised in public; 2. Trading activities of securities products and financial derivatives shall not be publicly carried out; 3. Loans shall not be granted; 4. Guarantees shall not be provided to any enterprise other than the invested enterprise; 5. The investment principal shall not be lost or the minimum income shall not be guaranteed to the investor"; The project subject to approval according to law shall be operated in accordance with the approved contents after obtaining the approval of the relevant departments.)

(III) Approval of financial statements

These financial statements have been approved and reported by the Board of Directors of the Company in its resolution dated March 26, 2020.

(IV) Consolidated report scope

A total of 17 subsidiaries of the Company were included in the scope of consolidation in 2019, as detailed in Note 8 "Interests in Other Entities". The consolidation scope of the Company for the current period is 1 more than that of the previous period, and 4 less than that of the previous period as detailed in Note 7, "Change in Consolidation Scope".

II. Preparation Basis for Financial Statements

1. Preparation Basis

Based on the assumption of going concern and according to actual transactions and events, the Company's financial statements are prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard (promulgation of Decree No. 33 of Ministry of Finance and revision of Decree No. 76 of Ministry of Finance), 42 specific accounting standards, guidelines for the application of accounting standards for business enterprises, explanations of accounting standards for business enterprises and other relevant provisions promulgated and revised on February 15, 2006 and thereafter (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of the China Securities Regulatory Commission's Rules for Reporting Information Disclosure by Companies Offering Securities to the Public No.15-General Provisions on Financial Reporting (revised in 2014)

According to the relevant provisions of Accounting Standard for Business Enterprises, the Company's accounting is based on the accrual basis. Except for certain financial instruments, the financial statements are measured on the basis of historical costs. Non current assets held for sale shall be valued at the lower of the fair value less estimated expenses and the

original book value when the conditions for holding for sale are met. If the assets are impaired, the corresponding impairment reserves shall be withdrawn in accordance with the relevant provisions.

2. Going concern

These financial statements are presented on a going concern basis and the Company has a going concern capability for at least 12 months from the end of the reporting period.

III. Statement of Compliance of Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's merger and the financial status of the parent company as of December 31, 2019, the merger and parent company's operating results, the merger and parent company's cash flow and other relevant information in 2019. In addition, the Company's financial statements comply in all material respects with the disclosure requirements of the financial statements and its notes in the Rules for Preparation and Reporting Information Disclosure of Companies Offering Securities to the Public No.15-General Provisions on Financial Reports revised by China Securities Regulatory Commission in 2014.

IV. Significant Accounting Policies and Estimates

The Company and its subsidiaries are engaged in the processing, production and sales of food, agricultural and sideline products, grease, oil and leisure food. According to the characteristics of actual production and operation and the provisions of relevant accounting standards for business enterprises, the Company and its subsidiaries have formulated a number of specific accounting policies and accounting estimates for transactions and events such as revenue recognition. For details, please refer to the descriptions in Note IV, 25 "Revenue". For descriptions of the significant accounting judgments and estimates made by the management, please refer to Note IV, 31 "Significant Accounting Judgments and Estimates"

1. Accounting Period

The accounting period of the Company is divided into an annual period and an interim period. The accounting interim period refers to the reporting period shorter than a full accounting year. The fiscal year of the Company adopts the Gregorian calendar year, that is, from January 1 to December 31 of each year.

2. Business Cycle

The normal business cycle is the period from the time the Company purchases assets for processing to the time when cash or cash equivalents are realized. The Company uses 12 months as an business cycle and uses it as a liquidity classification standard for assets and liabilities.

3. Bookkeeping Standard Currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries use RMB as the bookkeeping standard currency. The offshore subsidiaries of the Company determine USD as their bookkeeping standard currency based on the currencies in the main economic environment in which they operate. The currency used by the Company in preparing these financial statements is RMB.

4. The Accounting Treatment of Business Combination under the Same Control and Different Control

Business Combination refers to the transaction or event in which two or more separate enterprises are merged to form one reporting entity. Business combination can be divided into business combination under the same control and business combination under different control.

(1) Business combination under the same control

Enterprises participating in the combination are ultimately controlled by the same party or multiple parties before and after the combination, and the control is not temporary, so it is the business combination under the same control. In case of business combination under the same control, the party that obtains control of other enterprises participating in the combination on the combination date shall be the combination party, and the other enterprises participating in the combination shall be the merged party. The combination date refers to the date on which the combination party actually acquires control over the merged party.

The assets and liabilities acquired by the combination party are measured at the book value of the merged party at the date of consolidation, including goodwill that was formed during acquisition by end controller. If the difference between the book value of the net assets acquired by the merging party and the book value of the merged consideration (or the total par value of the issued shares) paid by the merging party, and the capital reserve (share capital premium) shall be adjusted; If the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses incurred by the merging party for the purpose of business combination shall be included in the profits and losses of the current period when they are incurred.

(2) Business combination under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or multiple parties before and after the merger, the enterprise merger is not under the same control. In case of business combination under different control, the party that obtains control of other enterprises participating in the combination on the date of purchase shall be the Purchaser, and the other enterprises participating in the combination shall be the Purchasee. Purchase date means the date on which the Purchaser actually acquires control of the Purchasee.

For business combination under different control, the merger cost includes the assets, liabilities and fair value of equity securities issued by the Purchaser in order to obtain the control over the Purchasee on the date of purchase, and the intermediary fees such as audit, legal service, appraisal and consultation and other management fees for the enterprise merger are used to record into the profits and losses of the current period when incurred. The transaction costs of equity or debt securities issued by the Purchaser as a merger consideration are included in the initial recognition amount of the equity or debt securities. Contingent consideration involved shall be included in the consolidation cost at its fair value at the purchase date, and the consolidation goodwill shall be adjusted accordingly if new or further evidence of the existence of circumstances at the purchase date appears within 12 months after the purchase date and the adjustment or consideration is required. The consolidation cost incurred by the Purchaser and the identifiable net assets acquired during the consolidation are measured at the fair value at the date of purchase. The difference between the merger costs and the fair value shares of the identifiable net

assets of the Purchasee at the purchase date obtained in the merger is recognized as goodwill. If the combined cost is less than the fair value of the identifiable net assets of the Purchasee in the merger, first, the fair value of the identifiable assets, liabilities and contingent liabilities of the Purchasee and the measurement of the consolidation cost shall be re-checked. If the consolidation cost is still smaller than the fair value share of the identifiable net assets of the Purchased obtained in the consolidation after the re-check, the difference shall be recorded into the profits and losses of the current period.

When the Purchaser acquires the deductible temporary difference of the Purchasee, if it fails to recognize the deferred income tax assets on the date of purchase because it does not meet the recognition conditions for the deferred income tax, and within 12 months of the date of purchase, new or further information is obtained indicating that the relevant circumstances at the purchase date already exist and the economic benefits from the temporary difference deductible by the purchaser on the purchase date are expected to be realized, the relevant deferred income tax assets shall be recognized, and the goodwill shall be reduced. If the goodwill is not sufficiently offset, the difference shall be recognized as the current profit or loss; In addition to the above circumstances, the deferred income tax assets related to the enterprise merger are recognized and included in the current profits and losses.

Through multi-transaction and step-by-step business combination under different control, according to the *Circular of the Ministry of Finance on Printing and Issuing the Interpretation of Accounting Standards for Business Enterprises No.5* (CK (2012) No.19) and Article 51 of the *Accounting Standards for Business Enterprises No.33-Consolidated Financial Statements* on the judgment criteria of "package deal" (see 5 (2) of Note 4), it is determined whether the multiple transactions belong to the "package deal". In the case of a "package deal", the accounting treatment shall be performed with reference to the description in the preceding paragraphs of this section and Note 4, 13 "Long-term Equity Investments"; If the transaction is not a "package deal", the accounting treatment shall be distinguished between the individual financial statements and the consolidated financial statements:

In the individual financial statements, the sum of the book value of the equity investment held by the Purchaser prior to the purchase date and the cost of the new investment at the purchase date shall be taken as the initial investment cost of the investment; Where the equity of the Purchased held before the date of purchase involves other comprehensive income, the other consolidated income associated with the investment is accounted for on the same basis as the assets or liabilities directly disposed of by the Purchaser (i.e., except for the corresponding share in the change caused by the acquisition of the net liability or net assets of the defined benefit plan remeasured in accordance with the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the Purchased held prior to the date of purchase is remeasured according to the fair value of the equity at the date of purchase, and the difference between the fair value and the carrying value is included in the investment income of the current period; Where the equity of the Purchasee held before the date of purchase involves other comprehensive income, other consolidated income related thereto shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the Purchaser (i.e., except for the corresponding share in the change caused by the acquisition of the net liability or net asset of the defined benefit plan remeasured in accordance with the equity

method, the rest is converted into the investment income of the current period to which the acquisition date belongs).

5. Preparation Method of Consolidated Financial Statement

(1) Principles for determining the scope of the consolidated financial statement

The scope of consolidation of the consolidated financial statements is determined on a control basis. Control means that the Company has the authority over the Investee, enjoys a variable return by participating in the relevant activities of the Investee, and has the ability to use its authority over the Investee to influence the amount of such return. The scope of the merger includes the Company and all its subsidiaries. Subsidiary refers to the main body controlled by the Company.

The Company will re-evaluate the above control definitions once the relevant facts and circumstances change, which results in the change of the relevant elements.

(2) Preparation method of consolidated financial statement

The Company begins to incorporate the net assets of the subsidiary and the actual control of the production and operation decisions into the scope of the merger from the date when the subsidiary is acquired; Cease to be included in the scope of the merger as of the date of loss of effective control. For the subsidiaries disposed of, the operating results and cash flows prior to the date of disposal have been appropriately included in the consolidated income statement and consolidated cash flow statement; For subsidiaries disposed of in the current period, the opening amount of the consolidated balance sheet is not adjusted. The operating results and cash flows of subsidiaries increased by consolidation after purchase have been properly included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative amounts in the consolidated financial statements have not been adjusted for subsidiaries that are not under the same control. The operating results and cash flows of the subsidiaries increased by consolidation under the same control from the beginning of the consolidation period to the consolidation date have been appropriately included in the consolidated profit statement and consolidated cash flow statement, and the comparative amount of the consolidated financial statements has been adjusted at the same time.

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those adopted by the Company, necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired through business combination under different control, the financial statements shall be adjusted on the basis of the fair value of identifiable net assets at the date of purchase.

All significant transaction balances, transactions and unrealized profits within the Company are offset at the time of preparation of the consolidated financial statements.

The shareholders' equity and the portion of the net profit or loss of the subsidiary that is not owned by the Company for the current period are separately presented as minority shareholders' equity and minority shareholders' profit or loss in the consolidated financial statements under shareholders' equity and net profit. The shares of minority shareholders' equity in the net profits and losses of subsidiaries for the current period are shown as "minority shareholders' profits and losses" under the

net profit item in the consolidated income statement. Losses shared by minority shareholders in a subsidiary exceed the minority shareholders' share in the shareholders' equity of the subsidiary at the beginning of the period, and still decrease by a number of shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the residual equity shall be revalued according to its fair value at the date of loss of control. The sum of consideration obtained from the disposal of equity and the fair value of the remaining equity minus the difference between the shares of the net assets of the original subsidiary that shall be continuously calculated from the purchase date according to the original shareholding proportion shall be included in the investment income of the current period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary, in the event of loss of control, the accounting treatment is performed on the same basis as the direct disposal of the relevant assets or liabilities by the Purchased (i.e. converted to current investment income, except for changes resulting from the re-measurement of the net liabilities or net assets of the Defined Benefit Plan in the original subsidiary). Thereafter, the residual equity shall be subsequently measured in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No.2-Long-term Equity Investment* or *Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*, as detailed in Note IV, 13-Long-term Equity Investment or Note IV, 9-Financial Instruments.

If the Company disposes of the equity investment in subsidiaries step by step until it loses control through multiple transactions. It is necessary to distinguish whether the transactions that dispose of the equity investment in subsidiaries until it loses control belong to a package deal or not. The terms, conditions and economic impact of the transactions for the disposal of equity investments in subsidiaries are in accordance with one or more of the following circumstances and generally indicate that multiple transactions should be accounted for as a package deal: ① These transactions were entered into simultaneously or taking into account each other's influence; ② Only when these transactions are taken together can a complete business result be achieved; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ It is not economical to consider a transaction alone, but it is economical to consider it in conjunction with other transactions. For transactions that are not part of the package deal, each transaction shall be accounted for in accordance with the principles applicable to the "partial disposal of long-term equity investments in subsidiaries without loss of control" (as detailed in 13 of Note IV) and the "loss of control over existing subsidiaries as a result of the disposal of part of the equity investments or other reasons" (as detailed in the preceding paragraph), as appropriate. If the transactions involving the disposal of equity investments in subsidiaries until the loss of control belong to a package deal, the transactions shall be accounted for as a transaction involving the disposal of subsidiaries and the loss of control; However, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized in the consolidated financial statements as other consolidated gains and transferred to the profit or loss for the current period of loss of control in the event of loss of control.

6. Classification of Joint Venture Arrangements and Accounting Treatment of Joint Operation

A joint venture arrangement is an arrangement under the joint control of two or more participants. The Company divides

the joint venture arrangement into joint ventures and joint ventures in accordance with the rights and obligations it enjoys in the joint venture arrangement. Joint operation refers to the joint venture arrangement in which the Company enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement. A joint venture refers to a joint venture arrangement in which the Company only has rights over the net assets of the arrangement.

The Company's investment in the joint venture is accounted for using the equity method, and shall be treated in accordance with the accounting policy described in Note IV, 13 "Long-term Equity Investment Accounted by the Equity Method".

The Company, as a joint venture party, recognizes the assets and liabilities held and assumed by the Company separately, and recognizes the assets and liabilities jointly held and assumed by the Company according to the shares of the Company; recognizes the revenue generated from the sale of the share of joint operating output enjoyed by the Company; recognizes revenue generated from the sale of output from joint operations on the basis of the Company's share; confirms the expenses incurred by the Company individually and the expenses incurred by the joint operation according to the shares of the Company.

When the Company invests or sells assets as a joint venture (such assets do not constitute business, the same below), or purchases assets from the joint venture, the Company recognizes only the portion of the profits and losses attributable to the other participants in the joint venture that arises from the transaction prior to the sale of such assets to a third party. Where such assets are impaired in accordance with the provisions of *Accounting Standards for Business Enterprises No.8-Impairment of Assets*, the Company shall fully recognize such losses in the case where the assets are cast or sold by the Company to joint operations; For the assets purchased by the Company from the joint operation, the Company recognizes the losses according to the shares it assumes.

7. Determining Standards for Cash and Cash Equivalent

Cash and cash equivalents of the Company include cash on hand, deposits that can be used for payment at any time, and investments held by the Company with a short term (usually maturing within three months from the date of purchase), high liquidity, easy conversion into cash of a known amount, and little risk of value change.

8. Foreign Currency Business and Translation of Foreign Currency Statements

(1) Translation method for foreign currency transaction

At the time of initial confirmation, the foreign currency transactions occurring in the Company shall be converted into the bookkeeping functional currency amount at the spot exchange rate on the trading day, but the foreign currency exchange business or transactions involving foreign currency exchange occurring in the Company shall be converted into the bookkeeping functional currency amount at the actual exchange rate.

(2) Translation method for foreign currency monetary items and foreign currency non-monetary item

On the balance sheet date, the foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and the exchange difference arising therefrom shall be: ① The exchange difference arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be handled in

accordance with the principle of capitalization of borrowing costs; ② The exchange difference of the hedging instruments used for effective hedging of the net investment in overseas operations (the difference is included in other comprehensive income, and is not recognized as current profit or loss until the net investment is disposed of); ③ Except for the amortized cost, the exchange differences arising from the changes in the book balance of the available-for-sale monetary items in foreign currencies shall be included in the other comprehensive income, and shall be included in the profits and losses of the current period.

Where the preparation of the consolidated financial statements involves overseas operations, if there are foreign currency monetary items constituting net investment in overseas operations, the exchange differences arising from exchange rate changes shall be included in other comprehensive income; When disposing of overseas operations, the profits and losses shall be transferred to the current disposal period.

Non-monetary items in foreign currencies measured at historical cost shall still be measured at the bookkeeping amount in functional currency translated at the spot exchange rate on the transaction date. For non-monetary items in foreign currencies measured at fair value, the spot exchange rate at the date of fair value determination shall be adopted for conversion. The difference between the converted amount in functional currency and the amount in original functional currency shall be treated as the change in fair value (including the change in exchange rate), and shall be recorded into the profits and losses of the current period or recognized as other comprehensive income.

(3) Translation method for financial statements in foreign currencies

Where the preparation of the consolidated financial statements involves overseas operations, if there are foreign currency monetary items constituting net investment in overseas operations, the exchange differences arising from exchange rate changes shall be as "foreign currency report conversion difference" and be confirmed as other comprehensive income; When disposing of overseas operations, the profits and losses shall be transferred to the current disposal period.

The foreign currency financial statements of overseas operations shall be converted into RMB statements in the following ways: the assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date; Except for "undistributed profits", other items of shareholders' equity shall be converted at the spot exchange rate at the time of occurrence. The income and expense items in the profit statement shall be converted at the average exchange rate of the current period on the date of transaction. The undistributed profit at the beginning of the period shall be the undistributed profit at the end of the period converted from the previous year; The undistributed profits at the end of the year shall be calculated and listed according to the converted profits distribution items; The difference between the converted asset items and the total amount of the liability items and shareholders' equity items shall be recognized as other comprehensive income as the translation difference in the foreign currency statements. In case of disposal of overseas operations and loss of control, the balance in translation of the foreign currency statements related to the overseas operations as shown below in the shareholders' equity items in the balance sheet shall be transferred to the profits and losses of the disposal period in whole or in proportion to the disposal of the overseas operations.

Cash flows in foreign currencies and cash flows of overseas subsidiaries shall be converted at the average exchange rate

of the current period on the date of occurrence of the cash flows. The effect of exchange rate changes on cash shall be presented separately in the statement of cash flows as an reconciling item.

Opening amounts and prior-period actual amounts shall be shown on the basis of amounts translated from the prior-period financial statements.

When disposing of all the owner's equity of the Company's overseas operations or losing the control over overseas operations due to the disposal of part of the equity investment or for other reasons, if the following items of shareholders' equity in the balance sheet are shown below, the balance in translation of the foreign currency statement attributable to the owner's equity of the parent company related to the overseas operation shall be transferred to the profits and losses of the current disposal period.

In the event that the proportion of overseas business interests is reduced due to the disposal of part of the equity investment or for other reasons, but the control over overseas business operations is not lost, the balance in the translation of the foreign currency statements related to the disposal of part of overseas business operations shall be attributed to minority shareholders' interests and shall not be transferred to the profits and losses of the current period. When disposing of part of the equity of an overseas operation as an associated enterprise or a joint venture, the balance of the translation of the foreign currency statements related to the overseas operation shall be transferred into the profits and losses of the current disposal period in the proportion of the overseas operation disposed of.

9. Financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

(1) Classification, confirmation and measurement of financial assets

According to the business mode of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: Financial assets measured at amortized cost. Financial assets measured at fair value with changes included in other comprehensive income. Financial assets that are measured at fair value and whose movements are included in the current profits and losses.

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value and whose changes are included in current profits and losses, relevant transaction costs are directly included in current profits and losses. For other types of financial assets, relevant transaction costs are included in the initial recognition amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not contain or take into account significant financing components shall be initially recognized by the Company in accordance with the amount of consideration that the Company is expected to be entitled to receive.

① Financial assets measured at amortized cost

The Company's business model of managing financial assets measured in amortized cost is aimed at collecting contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements, that is, the cash flow generated on a specific date is only the payment of principal and interest based

on the unpaid principal amount. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to amortized cost. The profits or losses arising from amortization or impairment are included into the current profits and losses.

② Financial assets measured at fair value with changes included in other comprehensive income

The Company's business model for managing such financial assets is to collect and sell contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. The Company measures these financial assets at fair value and their changes are included in other comprehensive income, but impairment loss or gain, exchange gain or loss and interest income calculated according to the effective interest rate method are included into the current profit and loss.

In addition, the Company designates some non tradable equity instrument investments as financial assets measured at fair value with changes included in other comprehensive income. The Company shall record the relevant dividend income of such financial assets into the current profits and losses, and the change of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and will not be included in current profits and losses.

③ Fair value through Profit and Loss Financial assets

The Company classifies the above financial assets measured at amortized cost and financial assets measured at fair value with changes included in other comprehensive income into financial assets measured at fair value with changes included in current profits and losses. In addition, during initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Company designated part of financial assets as financial assets measured at fair value with changes included in current profit and loss. For such financial assets, the Company adopts fair value for subsequent measurement, and the changes in fair value are included into the current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities upon initial recognition are classified as financial liabilities which are measured at fair value and whose changes are included in current profits and losses and other financial liabilities. For the financial liabilities measured at fair value with the changes included into the current profits and losses, the relevant transaction costs are directly included into the current profits and losses, and the relevant transaction costs of other financial liabilities are included in the initial recognition amount.

① Fair value through Profit and Loss Financial liabilities

Financial liabilities measured at fair value with changes included in current profits and losses, which include transactional financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated to be measured at fair value with changes included in current profits and losses at initial recognition.

Trading financial liabilities (including derivatives belonging to financial liabilities) are subsequently measured according to their fair values. Except for those related to hedge accounting, changes in fair values are included in current

profits and losses.

Financial liabilities designated to be measured at fair value with changes included in current profits and losses. Changes in the fair value of this liability caused by changes in the Company's own credit risk are included in other comprehensive income. When the liability is derecognized, the accumulated change in fair value caused by changes in its own credit risk included in other comprehensive income is transferred to retained earnings. Changes in fair value are accounted into current profits and losses. If the above-mentioned treatment of the impact of changes in the credit risk of these financial liabilities will cause or expand accounting mismatch in profits and losses, the Company will include all profits or losses of the financial liabilities (including the impact amount of changes in the credit risk of the enterprise itself) into the current profits and losses.

② Other financial liabilities

Except for financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost and subsequently measured at amortized cost. Gains or losses arising from termination of recognition or amortization are included in current profits and losses.

(3) Basis of Confirmation and Calculation of financial instruments

Financial assets shall be derecognized if they meet one of the following conditions: ① The termination of the contractual right to receive cash flow from the financial asset. ② The financial asset has been transferred, and almost all risks and rewards related to the ownership of the financial asset have been transferred to the transferee. ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial assets, and does not give up the control over the financial assets, the relevant financial assets shall be recognized according to the extent of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change in the value of the financial assets.

If the overall transfer of financial assets meets the conditions for termination of recognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included into the current profits and losses.

If the partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non derecognized part, and the difference between the sum of the consideration received due to the transfer and the accumulated change in fair value originally included in other comprehensive income that shall be apportioned to the derecognized part and the allocated aforesaid book amount shall be included into the current profits and losses.

For financial assets sold by the Company with recourse, or for endorsement and transfer of held financial assets, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated. If almost all risks and rewards on the ownership of a financial asset are retained, the recognition of the financial asset shall not be terminated. If almost all risks and rewards related to the ownership of financial assets have not been transferred or retained, it shall continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the preceding paragraphs.

(4) Termination of recognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been relieved, the Company terminates the recognition of the financial liability (or part thereof). The Company (the borrower) and the lender sign an agreement to replace the original financial liabilities by assuming new financial liabilities. If the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the original financial liabilities shall be derecognized and a new financial liability shall be recognized at the same time. If the Company makes any substantial modification to the contract terms of the original financial liability (or part thereof), the original financial liability shall be derecognized and a new financial liability shall be recognized in accordance with the modified terms.

If financial liabilities (or part thereof) are derecognized, the Company shall include the difference between its book value and the consideration paid (including transferred non-cash assets or liabilities assumed) into the current profits and losses.

(5) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized amount of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets on a net basis or realize the financial assets and settle the financial liabilities at the same time, the financial assets and financial liabilities are listed in the balance sheet at a net amount after mutual offset. In addition, financial assets and financial liabilities shall be listed separately in the balance sheet and shall not be offset against each other.

(6) The fair value determination method of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay to transfer a liability in an orderly transaction on the measurement date. Where there is an active market for financial instruments, the Company adopts quotations in the active market to determine their fair values. Quoted price in active market refers to the price easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions actually occurred in fair trading. If there is no active market for financial instruments, the Company uses evaluation techniques to determine their fair values. Evaluation techniques include reference to prices used in recent market transactions by parties familiar with the situation and willing to trade, reference to current fair values of other financial instruments that are substantially the same, discounting cash flow technique, option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable under current circumstances and are supported by sufficient

available data and other information, selects input values that are consistent with the characteristics of assets or liabilities considered by market participants in transactions related to assets or liabilities, and gives priority to the use of relevant observable input values as much as possible. If the relevant observable input value cannot be obtained or it is not impracticable to obtain it, the non-input value shall be used.

(7) Equity instruments

Equity instruments refer to contracts that can prove ownership of the Company's residual equity in assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity, and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including "interest" generated by instruments classified as equity instruments) distributed by the Company's equity instruments during their existence shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets of the Company that need to confirm the impairment loss are financial assets measured at amortized cost and debt instrument investment measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for some financial guarantee contracts, impairment reserves and credit impairment losses are also accrued in accordance with the accounting policies described in this part.

(1) Recognition method of impairment provision

On the basis of expected credit losses, the Company sets aside impairment reserves and recognizes credit impairment losses for the above items according to the applicable expected credit loss measurement method (general method or simplified method).

Credit loss refers to the difference between all contractual cash flows receivable according to the contract and all cash flows expected to be collected by the Company discounted according to the original actual interest rate, i.e. the present value of all cash shortages. Among them, for the financial assets that have been purchased or incurred credit impairment, the Company discounts them according to the actual interest rate adjusted by credit.

The general method of measuring expected credit loss refers to the Company's assessment of whether the credit risk of financial assets has increased significantly since the initial recognition on each balance sheet date. If the credit risk has increased significantly since the initial recognition, the Company will measure the loss reserve by an amount equivalent to the expected credit loss during the entire period. If the credit risk has not increased significantly since the initial recognition, the Company will measure the loss reserve according to the amount equivalent to the expected credit loss in the next 12 months. In assessing the expected credit loss, the Company takes into account all reasonable and evidence-based information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company measures the loss reserve based

on the expected credit loss amount within the next 12 months or the entire duration according to whether the credit risk has increased significantly since the initial recognition.

(2) Criteria for judging whether credit risk has increased significantly since initial recognition

If the default probability of a certain financial asset in the expected duration determined at the balance sheet date is significantly higher than the default probability in the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset is significantly increased. Except for special circumstances, the Company uses the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the entire duration to determine whether the credit risk has increased significantly since the initial recognition.

Generally, if the overdue period is more than 90 days, the Company will consider that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company will consider the following factors when evaluating whether the credit risk has increased significantly

- 1) Whether there is any significant change in the actual or expected operating results of the debtor;
- 2) Whether there is any significant adverse change in the regulatory, economic or technological environment of the debtor;
- 3) Whether there is any significant change in the value of the collateral or the quality of the guarantee or credit enhancement provided by the third party, which are expected to reduce the economic motivation of the debtor's repayment according to the time limit stipulated in the contract or affect the probability of default;
- 4) Whether there is any significant change in the expected performance and repayment behavior of the debtor;
- 5) Whether there is any significant change in the Company's credit management methods for financial instruments, etc.

On the balance sheet date, if the Company judges that the financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. If the default risk of a financial instrument is low, the borrower's ability to perform its contractual cash flow obligations in a short period of time is strong, and even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to perform its contractual cash obligations, then the financial instrument is considered to have low credit risk.

(3) Judgment criteria for financial assets with credit impairment:

When one or more events have an adverse impact on the expected future cash flow of a financial asset, the financial asset becomes a financial asset with credit impairment. The evidence of credit impairment of financial assets includes the following observable information:

- 1) The issuer or debtor has major financial difficulties;
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- 3) The creditor gives concessions that the debtor will not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties;
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 5) The active market of the financial assets disappears due to the financial difficulties of the issuer or the debtor;
- 6) Purchase or generate a financial asset at a substantial discount, which reflects the fact that credit losses have occurred.

Credit impairment of financial assets may be caused by the combined action of multiple events, but may not be caused

by separately identifiable events.

(4) Portfolio approach to evaluate expected credit risk based on portfolio

The Company evaluates credit risks for financial assets with significantly different credit risks, such as: Accounts receivable with related parties. Receivables in dispute with the other party or involving litigation or arbitration. Receivables with obvious signs that the debtor is likely to be unable to perform the repayment obligation.

In addition to the financial assets with individual credit risk assessment, the Company divides the financial assets into different groups based on the common risk characteristics. The common credit risk characteristics adopted by the Company include: Credit risk shall be assessed on the basis of the aging portfolio, the receivables portfolio between the final controlling party and its subordinate units, the public maintenance fund and house selling fund portfolio deposited in the housing provident fund management center, the deposit/margin portfolio, and the petty cash ledger portfolio formed by the employee loan of the unit.

(5) Accounting treatment method for impairment of financial assets

At the end of the period, the Company calculates the estimated credit losses of various financial assets. If the estimated credit losses are greater than the book amount of its current impairment reserve, the difference is recognized as impairment loss. If it is less than the carrying amount of the current impairment reserve, the difference is recognized as impairment gain.

(6) Methods for determining the credit loss of various financial assets

① Notes receivable

The Company measures the loss reserve for bills receivable according to the expected credit loss amount equivalent to the entire duration. Based on the credit risk characteristics of bills receivable, they are divided into different portfolios:

Item	Basis for determining portfolio
Bank acceptance bills	The acceptor is a bank with less credit risk
Commercial acceptance bill	According to the acceptor's credit risk classification, it should be the same as the "receivable" portfolio classification.

③ Accounts receivable and other receivables

For receivables that do not contain significant financing components, the Company measures the loss reserve according to the expected credit loss amount equivalent to the entire duration.

For receivables that contain significant financing components, the Company measures the loss reserve based on whether the credit risk has increased significantly since the initial recognition, using the amount of expected credit loss within the next 12 months or the entire duration.

According to whether the credit risk of other receivables has increased significantly since the initial recognition, the Company measures impairment loss with an amount equivalent to the expected credit loss within the next 12 months or the entire duration.

In addition to the accounts receivable and other receivables that individually assess credit risk, they are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1	Aging portfolio.
Portfolio 2	A portfolio of receivables between the ultimate controller and its subordinate units.
Portfolio 3	The portfolio of public maintenance funds and house sales funds deposited in the housing provident fund management center.
Portfolio 4	Deposit/margin portfolio.
Portfolio 5	The portfolio of reserve fund ledger formed by the Company's staff loan.

The accrual method of bad debt reserves for different portfolios:

Item	Accrual method
Aging portfolio	According to the accrual proportion corresponding to the aging period
Portfolio of receivables between the ultimate controlling party and its subordinate units	No provision for bad debts
The portfolio of public maintenance funds and house sales funds deposited into the MPF Management Center	No provision for bad debts
Deposit/margin portfolio	No provision for bad debts
The portfolio of reserve fund ledger formed by the Company's staff loan.	No provision for bad debts

a. In portfolio, the portfolio method of withdrawing bad debt reserves by aging analysis

Aging	Expected loss rate of notes receivable (%)	Expected loss rate of accounts receivable (%)	Expected loss rate of other receivables (%)
Within 1 year (including 1 year, the same below)			
Among them: Within the credit period (within 3 months)	0	0	0
Credit period-1 year	2	2	2
1-2 years	5	5	5
2-3years	20	20	20
3-4years	50	50	50
4-5years	80	80	80
More than 5 years	100	100	100

b. In the portfolio, the description of the accrual method for accrual of bad debt reserves by other methods is given.

Portfolio name	Expected loss rate of notes receivable (%)	Expected loss rate of accounts receivable (%)	Expected loss rate of other receivables (%)
Accounts receivable between the final controlling party and its subordinate u	-	-	-

Portfolio name	Expected loss rate of notes receivable (%)	Expected loss rate of accounts receivable (%)	Expected loss rate of other receivables (%)
Public maintenance fund and house sale fund deposited into MPF Management Center	-	-	-
Deposit/margin	-	-	-
The reserve fund ledger formed by the Company's staff loan.	-	-	-

11. Inventory

(1) Classification of inventory

Inventories mainly include raw materials, turnover materials, developed products, in transit materials inventory goods, reserve tanker storage commissioned processing, and manufacturing consignment, etc..

(2) Valuation method for obtaining and issuing inventory

Inventories are valued at actual cost when they are acquired. Inventory costs include purchase costs, processing costs and other costs. They are valued with weighted average method when they are used and issued.

(3) Confirmation of net realizable value of inventories and method of accrual of falling price reserve

Net Realizable Value refers to the amount of estimated selling price of inventories minus the estimated cost till completion, estimated expenses for selling activity and related taxes and fees in daily activities. When determining the net realizable value of inventories, solid evidence obtained shall be the basis, and the purpose of holding the inventories and the impact of events after the balance sheet date shall be considered.

On the balance sheet date, inventories shall be measured at lower of cost and net realizable value. When the net realizable value is lower than the cost, the provision for inventory devaluation shall be accrued. The provision for inventory devaluation shall be accrued based on the difference between the cost of a single inventory item and its net realizable value. The provision for inventory devaluation of a large number of inventories with low unit prices shall be based on the type of inventory; for inventories related to the product range produced and sold in same region, having the same or similar end use or purpose, and difficult to be separated from other items for measurement, their provision for inventory devaluation can be combined and accrued.

After the provision for inventory devaluation is accrued, if the factors cause the previous written-down inventory value have disappeared, and the situation results in the fact that the net realizable value of the inventories higher than the book value, the amount of the provision for inventory devaluation that has been accrued shall be reversed and included in the current period profit or loss.

(4) The Company adopts perpetual inventory system as its inventory system.

(5) Amortization method of low-value consumables and packaging materials

Low-value consumables are amortized on a one-off basis/ partial amortization method when they are used; packaging materials are amortized on a one-off basis/ partial amortization method when they

are used

12. Held-for-sale assets

If the book value of a non-current asset or to-be-disposed portfolio is recovered by the Company mainly through sale activities (including the exchange of non-monetary assets with commercial nature, the same below), the non-current asset or to-be-disposed portfolio falls into held-for-sale category. The specific criteria: both of the following conditions shall be satisfied: a non-current asset or to-be-disposed portfolio can be sold immediately under the current conditions based on the practice of selling such asset or to-be-disposed portfolio in similar transactions; the Company has already decided on the sale plan and obtained confirmed purchase commitment; the sale is scheduled to be completed within one year. Among them, a Disposal Portfolio refers to a group of assets that will be disposed of as a whole through sale or other approaches in a transaction, and the liabilities directly associated with these assets transferred along with the assets in transaction. If the portfolio of assets or group of portfolios of assets is allocated goodwill acquired in business merger in accordance with *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Disposal Portfolio shall include the goodwill allocated to it.

In the event that the book value of a non-current asset or to-be-disposed portfolio that has been designated as held-for-sale category is higher than the net amount of fair value less sales expenses when the non-current asset or to-be-disposed portfolio is initially measured or measured on the balance sheet date, the book value shall be to the net amount of fair value minus sales expenses, and the written-down amount shall be recognized as asset impairment loss and included in current period profit or loss. The provision for impairment loss of the held-for-sale asset shall be accrued. For a Disposal Portfolio, the confirmed impairment loss shall deduct the book value of the goodwill in the Disposal Portfolio, then deduct the book value of the non-current assets determined by the measurement on a pro-rata basis in accordance with the applicable *Accounting Standards for Business Enterprises No. 42 held-for-sale non-current assets, Disposal Portfolio and Termination of Operations* (hereinafter referred to as the "Guide for Held-For-Sale"). In the event of an increase of the book value of the held-for-sale Disposal Portfolio minus sales expenses on the subsequent the balance sheet date, the amount previously written down shall be recovered and be reversed within the mount of the asset impairment loss recognized in the non-current assets measured by the measurement "Guide for Held-For-Sale" after being classified as held for sale asset, the reversal amount shall be included in the current period profit or loss, and the book value of all non-current assets (except for goodwill) determined by the measurement on a pro-rata basis in accordance with the applicable "Guide for Held-For-Sale" shall be increased on a pro-rata basis. The book value of the goodwill that has been deducted and the impairment loss of the assets recognized before the classification of the held-for-sale non-current assets in accordance with the applicable "Guide for Held-For-Sale" shall not be reversed.

In terms of the held-for-sale non-current assets or non-current assets in Disposal Portfolio, there is no accrual or amortization for depreciation, and the interest from and other expenses from the liabilities in held-for-sale Disposal Portfolio shall still be recognized.

When a non-current asset or Disposal Portfolio no longer meets the conditions for Held-For-Sale category, non-current

asset or Disposal Portfolio will no longer be classified as Held-For-Sale category by the Company or the non-current asset will be removed from the Held-For-Sale Disposal Portfolio, and be measured based on one of the following two values, whichever is lower: (1) The book value before being classified as held-for-sale category adjusted based on the depreciation, amortization or impairment that should have been confirmed if it is not classified as held-for-sale category; (2) recoverable amount.

13. Long-term equity investment

The long-term equity investment refers to in this part refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. The long-term equity investment of the Company that does not have control, joint control or significant impact on the investee shall be accounted as a financial asset measured at fair value with its changes included into the current profits and losses. Among them, if it is non-transactional, the Company may choose to designate it as a financial asset measured at fair value and its changes are included in the accounting of other comprehensive income at the time of initial recognition. For details of its accounting policies, please refer to Note IV, 9 "Financial Instruments".

Joint control refers to the control that the Company shares with other party/parties for an arrangement in accordance with relevant agreements, and relevant activities of the arrangement can only be decided based on the consensus of all parties sharing the control rights before making a decision. Significant Influence refers to power of the Company to participate in the decision-making of the financial and operating policies of the investee, but the Company cannot control or jointly control the development of these policies with other parties.

(1) Determination of investment cost

For a long-term equity investment obtained from a combination of businesses under the same control, the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the cash paid, the non-cash assets transferred, and the book value of the debts assumed; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. Where the equity securities are issued as merger consideration, the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall be the initial investment cost of the long-term equity investment, and the total par value of the issued shares is taken as the share capital. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued; if the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. Where the equity of combined parties under the same control is obtained through multiple transactions and a business combination under the same control is formed finally, it shall be treated differentially based on whether it is a "package deal": if it belongs to a "package deal", all transactions will be treated as a transaction that obtains control. If it is not a "package deal", the apportioned share of the book value in the final controller's consolidated financial statements on the combination date in accordance with the shareholders' equity shall

be the initial investment cost of the long-term equity investment. The capital reserve shall be adjusted subject to the difference between the initial investment cost of the long-term equity investment and the sum of the book value of long-term equity investment before combination date and the book value of the new consideration for the new share on the combination date. If the capital reserve is insufficient for offsetting, the retained earnings shall be adjusted. The equity investments that are held prior to the combination date and are recognized with equity recognized or as available-for-sale financial asset as other comprehensive income will not be given accounting treatment for the moment.

For a long-term equity investment obtained from a combination of businesses not under the same control, the initial investment cost of the long-term equity investment shall be based on the combination cost on the purchase date. The combination cost includes the assets paid by purchaser, the liabilities incurred or assumed, and the sum of the fair value of issued equity securities. Where the equity of combined parties not under the same control is obtained through multiple transactions and a business combination under the same control is formed finally, it shall be treated differentially based on whether it is a “package deal”: if it belongs to a “package deal”, all transactions will be treated as a transaction that obtains control. If it is not a “package deal”, the initial investment cost of the long-term equity investment calculated by the cost method shall be calculated based on the sum of the book value of the equity investment in the original holder and the new investment cost. The original share holding that measured using equity method, the relevant other comprehensive income does temporarily not conduct accounting treatment.

Intermediary expenses such as for auditing, legal services, assessment and other related expenses incurred by a combining party or a purchaser for business combination shall be recognized in current period profit or loss when incurred.

The equity investments other than formed by business combination shall be initially measured at cost. The cost will be determined based on the following amount according to different methods of the acquisition of long-term equity investment: the purchase price in cash actually paid by the Company; the fair value of the equity securities issued by the Company, the value agreed in relevant investment contract or agreement; the fair value or original book value of the assets exchanged in non-monetary asset exchange transaction; the fair value of the long-term equity investment itself. Any expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments shall also be included in the cost of investment. The cost of long-term equity investment for the additional investment that can exert significant influence on investee or implement joint control but does not constitute control shall be the sum of the fair value of the originally held equity investment recognized in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and the cost for new investment.

(2) Follow-up measurement and confirmation methods for profit and loss

The Equity Method shall be used to account for long-term equity investments that have joint control over the invested entity (except for those constituting joint operators) or have significant impact on the invested entity. In addition, the company's financial statements use the Cost Method to account for long-term equity investments, which can control the long-term equity investment of the investee.

a. Long-term equity investment based on Cost Method

When accounting with Cost Method, long-term equity investment is priced at the initial investment cost, and the cost of the long-term equity investment is adjusted by adding or recovering the investment. Except for the actual payment at the time of obtaining investment or the cash dividends or profits included in the consideration but not yet issued, the current investment income shall be recognized according to the cash dividends or profits declared by the investee.

b. Long-term equity investment accounted for by Equity Method

When accounting with Equity Method, if the initial investment cost of a long-term equity investment is greater than the fair value share of the identifiable net assets of the investee when investing, and the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the investee when investing, the difference shall be included in the current profit and loss, and the cost of the long-term equity investment shall be adjusted

When accounting with Equity Method, the investment income and other comprehensive income are recognized separately according to the shares of the net profit or loss and other comprehensive income that should be enjoyed or shared, and the book value of the long-term equity investment should be adjusted at the same time. The book value of long-term equity investment is reduced accordingly by calculating the share that should be enjoyed according to the profit or cash dividend declared by the investee. The book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity other than the net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be adjusted and confirmed on the basis of the fair value of the identifiable assets of the investee at the time of investment. If the accounting policies and periods adopted by the invested entity are inconsistent with the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and periods of the Company, and the investment income and other comprehensive income shall be confirmed accordingly. For the transactions between the Company and the associates and joint ventures, the assets invested or sold do not constitute a business, and the unrealized gains and losses from internal transactions are offset against the portion of the Company that is attributable to the proportion of the shares, on this basis. investment profit and loss should be confirmed. However, the unrealized internal transaction losses incurred by the Company and the investee are not included in the impairment losses of the transferred assets. Where the assets invested by the Company into a joint venture or an associates constitute a business, if the investor obtains long-term equity investment but does not control, the fair value of the invested business shall be deemed as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business is fully recognized in the current profits and losses. If the assets sold by the Company to a joint venture or an associate that constitute a business, the difference between the consideration value obtained and the book value of the business shall be fully recognized in the profits and losses of the current period.

When confirming the net loss that incurred by the investee should be shared, the book value of the long-term equity investment and other long-term equity that substantially constitutes the net investment of the investee are reduced to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities shall be

recognized according to the estimated obligations and included in the current investment losses. If the investee achieves net profit in the following period, the Company shall resume recognizing the share of income after making up for the unrecognized share of loss.

For the long-term equity investment in the joint ventures and associates held by the Company for the first time before the implementation of the new accounting standards, if there is a debit balance of equity investments related to the investment, the current profits and losses shall be accounted for by the straight-line amortization of the original remaining period.

c. Acquisition of Minority Equity

In the preparation of the consolidated financial statements, if the difference between the long-term equity investment added by purchasing minority shares and the net assets share that should be continuously calculated by the subsidiary company from the purchase date (or the consolidation date) is calculated according to the proportion of newly added shares, the retained earnings shall be adjusted; and if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

d. Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially of disposes of the long-term equity investment of the subsidiary without losing control, the difference of the corresponding net assets in the subsidiary between the disposal price and the disposal of the long-term equity investment is included in the shareholders' equity. it shall be treated in accordance with the relevant accounting policies described in "Notes on the preparation of consolidated financial statements" in Note IV.5 .

For the disposal of long-term equity investment in other cases, the difference between the book value of the disposed equity and the actual acquisition price shall be included in the current profits and losses.

If the long-term equity investment is accounted for by equity method, the remaining equity after disposal is still accounted for by equity method, when disposing, the other comprehensive income which were originally included in shareholder's rights and interests shall be accounted for on the same basis as the assets or liabilities directly disposed of by the investee. The owner's equity recognized as a result of changes in the owner's equity of the investee other than net profit or loss, other comprehensive income and profit distribution, it should be carried forward to the current profit and loss

For the long-term equity investment accounted by Cost Method, the remaining equity is still accounted by Cost Method after disposal, other comprehensive income that recognized by equity method accounting or financial instrument recognition and measurement criteria accounting before obtaining control over the investee shall be accounted for on the same basis as the assets or liabilities directly disposed of by the investee, and shall be settled to the current profit and loss in proportion. Changes of the net assets of investee in the owner's equity other than net profit or loss, other comprehensive income and profit distribution 's that recognized by equity method shall be settled to the current profit and loss in proportion.

Where the Company loses control over the investee due to disposal of part of its equity investment, when preparing

individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for by equity method instead, and the remaining equity shall be adjusted by accounting by equity method when it is deemed to be acquired. If the remaining equity after disposal cannot be jointly controlled or exerts significant influence on the investee, it shall be accounted for according to the relevant provisions of the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the date of loss of control. It is included in the current profit and loss. Before the Company obtains control over the investee, other comprehensive income recognized by equity method accounting or financial instrument recognition and measurement criteria is used to directly dispose of the relevant assets with the investee, accounting treatment based on the same basis as the investee directly disposes of related assets or liabilities when the control of the investee is lost, Accounting is treated on the same basis as the liabilities. Changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee's net assets recognized by the equity method are carried forward to the current profit or loss when the control of the investee is lost. Among them, the remaining equity after disposal is accounted for using the equity method. Where the remaining equity after disposal is accounted for by equity method, other comprehensive income and other owner's equity should be settled by proportion. If the remaining equity is accounted for using financial instrument recognition and measurement standard, all of other comprehensive income and other shareholder's equity should be settled.

If the Company loses its joint control or significant influence on the investee due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the financial instrument recognition and measurement criteria, and the difference between the fair value and the book value on the date of loss of joint control or significant influence is recognised in the current profit or loss. The other comprehensive income recognized in the original equity investment by the equity method is accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method is terminated, Owner's equity recognized as a result of changes in other owners' equity other than net profit or loss, other comprehensive income and profit distribution of the investee should be transferred to current investment income when terminating the equity method

The Company disposes of the equity investment in the subsidiaries step by step through multiple transactions until the loss of control. If the above-mentioned transactions are part of a package transaction, the transactions are treated as a transaction dealing with the equity investment of the subsidiary and losing control. The difference between the book value of each long-term equity investment corresponding to the disposal price and the disposal of the equity before loss of control is first recognized as other comprehensive income, and when the control is lost, it is transferred to the current profit and loss of loss of control.

14. Investment Property

Investment Property refers to property held for the purpose of earning rent or capital appreciation, or both, including land use rights that have been leased, land use rights that are held and prepared for transfer after appreciation, and buildings that have been rented. Investment property is initially measured at cost. The expenses related to investment property, if the economic benefits related to this asset are highly probable to flow into the company and the cost can be measured reliably,

then the expense will account for as the cost of investment property. Other expenses are accounted for in profit and loss when incurred.

The Company adopts the cost model to conduct subsequent measurement of investment property and depreciation or amortization according to the policy consistent with the building or land use rights.

For details of the impairment test method and impairment provision method of property, please refer to Note IV. 20 “Long-Term Asset Impairment”.

When the self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is used as the recorded value after conversion.

When the use of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the use of self-use property changes to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. In the case of investment property measured by the cost model when the conversion occurs, the book value before conversion is used as the entry value after conversion; if it is converted into investment property measured by the fair value model, the fair value of the conversion date is used as the entry value after conversion.

When an investment real estate is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the confirmation of the investment real estate shall be terminated. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its book value and related taxes and fees.

15. Fixed Assets

(1) Confirmation conditions for fixed assets

Fixed Assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a service life of more than one fiscal year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be reliably measured. Fixed assets are initially measured at cost and taking into account the impact of projected abandonment costs.

(2) Depreciation methods for various types of fixed assets

Fixed assets are depreciated over their useful lives using the straight-line method from the month following the scheduled availability. The service life, estimated net residual value and annual depreciation rate of various fixed assets are as follows:

Category	Depreciation Method	Depreciation period (Year)	Residual rate(%)	Annual depreciation rate (%)
Buildings	straight-line depreciation	8-50	5	1.90—12.00
Electronic equipment	straight-line depreciation	3-10	4、5	9.50—32.00
Machinery equipment	straight-line depreciation	5-28	4、5	3.39—19.20

Category	Depreciation Method	Depreciation period (Year)	Residual rate(%)	Annual depreciation rate (%)
Transport equipment	straight-line depreciation	5-10	4、5	9.50—19.20
Office equipment	straight-line depreciation	3-10	4、5	9.50—32.00
Other equipment	straight-line depreciation	5-28	4、5	3.39—19.20

The estimated net residual value refers to the expected state after the estimated useful life of the fixed assets has expired and is at the end of its useful life. The amount currently obtained by the Company from the disposal of the assets after deducting the estimated disposal expenses.

(3) Impairment test method and Impairment provision method for fixed assets

For details of Impairment test method and impairment provision method for fixed assets, please refer to Note IV. 20 “Long-Term Asset Impairment”.

(4) Recognition basis and valuation method of fixed assets acquired by finance lease

A finance lease is a lease that transfers substantially all the risks and rewards associated with ownership of an asset, and its ownership may or may not be transferred. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the depreciation shall be calculated within the useful life of the leased asset; If it is not reasonable to determine the ownership of the leased asset at the expiration of the lease term, depreciation shall be calculated within a relatively short period of the lease term and the service life of the leased assets.

(5) Others

The subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs can be reliably measured, are included in the cost of fixed assets and the book value of the replaced part should be terminated. The subsequent expenditures other than mentioned as above are recognized in profit or loss in the period in which they are incurred.

The fixed asset is derecognized when the fixed asset is in disposal or is not expected to generate economic benefits by using or disposal. The difference between the disposal income from the sale, transfer, retirement or damage of the fixed assets less the carrying amount and related taxes is recognized in profit or loss for the current period.

The Company reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year, and changes as an accounting estimate if changes occur.

16. Construction in progress

The cost of construction in progress is determined based on actual project expenditure, including various project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status, and other related expenses. Construction in progress is carried forward to fixed assets when it is ready for its intended use.

For details of the impairment test method and impairment provision method for construction in progress, please refer

to Note IV. 20 “Long-Term Asset Impairment”.

17. Borrowing Costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalization, capitalization is began when asset expenditures have occurred, borrowing costs have occurred, and the acquisition, construction or production activities necessary to bring the assets to the intended usable or saleable state have begun. And capitalization is stopped when the assets under construction or production that meet the capitalization conditions are ready for their intended use or saleable status. The remaining borrowing costs are recognized as an expense in the period in which they are incurred.

The interest expenses actually incurred in the current period of special borrowings shall be capitalized after subtracting the interest income from the unused borrowing funds deposited into the bank or the investment income obtained from the temporary investment. For the general borrowings, according to the accumulated asset expenditures exceed the special borrowings. The capitalization amount is determined by multiplying the weighted average of which accumulated asset expenditure exceeds the asset expenditure of the special borrowing portion by the capitalization rate of the general borrowings used. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange differences of foreign currency special borrowings are all capitalized; the exchange differences of foreign currency general borrowings are included in the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment property and inventories that require a substantial period of acquisition, construction or production activities to achieve the intended use or sale status.

If the assets eligible for capitalization are interrupted abnormally during the acquisition, construction or production process and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended until the acquisition, construction or production of the assets resumes.

18. Intangible assets

(1) Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenditure related to intangible assets is included in the cost of intangible assets if the relevant economic benefits are likely to flow to the Company and its costs can be measured reliably. Expenditure on other items other than this is recognised in profit and loss when incurred.

The acquired land use rights are usually accounted for as intangible assets. The related land use rights and building construction costs of self-developed and constructed buildings are accounted for as intangible assets and fixed assets, respectively. In the case of purchased houses and buildings, the relevant price is distributed between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Since the intangible assets with limited useful life are available for use, the original value minus the estimated net

residual value and the accumulated amount of impairment reserve shall be amortized by the straight-line method during their expected service life. Intangible assets with uncertain service life shall not be amortized.

Among them, the useful life and amortization method of intellectual property are as follows:

Item	Useful life (year)	Amortization method
Trademark	20	Straight-line method

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it is treated as a change of accounting estimate. In addition, the useful life of intangible assets with uncertain service life is also reviewed. If there is evidence that the period for which the intangible assets bring economic benefits to the enterprise is foreseeable, the useful life of intangible assets is estimated and amortized according to the amortization policy of intangible assets with limited useful life

(2) Research and development expenditure

The company's expenditure for internal research and development project is divided into research phase expenditure and development phase expenditure.

Expenditures for the research phase shall be recognized in profit or loss when incurred.

Expenditures for the development phase that meet the following conditions shall be recognized as intangible assets, and expenditures in the development stage that fail to meet the following conditions are included in current profit and loss:

- a. It is technically feasible to complete the intangible asset to enable it to be used or sold.
- b. The intent to complete the intangible asset and use or sell it;
- c. The way in which intangible assets generate economic benefits, including the ability to prove that the products produced from the intangible assets having a market or the intangible assets having a market, and the intangible assets will be used internally, which can prove its usefulness;
- d. sufficient technical, financial resources and other resources for supporting the development of the intangible assets and the ability to use or sell the intangible assets.
- e. Expenditure attributable to the development phase of the intangible asset can be reliably measured.

If it is impossible to distinguish the expenditures between research phase and development phase, all research and development expenditures incurred will be included in the current profit and loss.

(3) Impairment test method and Impairment provision method for intangible assets

For details of the impairment test method and impairment provision method, please refer to Note IV. 20 "Long-Term Asset Impairment".

19. Long-term Deferred Expenses

The long-term deferred expenses are all expenses that have occurred but shall be borne by the reporting period and subsequent periods with amortization period of more than one year. The company's long-term deferred expenses mainly

include lease of land use right and renovation costs of factory building. Long-term deferred expenses are amortized on a straight-line basis over the estimated benefit period.

20. Long-term assets impairment

For fixed assets, construction in progress, intangible assets with limited useful life, investment property measured by cost model, and non-current non-financial assets such as long-term equity investments in subsidiaries, joint ventures and associates, the Company determines whether there is any indication of impairment on the balance sheet date. If there is any indication of impairment, the recoverable amount is estimated and the impairment test is carried out. Goodwill, intangible assets with uncertain service life and intangible assets that not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision is made based on the difference and is included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less the disposal expense and the present value of the estimated future cash flow of the asset. The fair value of assets is determined according to the sale agreement price in a fair transaction. If there is no sales agreement but there is an active market for the asset, the fair value is determined according to the buyer's bid for the asset; if there is neither sales agreement nor active market for assets, the fair value of assets shall be estimated based on the best information available. Asset disposal expenses include legal fee, taxes, transportation expenses and direct expenses incurred to make assets saleable. The present value of the estimated future cash flow of an asset is determined by the appropriate discount rate discounting and the estimated future cash flow generated by the asset during its continuous use and final disposal. The asset impairment provision is calculated and confirmed based on individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset is determined by the asset group which the asset belongs to. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

The book value of the goodwill listed separately in the financial statements is amortized into asset groups or portfolios that are expected to benefit from the synergies of business combinations when impairment tests are conducted. The test results show that the recoverable amount of the asset group or portfolio containing the assessed goodwill is lower than its book value, the corresponding impairment losses should be confirmed. The amount of impairment loss is first deducted from the book value of the goodwill amortized to the asset group or portfolio, and then deducted proportionally from the book value of other assets according to the proportion of the book value of assets other than goodwill in the asset group or portfolio.

Once the above asset impairment loss is confirmed, it will not be reversed to the part where the value is restored in the future period.

21. Employee Compensation

The Company's employee compensation mainly includes short-term employee remuneration, Post-employment Benefits, Termination Benefits and benefits for other long-term employee. Among them:

Short-term employees remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare fees,

medical insurance premiums, maternity insurance premiums, work injury insurance premiums, housing fund, labor union funds, employee education funds, and non-monetary benefits. The Company recognizes the actual short-term employee's remuneration as a liability in the accounting period in which employees provide services to the Company and recognizes them in profit or loss or related asset costs. Non-monetary benefits are measured at fair value.

Post-employment Benefits mainly include basic retirement security, unemployment insurance, and annuities. The Post-employment Benefit Scheme includes a Defined Contribution Plan and a Defined Benefit Plan. If a Defined Contribution Plan is adopted, the corresponding amount of the deposit shall be included in the relevant asset cost or current profit and loss as incurred. (1) The Defined Contribution Plan is recognized as a liability based on a fixed fee paid to an independent fund and is included in the current profit and loss or related asset costs; (2) The Defined Benefit Plan is accounted for using the expected cumulative benefits unit method. Specifically, the Company will convert the welfare obligation arising from the Defined Benefit Plan into the final value of the departure time according to the formula determined by the expected cumulative benefits unit method; then it is attributed to the employee's in-service period and is included in the current profit and loss or related asset cost.

If the labor relationship with the employee is terminated before the employee's labor contract expires, or if the employee is encouraged to accept the reduction voluntarily, when cannot withdrawing unilaterally the dismissal benefits provided by the termination of the labor relationship plan or the reduction proposal, and when confirming the costs associated with the restructuring involving the payment of the dismissal benefits, whichever is earlier, the Company will recognize the employee compensation liabilities arising from the dismissal benefits, and included in the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of annual reporting period, they shall be treated in accordance with other long-term employee compensations.

The internal retirement plan for employees shall be treated in the same way as the above-mentioned dismissal benefits. The company will pay the internal retired staff the salary and the social insurance premiums from the employee's lay-off to normal retirement, and will include in the current profit and loss (dismissal benefits) when the conditions of the estimated liabilities are met.

If the other long-term employee benefits provided by the Company to the employees are in line with the Defined Contribution Plan, they shall be accounted for Defined Contribution Plan, and otherwise accounted for the Defined Benefit Plan.

22. Estimated liabilities

When the obligations related to the contingencies meet the following conditions, they are recognized as estimated liabilities: (1) The obligation is the current obligation assumed by the Company; (2) The performance of this obligation is likely to result in the outflow of economic benefits; (3) The amount of the obligation can be reliably measured.

On the balance sheet date, taking into account factors such as risks, uncertainties and time value of money related to contingencies, the estimated liabilities are measured in accordance with the best estimate of the expenditure required to perform the relevant current obligations.

If all or part of the expenses required to discharge the estimated liabilities are expected to be compensated by the third party, the compensation amount will be separately recognized as an asset when it is basically determined to be received, and the confirmed compensation amount does not exceed the book value of the estimated liabilities.

(1) Loss Contract

A loss contract is a contract in which the cost of fulfilling a contractual obligation will inevitably occur more than the expected economic benefit. If the contract to be executed becomes a loss contract, and the obligation arising from the loss contract satisfies the conditions for the recognition of the above-mentioned estimated liabilities, the portion of the contract's estimated loss that exceeds the recognized impairment loss (if any) of the contracted asset is recognized as the estimated liability.

(2) Restructuring Obligations

For restructuring plans that are detailed, formal, and have been announced to the public, the amount of the estimated liabilities are determined based on the direct expenses related to the reorganization, subject to the recognition conditions of the aforementioned estimated liabilities. For the restructuring obligation to the part of business sold, the obligation related to the reorganization is confirmed only when the company promises to sell part of the business (that is, when the binding sale agreement is signed).

23. Share-based Payment

(1) Accounting Treatment of Share-based Payments

A share-based payment is a transaction that grants an equity instrument or assumes a liability determined based on an equity instrument in order to obtain services from employees or other parties. Share-based Payments include equity-settled share payment and cash-settled share payment.

a) Equity-settled Share Payment

The equity-settled share payment in exchange for the services from employee is measured at the fair value of the granting of employees' equity instruments at the grant date. If the fair value is vested in the completion of the waiting period of service or the fulfillment of the required performance conditions, during the waiting period, the amount of the fair value is calculated by the straight-line method into the relevant costs or expenses based on the best estimate of the number of vesting equity instruments; Or If the vesting right is granted immediately after the grant, the calculation of the amount of the fair value is included in the relevant cost or expense on the grant date, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the Company makes the best estimate based on the latest information on the changes in the number of employees with vesting rights and corrects the number of equity instruments that are expected to be vested. The impact of the above estimates shall be included in the current related costs or expenses, and the capital reserve is adjusted accordingly.

In the case of equity-settled share-based payments in exchange for other parties' services, if the fair value of other parties' services can be reliably measured, the fair value of other services shall be measured at the fair value on the date of

acquisition; If the fair value of the other party's services cannot be measured reliably, the fair value shall be measured at the fair value of the equity instrument at the date the service is acquired, and is included in the relevant cost or expense, which increases the shareholders' equity accordingly.

b) Cash-settled Share Payment

The cash-settled share payment is measured at the fair value of the liabilities determined by the Company based on shares or other equity instruments. If the vesting right is available immediately after the grant, the relevant costs or expenses shall be included on the date of grant, and the liabilities shall be increased accordingly; if vesting right is available after the service is completed within the waiting period or met the required performance conditions, based on the best estimate of the vesting rights on each balance sheet date of the waiting period, according to the fair value of the liabilities assumed by the company, the services obtained in the current period are included in the cost or expense, and the liabilities are increased accordingly.

The fair value of the liabilities shall be re-measured on each balance sheet date and settlement date before the settlement of the relevant liabilities, and the changes shall be recorded in the profit and loss of the current period.

(2) Relevant Accounting Treatment of share-based payment plan's modification and termination

When the Company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification. If the modification reduces the total fair value of the share-based payment or adopts other methods that are not conducive to the employee, the service obtained shall continue to be accounted for, as if the change has never occurred, unless the Company cancels some or all of equity instruments.

During the waiting period, if the granted equity instrument is cancelled, the Company will cancel the granted equity instrument as an accelerated exercise, and the amount to be recognized in the remaining waiting period will be immediately included in the current profit and loss, and the capital reserve will be recognized. If the employee or other party can choose to meet the non-vesting conditions but fails to meet the waiting period, the Company will treat it as a cancellation of the equity instrument.

(3) Accounting Treatment of Share Payment Transactions between the Company and its Shareholders or Actual Controllers

In respect of the share-based payment transaction between the company and the shareholders or actual controllers of the company, If one of the settlement enterprise and the service receiving enterprise is in the company and the other is outside the company, it shall be accounted for in the consolidated financial statements of the company according to the following provisions:

a.) If the settlement enterprise settles with its own equity instrument, the share-based payment transaction shall be treated as equity-settled share-based payment; otherwise, it shall be treated as a cash-settled share-based payment.

If the settlement enterprise is an investor of a serviced enterprise, it shall be recognized as the long-term equity investment of the serviced enterprise according to the fair value of the equity instrument at the grant date or the fair value of the liability to be assumed, and the capital reserve (other capital reserve) or liabilities shall be recognized.

b.) If the serviced enterprise has no settlement obligation or grants its own employees the equity instruments, the share payment transaction shall be treated as equity-settled share payment; if the serviced enterprise has settlement obligation and grants its employees other than its own equity instruments, the share payment transaction shall be treated as a cash-settled share payment.

For the share based payment incurred between companies within the group, if the serviced enterprise and settlement enterprise are not the same, then the payment should be recognized and measured in their individual financial statements, they should be accounted for using the above principles

24. Preferred Stock, Perpetual Capital Securities and Other Financial Instruments

(1) Distinction between perpetual capital securities and Preferred Stock

Financial instruments such as perpetual bonds and preferred stocks issued by the Company, as well as meeting the following conditions, shall be used as equity instruments:

a.) The financial instrument does not include contractual obligations to deliver cash or other financial assets to other parties or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions.

b.) In the case of the financial instrument is to be settled or available with the company's own equity instruments in the future, if the financial instrument is a non-derivative, it does not include the contractual obligation to deliver a variable amount of its own equity instruments; if it is a derivative, the Company can only settle the financial instrument by exchanging a fixed amount of cash or other financial assets with a fixed amount of its own equity instruments.

Except for financial instruments that can be classified under the above conditions, other financial instruments issued by the Company should be classified as financial liabilities.

If the financial instruments issued by the Company are compound financial instruments, they are recognized as a liability based on the fair value of the liability component, and are recognized as "other equity instruments" based on the amount actually received after deducting the fair value of the liability component. The transaction costs incurred in issuing a compound financial instrument are apportioned in proportion to their respective total issue price between the liability component and the equity component.

(2) Accounting treatment methods such as perpetual capital securities and preferred stocks

Related interest, dividends, gains or losses of financial instruments such as perpetual capital securities and preferred stocks classified as financial liabilities, and gains or losses arising from redemption or refinancing, are included in the current profits and losses except for borrowing costs that meet the capitalization conditions (see Note 4, 17 "Borrowing Fees").

When financial instruments such as perpetual capital securities and preferred stocks classified as equity instruments are

issued (including refinancing), repurchased, sold or cancelled, the Company shall treat it as a change in equity, and related transaction costs are also deducted from equity. The Company's allocation of equity instrument holders is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

25. Revenue

(1) Commodity Sales Revenue

When the main risks and rewards of commodity ownership is transferred to the buyer without retaining the continuing management rights usually associated with the ownership and without effectively controlling of the sold commodity, if the amount of revenue can be reliably measured, and the relevant economic benefits are likely flow into enterprise and the relevant costs incurred or will be incurred can be reliably measured, the sales revenue of commodities shall be confirmed.

The specific principles for the confirmation of the Company's sales revenue are as follows: a.) Wholesale Business: When the commodity have been delivered to the customer and confirmed by the customer, and the Company has already received the payment or has obtained the proof of request for payment, the sales revenue shall be confirmed; b.) Retail Business: When the payment has been received and the goods have been delivered to the customer, the sales revenue shall be confirmed.

(2) Income from labor services

In the case the results of the labor service transaction can be reliably estimated, the labor income provided is confirmed on the balance sheet date according to the percentage of completion method. The completion progress of the labor transaction is determined by the ratio of the completed work or the proportion of the labor service provided to the total labor service, or by the ratio of labor costs incurred to the estimated total cost.

Reliable estimates of results of the labor transactions provided mean that it can be simultaneously met a.) The amount of income can be measured reliably; b.) Relevant economic benefits are likely to flow into the enterprise; c.) The degree of completion of the transaction can be determined reliably, d.) The costs that have occurred and will occur in the transaction can be measured reliably.

The specific principles for the company's processing service revenue recognition are as follows: a.) Processing Business with incoming materials (receiving processing fee): The processing fee income is confirmed when the relevant goods are processed and delivered to the customer, and the processing fee or the relevant processing fee is received.

If the result of the service transaction cannot be measured reliably, the service income provided will be confirmed according to the amount of the service cost that has occurred and is expected to be compensated, and the service cost that has occurred will be recognized as the current cost. Income shall be not recognized if the incurred labor costs are not expected to be compensated, labor costs that had already incurred should be recognized jinto profit and loss.

When the contract or agreement signed by the Company with other enterprises includes the sale of commodity and the provision of labor services, if the sales of commodity and the provision of labor services can be distinguished and separately

measured, the sales of commodity and the provision of labor services shall be handled separately; If the sales of commodity and the labor service part cannot be distinguished, or if it can be distinguished but cannot be separately measured, the contract shall be all treated as the sales of commodity.

(3) Revenue from charge for use

Revenue shall be recognized on an accrual basis in accordance with the relevant contract or agreement.

(4) Interest income

Interest income shall be calculated according to the time and actual interest rate of the use of the company's monetary funds by others.

26. Government grants

Government grant refers to the company's acquisition of monetary and non-monetary assets from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's rights and interests. Government grants include assets-related grants and revenue-related grants. The company defines the government grant obtained for the purchase and construction of long-term assets or for the formation of long-term assets in other ways as the government grant related to assets; the remaining government grant is defined as the government grant related to income. If the object of grants is not specified in government documents, the grants shall be divided into income-related government grants and assets-related government grants in the following ways: (1) If the government document clarifies the specific project for which the grant is targeted, the proportion of the expenditure amount of the assets to be formed and the amount of the expenditures included in the expenses in the budget of the specific project are divided, and the proportion of grant division needs to be reviewed on each balance sheet day and changed if necessary. (2) In government documents, if the purpose is expressed only in general terms and no specific project is specified, the grant shall be regarded as a government grant related to the income. Where a government grant is a monetary asset, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained reliably, they shall be measured at the nominal amount. Government grants measured in nominal amounts shall be recognized directly in current profits and losses.

The Company usually confirms and measures the government grant according to the amount when it is actually received. However, if there is conclusive evidence at the end of the period that the relevant conditions stipulated in the financial support policy can be met and the financial support funds are expected to be received, it shall be measured according to the amount receivable. Government grants measured in accordance with the amount receivable shall meet the following conditions at the same time: (1) The amount of the subvention receivable has been confirmed by the authorized government departments, or can be reasonably calculated according to the relevant provisions of the formally issued financial fund management measures, and there is no significant uncertainty in the amount expected; (2) According to the "Regulations on the Openness of Government Information" that the local financial department officially released and in accordance with the provisions of the "Regulations on the Openness of Government Information," the financial support project and its financial fund management measures should be inclusive (any eligible enterprise can apply for them), rather

than being specifically tailored to specific companies; (3) The relevant grant approval has clearly promised the payment period, and the allocation of the payment is guaranteed by the corresponding budget, so it can be reasonably ensure that it can be received within the prescribed time limit; (4) Other relevant conditions (if any) to be met in accordance with the specific circumstances of the Company and the grants.

Government grants related to assets are recognized as deferred earnings and are divided into current profits and losses in a reasonable and systematic way during the service life of the assets concerned. The government grants related to revenue, which are used to compensate for the related cost or loss in the subsequent period, shall be recognized as deferred income, and shall be recognized in profit or loss in the period in which the related costs or losses are recognized; if it is used to compensate the related costs or losses that has occurred, it shall be directly recognized in the current profit and loss.

It includes government grants related to both assets and income, and different parts are separately classified for accounting treatment; if it is difficult to distinguish, the whole is classified as government grants related to income.

Government grants related to the daily activities of the Company shall be included in other income or cost deductions according to the nature of the economic business; government subsidies unrelated to daily activities shall be included in the non-operating revenues and expenses.

When the recognized government grants need to be returned, if there are relevant deferred earnings balances, the book balance of related deferred earnings shall be deducted, and the excess part shall be included in the current profits and losses or the book value of assets shall be adjusted, otherwise, the book value of assets shall be directly included in the current profits and losses.

27. Deferred Income Tax Assets / Deferred Income Tax Liabilities

(1) Current Income Tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected amount of income tax payable (or returned) in accordance with the provisions of the Tax Law. The amount of taxable income on which current income tax expenses are calculated is based on the corresponding adjustment of pre-tax accounting profits in the reporting period in accordance with the relevant tax laws.

(2) Deferred Income Tax Assets and Deferred Income Tax Liabilities

The difference between the book value of certain assets and liabilities and their tax basis, and the temporary difference between the book value of items that are not recognized as assets and liabilities but which can be determined as their tax basis according to the tax law, are confirmed by the balance sheet liability method.

Taxable temporary differences which related to the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the turnaround time of temporary differences, and the temporary difference is unlikely to be reversed in the foreseeable future,

the related deferred income tax liabilities shall not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Taxable temporary differences which related to the initial recognition of an asset or liability arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss), relevant deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the temporary difference is unlikely to be reversed in the foreseeable future, or the amount of taxable income used to offset the temporary difference is unlikely to be obtained in the future, the deferred income tax assets concerned shall not be recognized. Except for the above exceptions, the Company recognizes other deferred income tax assets that can offset temporary differences, subject to the amount of taxable income that is likely to be obtained to offset temporary differences.

For deductible losses and tax credits that can be carried forward in subsequent years, the corresponding deferred income tax assets are recognized to the extent that it is probable that the future taxable income shall be used to offset the deductible losses and tax credits.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rates in the period in which the related assets are recovered or the related liabilities are recovered in accordance with the tax laws.

On the balance sheet date, the book value of deferred income tax assets is reviewed, and the book value of deferred income tax assets is written down if it is likely that sufficient taxable income will not be available to offset the benefits of deferred income tax assets in the future. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

In addition to recognizing that the current income tax and deferred income tax related to other transactions and matters directly included in shareholder's rights and interests shall be recognized in other comprehensive income or shareholder's rights and interests, and the book value of adjusted goodwill from deferred income tax resulting from the merger of enterprises, the other current income tax and deferred income tax expenses or gains shall be recognized in profit or loss for the current period.

(4) Offset of Income Tax

When the company has legal rights to settle on a net basis, and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the company's current income tax assets and current income tax liabilities shall be presented on a net basis after the offset.

When it has the legal right to settle current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax

administration department on the same tax payer or to different tax payers, but in the future, during each important period of deferred income tax assets and liabilities being reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis, or acquire assets and pay off liabilities simultaneously, the deferred the income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

28. Lease

Finance lease is a lease that essentially transfers all risks and rewards related to the ownership of assets. Its ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

(1) The Company records operating lease business as a lessee.

Rental expenses for operating leases shall be included in the related asset costs or current profits and losses in the straight-line method during each period of the lease period. The initial direct costs shall be included in the current profits and losses. Contingent rentals shall be recognized in profits and losses when incurred.

(2) The company records operating lease business as a lessor

The rental income of operating lease shall be recognized as current profit and loss according to the straight-line method during each period of the lease period. The larger initial direct expenses are capitalized when occurring, and the profits and losses of the current period shall be recorded in stages on the same basis as the recognized rental income during the whole lease period; the smaller initial direct expenses shall be recorded in the profits and losses of the current period when occurring. Contingent rentals shall be included in current profits and losses when actually occurring.

(3) The company records finance lease business as a lessee

At the beginning of the lease period, the lower of the fair value of the leased assets and the present value of the minimum lease payment on the lease start date is regarded as the entry value of the leased assets, and the lowest lease payment shall be regarded as the entry value of the long-term payables, and the difference shall be regarded as the unrecognized financing cost. In addition, the initial direct costs attributable to the lease project shall also be included in the value of the leased assets when they occur during the lease negotiation and the signing of the lease contract. The balance of the minimum lease payment after deducting the unrecognized financing costs shall be presented as long-term liabilities and long-term liabilities due within one year, respectively.

The unrecognized financing cost shall be calculated by the real interest rate method during the lease period. Contingent rentals shall be included in current profits and losses when actually occurring.

(4) The company records finance lease business as a lessor

At the beginning of the lease period, the sum of the minimum lease receipt and the initial direct cost on the lease start date is regarded as the entry value of the financial lease receivable, and the unsecured balance shall be recorded. The difference between the sum of the minimum lease receivable, the initial direct cost and the unsecured balance and the sum of its present value is recognized as the unrealized financing income. The balance of the receivable financial lease after deducting the unrealized financial income shall be presented as long-term claims and long-term claims maturing within one

year, respectively.

The unrealized financing income shall be calculated and confirmed by the real interest rate method during the lease period. Contingent rentals shall be recognized in current profits and losses when actually occurring.

29. Other important accounting policies and accounting estimates

(1) Termination of business

Termination of operation refers to a component that meets one of the following conditions, can be separately distinguished and has been disposed of or classified as held for sale by the Company: ① This component represents an independent major business or a separate major business area. ② This component is part of an associated plan to dispose of an independent major business or a separate major business area. ③ This component is a subsidiary company acquired specifically for resale.

For the accounting treatment methods for termination of operations, please refer to the relevant descriptions in Note 4, 12 "Assets held for sale and disposal group".

(2) Hedge accounting

In order to avoid some risks, the Company hedges some financial instruments as hedging instruments. For the hedges meeting the specified conditions, the Company adopts the hedge accounting method for treatment. The hedging of the Company is fair value hedging.

At the beginning of hedging, the Company formally designates hedging instruments and hedged items, and prepares written documents on hedging relationship and risk management strategy and risk management objectives of the Company engaged in hedging. In addition, the Company will continuously evaluate the effectiveness of hedging at the beginning and after the hedging.

Fair value hedging

If a hedging instrument is designated as a fair value hedge and meets the conditions, the profits or losses arising therefrom shall be included into the current profits and losses. If the hedging instrument hedges the non-trading equity instrument investment (or its components) that is measured at fair value and whose changes are included in other comprehensive income, the gains and losses generated by the hedging instrument are included in other comprehensive income. The profit or loss of the hedged item due to the hedged risk exposure shall be included into the current profits and losses, and the book value of the hedged item shall be adjusted at the same time. If the hedged item is measured at fair value, the gain or loss of the hedged item due to the hedged risk does not need to adjust the book value of the hedged item, and the relevant gains and losses are included into the current profits and losses or other comprehensive income.

When the Company cancels the designation of the hedging relationship, the hedging instrument has expired or been sold, the contract has been terminated or exercised, or no longer meets the conditions for the application of hedge accounting, the application of hedge accounting shall be terminated.

30. Changes in significant accounting policies and estimates

(1) Changes of accounting policies

① Changes in accounting policies resulting from the implementation of the new financial instruments standards

On March 31, 2017, the Ministry of Finance respectively issued Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments (Revised in 2017) (CK [2017] No. 7), Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets (Revised in 2017) (CK [2017] No. 8), Accounting Standards for Business Enterprises No.24-Hedge Accounting (Revised in 2017) (CK [2017] No. 9). On May 2, 2017, it issued the Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments (2017 Revision) (CK [2017] No. 14). (The above criteria are collectively referred to as the "new financial instrument criteria"), requiring domestic listed enterprises to implement the new financial instrument criteria from January 1, 2019.

After the resolution passed by the 34th meeting of the 8th Board of Directors of the Company on April 26, 2019, the Company will implement the aforesaid new financial instrument standards from January 1, 2019.

All recognized financial assets under the new financial instrument standards are subsequently measured at amortized cost or fair value. On the implementation date of the new financial instrument standard, the business model for managing financial assets will be evaluated based on the existing facts and circumstances of the Company on that date, the contractual cash flow characteristics on the financial assets will be evaluated based on the facts and circumstances at the time of initial recognition of the financial assets, and the financial assets will be divided into three categories: Measured at amortized cost, measured at fair value with changes included in other comprehensive income and measured at fair value with changes included in current profits and losses. Among them, for equity instrument investments measured at fair value and whose changes are included in other comprehensive income, when the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained income and not included into the current profits and losses.

Under the new criteria for financial instruments, the Company, based on expected credit losses, accrues impairment provisions and recognizes credit impairment losses for financial assets measured in amortized cost, debt instrument investments measured at fair value with its changes included in other comprehensive income, lease receivables, contract assets and financial guarantee contracts.

According to new Financial Asset standard, except for some certain conditions, the company should adjust the type and measurement (including impairment) in retrospective method, the differences between the carrying amount under old standard and new standard (i.e. 1st January 2018) should be recorded in retained earning at the beginning of 2018 or in other comprehensive income. Meanwhile, the company did not adjust for the comparative financial statements.

On 1st January 2019, the result of the comparison of financial statements between old and new financial instrument standard shows below:

Old Standard		New Standard	
Item	Carrying Amount	项目	账面价值

Old Standard		New Standard	
Other current asset	223,300,000.00	Trading financial asset	223,300,000.00
Notes and trade receivables	97,775,710.11	Trade receivable	97,775,710.11
Other receivable	18,256,513.93	Other receivable	18,256,513.93
Available for sale financial asset	20,000,000.00	Other equity instrument investment	20,000,000.00

② On April 30, 2019, the Ministry of Finance issued Notice on Revising and Issuing the Format of Financial Statements for General Enterprises in 2019 (CK (2019) No. 6), which revised the format of financial statements of general enterprises. The major impacts of the Company's implementation of the above provisions are as follows:

December 31, 2018	Amount	January 1, 2019	Amount
Notes receivable and accounts receivable	97,775,710.11	Notes receivable	
		Accounts receivable	97,775,710.11
Notes payable and accounts payable	140,564,713.11	Notes payable	
		Accounts payable	140,564,713.11

③ The Ministry of Finance issued Accounting Standards for Business Enterprises No.7-Exchange of Non-monetary Assets (Revised in 2019) (CK [2019] No. 8). The revised standards shall come into force on June 10, 2019. The exchange of non monetary assets between January 1, 2019 and the implementation date of the standards shall be adjusted in accordance with the standards. For the exchange of non monetary assets before January 1, 2019 does not need to be retroactively adjusted in accordance with the provisions of these standards. The Company's implementation of the above standards has no significant impact during the reporting period.

④ The Ministry of Finance issued Accounting Standards for Business Enterprises No.12-Debt Restructuring (Revised in 2019) (CK [2019] No. 9) on May 16, 2019. The revised standards shall come into force on June 17, 2019. The debt restructuring between January 1, 2019 and the implementation date of the standards shall be adjusted in accordance with the standards. For debt restructuring occurring before January 1, 2019, retrospective adjustment is not required in accordance with the provisions of these standards. The Company's implementation of the above standards has no significant impact during the reporting period.

31. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of business activities, the Company needs to judge, estimate and assume the book value of statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the Company's management's past historical experience and other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Company's management, resulting in a significant

adjustment to the carrying amount of the assets or liabilities affected in the future.

The Company reviews the aforesaid judgments, estimates and assumptions on a regular basis on the basis of going concern. If the change of accounting estimates only affects the current period of change, the number of impacts shall be recognized in the current period of change. If the change affects both the current and future periods, the number of impacts will be confirmed in the current and future periods of the change.

On the balance sheet date, the Company needs to judge, estimate and assume the amount of financial statement items in the following important areas:

(1) Impairment of financial assets

The Company uses the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgment and estimation, and all reasonable and basis information, including forward-looking information, shall be considered. In making these judgments and estimates, the Company deduces the expected changes in the debtor's credit risk based on historical data and combined with economic policies, macroeconomic indicators, industry risks, external market environment, technological environment, changes in customer conditions and other factors.

(2) Inventory falling price reserves

According to the inventory accounting policy, the Company measures according to the lower of cost and net realizable value. For the inventory whose cost is higher than net realizable value and which is obsolete and unsalable, the Company makes provision for inventory falling price. Impairment of inventories to net realizable value is based on the evaluation of the marketability of inventories and their net realizable value. The appraisal of impairment of inventories requires the management to make judgment and estimation on the basis of obtaining conclusive evidence and considering factors such as the purpose of holding inventories and the influence of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of inventory and the accrual or reversal of inventory depreciation reserve during the period when the estimate is changed.

(3) Provision for impairment of long-term assets

On the balance sheet date, the Company judges whether there are signs of possible impairment for non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, the impairment test is also carried out when there are signs of impairment. Other non-current assets other than financial assets shall be tested for impairment when there are indications that their book amounts are not recoverable.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of the fair value minus the disposal expenses and the present value of the estimated future cash flow, it indicates that an impairment has occurred

The net amount of the fair value less the disposal expenses shall be determined by referring to the sales agreement price or observable market price of similar assets in fair transactions, and deducting the incremental cost directly attributable to

the disposal of such assets.

When estimating the present value of future cash flow, it is necessary to make a significant judgment on the output, sales price, related operating costs and the discount rate used in the calculation of the present value of the asset (or asset group). In estimating the recoverable amount, the Company will use all relevant information available, including forecasts of production, selling price and related operating costs based on reasonable and supportable assumptions.

The Company shall test whether goodwill is impaired at least every year. This requires an estimate of the present value of the future cash flows of the asset group or portfolio of asset groups to which goodwill has been allocated. When predicting the present value of future cash flow, the Company needs to predict the cash flow generated by the future asset group or asset group portfolio, and at the same time, select the appropriate discount rate to determine the present value of future cash flow.

(4) Depreciation and amortization

After considering the residual value of investment real estate, fixed assets and intangible assets, the Company will accrue depreciation and amortization on a straight-line basis during their service lives. The Company reviews the service life regularly to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on the past experience of similar assets and in portfolio with the expected technological updates. If there is a significant change in previous estimates, the depreciation and amortization charges will be adjusted in the future.

(5) Deferred income tax assets

To the extent that there is likely to be sufficient taxable profits to offset the losses, the Company recognizes deferred income tax assets for all unused tax losses. This requires the Company's management to use a large number of judgments to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred income tax assets to be recognized.

(6) Income tax

In the normal business activities of the Company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be paid before tax requires the approval of the tax authorities. If there is a difference between the final determination result of these tax matters and the amount initially estimated, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

(7) Accrued liabilities

According to the terms of the contract, existing knowledge and historical experience, the Company estimates and makes corresponding provision for product quality assurance, estimated contract losses, liquidated damages for delayed delivery, etc. In the event that such contingencies have formed a current obligation and the performance of the current obligations is likely to result in outflow of economic benefits from the Company, the Company recognizes the contingencies as estimated liabilities based on the best estimate of the expenditure required to perform the relevant current obligations. The

recognition and measurement of the estimated liabilities depend to a large extent on the judgment of the management. In the process of judgment, the Company needs to evaluate the risks, uncertainties, time value of money and other factors related to these contingencies.

Among them, the Company will make an estimated liability for the after-sales quality maintenance commitments provided to customers for the sale, maintenance and renovation of the goods sold. The Company's recent maintenance experience data have been taken into account when estimating liabilities, but the recent maintenance experience may not reflect the future maintenance situation. Any increase or decrease in this provision may affect the profit and loss in the future years.

(8) Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company adopts the available observable market data available. If the first level input value cannot be obtained, the Company will employ a qualified third-party appraiser to perform the appraisal. The Valuation Committee works closely with qualified external valuers to determine the appropriate valuation techniques and inputs to the relevant models. The CFO shall report the findings of the Valuation Committee to the Board of Directors of the Company on a quarterly basis to explain the reasons for the fluctuation of the fair value of the relevant assets and liabilities. Relevant information on valuation techniques and input values used in determining the fair values of various assets and liabilities is disclosed in Note 10, Disclosure.

Section 5. Taxes

1. Main Taxes and Tax Rates

Types	Tax Basis	Tax Rate
Value Added Tax	After deducting the allowable amount of input tax deducted in the current period, the difference between the sales of goods, taxable services and taxable services income calculated in accordance with the provisions of the Tax Law is the taxable value-added tax.	3%、5%、6%、9%、10%、 13%、16%
Urban Maintenance & Construction Tax	According to the actual value-added tax	5%、7%
extra charges of education funds	According to value added tax and consumption tax on the basis of actual payment	3%
Local Extra Charges of Education Funds	According to value added tax and consumption tax on the basis of actual payment	1.5%、2%
Corporate Taxes	According to taxable income	15%、17%、25%
Property Tax	According to 70% of original value of the real estate (or rental income) as the tax base; according to the original value of the real estate deducted 30% at a time.	1.2%、8%、12%
Land Value Increment Tax	According to Real Estates Income; According to the transfer of real estate amount of simple levy	1.5%、5%

The applicable VAT rates for taxable sales or import goods are 16%/10%, According to the announcement issued by Ministry of Finance, State Administration of Taxation and China Custom about the policy relating to deepening VAT reform

(Announcement by Ministry of Finance, State Administration of Taxation and China Custom (2018) No.39), from 1st April 2019 onwards, the applicable rates are adjusted to 13%/9%. Meanwhile, the company can deduct VAT by additional deductible rate of 10% from 1st April 2019 to 31st December 2021 because of its business nature as service provider.

Notes on tax payers of different enterprise income tax rates:

Tax Payers	Income Tax Rate
Jingliang (Singapore) International Trade Co., Ltd.	17%
Beijing Guchuan Bread Food Co., Ltd.	15%

2. Tax Preferences and Approval Documents

Hangzhou Linan Little Angel Food Co., Ltd., a 4th tier subsidiary company of the Company, is a welfare enterprise. It enjoys the preferential VAT policy of immediate refund upon payment of 35,000 yuan per person per year for Promoting the Employment of Disabled Persons in 2015 and April 2016. Since May 2016, it has enjoyed the preferential VAT policy of immediate refund upon payment in Preferential Value-Added Tax Policies for Promoting the Employment of Disabled Persons (CaiShui [2016] No.52).

In accordance with the relevant provisions of Ministry of Finance and State Administration of Taxation “Notice on Preferential Enterprise Income Tax Policies for Employment of Persons with Disabilities”(Cai Shui[2009] No.70), Hangzhou Linan Little Angel Food Co., Ltd. , a 4th tier subsidiary company of the Company: Where an enterprise employs persons with disabilities, on the basis of deduction according to the wages paid to the disabled workers, it may deduct the amount of taxable income according to 100% of the wages paid to the disabled workers.

According to the announcement of Zhejiang Provincial Tax Bureau (No. 8, 2014), Hangzhou Linan Little Angel Food Co., Ltd. , a 4th subsidiary company of the Company, can enjoy the preferential policy of reducing the urban land use tax by an annual quota of 2,000 yuan per person for the average number of actual resettlement, and the maximum amount of reduction is the urban land use tax payable by the unit in the current year.

According to the announcement No.10, 2018 issued by Shandong Provincial Tax Bureau, tax base of the stamp duties tax for industrial enterprise’s contract is based on procurement and sales, tax rate is 50% of revenue. Linqing Xiaowangzi Food Limited paid stamp duties tax from January to September,2018 based on 130% of revenue, from October, 2018, compute this tax based on 50% of the revenue

Company’s level 4 subsidiary-Liaoning Xiaowangzi Food Limited, according to the Supplementary Announcement on Land Use Tax issued by Ministry of Finance and State Administration of Taxation (89) GSDZ No.140 Clause 13 states that public land such as municipal street, square, public green etc. can be exempted from land use tax, when computing land use tax, the area used in the computation is total area less the area for afforest and street

Jingliang (Singapore) International Trade Co., Ltd., a 3rd tier subsidiary of the Company, levies taxes on the principle of territoriality. For the subsidiary newly established in Singaporean, during the first consecutive three audit year, can enjoy the first three-year government tax exemption plan. Singapore's tax exemption plan is as follows: the first SGD 100,000 of

annual income and the first SGD100,000: tax rate of 0. Parts of SGD100,001 to 300,000: tax rate 8.5%. Over \$300,000 at tax rate 17%.

Beijing Guchuan Bread&Food Co., Ltd., a 3rd tier subsidiary of the Company, is a high-tech enterprise. On November 30, 2018, it obtained the certificate of high-tech enterprise and the certificate number GR201811007245. It is valid for three years. It enjoys the preferential tax policy of paying enterprise income tax at the 15% tax rate according to the relevant provisions of both “Law of the People's Republic of China on Tax Collection and Administration” and “Rules for the Implementation of the Tax Collection and Administration Law of the People's Republic of China”.

The company level 4 subsidiary Jingliang (Hebei) Oil Industry Co., Ltd., according to the financial department documents, local taxation bureau in hebei province, hebei province document ji caishui [2019] no. 56 "about parts reserve commodity announcement concerning the tax policy, accounting books shall be exempt from stamp duty for funds, to undertake business book stand in the process of buying and selling contract commodity reserves shall be exempt from stamp duty, other parties in the contract should pay the stamp duty shall also be subject to duty-payment according to the parties. Property tax and land use tax of cities and towns shall be exempted from the property tax and land use tax of cities and towns that undertake the business of commodity reserve for their own use. The notice will be executed on January 1, 2019 and will terminate on 31st December., 2021.

Jingliang (Hebei) Oil Industry Co., Ltd., a 4th subsidiary company of the Company, exempts the sale of edible vegetable oil stored by the government from VAT according to “Notice of the Ministry of Finance and the State Administration of Taxation on the Levy and Exemption of Value Added Tax for Food Enterprises”(Cai Shui [1999] No.198)

The company level 3 subsidiary Beijing day weikang grease DiaoXiao center co., LTD., according to the national tax administration of the ministry of finance, the notice about food enterprises exempted from VAT tax word (1999), article 5, 198, responsible for collection and storage of grain purchase and sale of state-owned grain enterprises and business duty-free items listed in the notice of other food business, and government reserves edible vegetable oil sales enterprises, which should be examined by the competent tax authorities deemed tax-exempt status, not reported to the competent tax authorities where the audit determined that no exemption, From June 1, 2017 to December 31, 1999, the company will exempt edible vegetable oil stored by the government from VAT.

The level 2 subsidiary of the company-Jingliang Caofeidian Agricultural Development Limited, according to the document JTCFDST(2018) No. 1539765025415 issued by tax authority of Caofeidian District, Tangshan, affiliated to State Administration of Taxation, and also followed the rules in Law of the People's Republic of China on the Administration of Tax Collection, The Implementation Guideline of Law of the People's Republic of China on the Administration of Tax Collection, the rice under the brand of Tixiang produced by Caofeidian company if exempted from VAT.

The level 2 subsidiary of the company-Jingliang Caofeidian Agricultural Development Limited, according to the rules under Clause 27 of Corporate Law and its Implementation Guideline Clause 86, the rice under the brand of Tixiang produced by Caofeidian company if exempted from Corporation tax.

Section 6. Notes on Items in Consolidated Financial Statements

The following annotated items (including annotations of major items in the company's financial statements) refer to January 1, 2019 at the beginning of the year, December 31, 2019 at the end of the period, December 31, 2018 at the beginning of previous period, 2019 at the current period and 2018 at the last period, unless otherwise specified.

1. Monetary funds

Items	Ending Balance	Beginning Balance
Cash in Treasury	27,780.31	46,418.17
Bank Deposits	555,138,729.05	794,705,225.28
Other Currency Funds	2,002,003.03	130,118,373.33
Total	557,168,512.39	924,870,016.78
Among them: the total amount of money deposited abroad	76,673.88	

The restricted monetary funds are as follows:

Items	Ending Balance	Beginning Balance
Periodic Deposit Receipts (management expects to hold to maturity)		57,000,000.00
Freezing of Litigation Preservation	2,070,735.18	
Total	2,070,735.18	57,000,000.00

Note: The limited money fund at the end of the period is 2,070,735.18 yuan, see Section 六、53 for details.

2. Transactional financial assets

Items	Ending Balance	Beginning Balance
Designated as fair value through profit and loss financial asset	161,300,000.00	
Among them: equity instrument investment		
Other	161,300,000.00	
Total	161,300,000.00	

3. Derivative Financial Assets

Items	Ending Balance	Beginning Balance
Futures Contracts	88,792,254.00	71,260,414.60
Total	88,792,254.00	71,260,414.60

Note: The company's derivative financial assets are soybean oil, palm oil, vegetable oil and soybean meal futures contracts purchased.

4. Accounts Receivable

(1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year	81,502,115.68
Among them: Within 3 months	77,852,190.42
4-12 months	3,649,925.26
1 to 2 years	65,951.22
2 to 3 years	235,232.47
3 to 4 years	51,420.00
4 to 5 years	223,844.00
More than 5 years	177,291.40
Sub total	82,255,854.77
minus: provision for bad debts	1,511,867.96
Total	80,743,986.81

(2) present according to the method of provision for bad debt

Type(s)	Ending Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Receivables with separate provision for bad debts	1,325,135.40	1.61	1,325,135.40	100.00	
Accounts Receivable for Bad Debt Provision Based on Portfolio					
Portfolio 1 - Age-based accounts receivable	71,459,010.77		186,732.56		71,272,278.21
Portfolio 2 - Related Party Accounts Receivable	9,471,708.60				9,471,708.60
Portfolio Total	80,930,719.37	98.39	186,732.56	0.23	80,743,986.81
Total	82,255,854.77	100.00	1,511,867.96	—	80,743,986.81

(Continued)

Type(s)	Beginning Balanc				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	

Type(s)	Beginning Balance				Book Value
	Book Balance		Bad Debt Provision		
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Receivables with significant individual amounts and separate provision for bad debts					
Accounts Receivable for Bad Debt Provision Based on Credit Risk Characteristic Portfolio					
Portfolio 1 - Age-based accounts receivable	94,766,012.02		446,302.71		94,319,709.31
Portfolio 2 -Related Party Accounts Receivable	3,456,000.80				3,456,000.80
Portfolio Total	98,222,012.82	99.57	446,302.71	0.45	97,775,710.11
Receivables with minor amounts but separate provision for bad debts	420,575.29	0.43	420,575.29	100.00	
Total	98,642,588.11	100.00	866,878.00	—	97,775,710.11

A.Receivables with separate provision for bad debts at the end of the period

Accounts Receivable (by unit)	Ending Balance			
	Accounts Receivable	Bad Debt Provision	Provision Ratio	Provision Reason
Beijing Rongfa Lida Grain and Oil Trade Co., Ltd.	163,143.00	163,143.00	100.00	expected unrecoverable
Beijing Shunyi Longhua Shopping Center	600.00	600.00	100.00	expected unrecoverable
Beijing Guotai Ping'an Tianzhu Commercial Development Co., Ltd.	1,809.60	1,809.60	100.00	expected unrecoverable
Beijing Xidan spicy town food limited	996,000.00	996,000.00	100.00	expected unrecoverable
Beijing Guotai Ping'an Department Store Co., Ltd.	10,862.90	10,862.90	100.00	expected unrecoverable
Carrefour (Shanghai) Supply Chain Management Co., Ltd. Tianjin Branch	875.90	875.90	100.00	expected unrecoverable
Jiaozuo Yida Plant Oil Co., Ltd.	151,844.00	151,844.00	100.00	expected unrecoverable
Total	1,325,135.40	1,325,135.40	—	—

B.In portfolio, Accounts Receivable with provision for bad debts is calculated by age analysis method

Aging	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Within 1 Year	71,034,407.08	53,078.50	
Among them: Within 3 months	68,380,481.82		0
4-12 months	2,653,925.26	53,078.50	2
1 to 2 years	65,951.22	3,297.57	5

Aging	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
2 to 3 years	235,232.47	47,046.49	20
3 to 4 years	51,420.00	25,710.00	50
4 to 5 years	72,000.00	57,600.00	80
More than 5 years			100
Total	71,459,010.77	186,732.56	—

(Continued)

Aging	Beginning Balanc		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Within 1 Year	89,378,513.14	136,814.78	
Among them: Within 3 months	82,537,774.17		0
4-12 months	6,840,738.97	136,814.78	2
1 to 2 years	5,264,078.88	263,203.93	5
2 to 3 years	51,420.00	10,284.00	20
3 to 4 years	72,000.00	36,000.00	50
4 to 5 years			80
More than 5 years			100
Total	94,766,012.02	446,302.71	—

C.In portfolio, Accounts Receivable with provision for bad debts is calculated by other methods

Items	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Amount from Related Parties	9,471,708.60		
Total	9,471,708.60		

(3) details of bad debt provision

Items	Beginning Balance	The amount changed for the period			Ending Balance
		addition	Write-off	Other deduct	
Provision for bad	866,878.00	1,182,781.60	243,283.89	294,507.75	1,511,867.96

Items	Beginning Balance	The amount changed for the period			Ending Balance
		addition	Write-off	Other deduct	
debt					
Total	866,878.00	1,182,781.60	243,283.89	294,507.75	1,511,867.96

(4) Accounts receivable actually written off in the current period

Items	Write-off Amount
Accounts Receivable actually Written Off	243,283.89

Among them: important write off of account receivable

Name of the company	Nature of receivable	Amount write off	Reason for write off	Process of wite off carried out	Whether come from related party transactions
Jiaozuo Yida Botanical Oil Limited	Loan	243,283.89	Lawsuit finished but no executable property	Lawsuit and approval	NO
Total	—	243,283.89	—	—	—

(5) Accounts Receivable of the Top 5 Balances Collected by Debtors at the End of the Period

Debtors	total ending balance of accounts receivable	Ratio of the total ending balance of accounts receivable (%)	Ending Balance of Bad Debt Provision
Yihai (Taizhou) Grain and Oil Industry Co., Ltd.	24,980,000.00	30.37	
Beijing Wumei Supermarket Co., Ltd.	7,044,671.66	8.56	44,878.29
China Storage Grains and Oils (Tianjin) Co., Ltd.	4,534,358.65	5.51	
Shanghai Laiyifen Co., Ltd.	3,098,645.72	3.77	
Beijing KFC Co., Ltd.	2,910,889.35	3.54	
Total	42,568,565.38	51.75	44,878.29

5. Advanced Payment

(1) Advances are presented by age

Aging	Ending Balance		Beginning Balance	
	Amount	Ratio(%)	Amount	Ratio(%)
Within 1 Years	138,172,859.10	99.85	119,883,849.19	99.75
1 to 2 years	183,841.00	0.13	297,593.70	0.25

Aging	Ending Balance		Beginning Balance	
	Amount	Ratio(%)	Amount	Ratio(%)
2 to 3 years	23,100.00	0.02		
More than 3 years				
Total	138,379,800.10	—	120,181,442.89	—

Note: The Company has no significant advance payments for more than one year in this year.

(2) Advance payment of the top five Ending Balances by prepaid objects

Company Name	Ending Balance	Ratio of the total ending balance of prepayments (%)
Sinograin Oils Corporation	52,925,042.20	38.25
China Grain Reserve Dunhua Depot Co., Ltd.	34,135,232.00	24.67
China Grain Reserve Suiling Depot Co., Ltd.	30,452,520.40	22.01
China Grain Reserve Rizhao Storage Co., Ltd.	2,683,990.40	1.94
East Oak Investment Holdings (Shanghai) Co., Ltd.	1,635,379.20	1.18
Total	121,832,164.20	88.05

6. Other Receivables

Item(s)	Ending Balance	Beginning Balance
Interest Receivable	3,927,438.90	2,400,877.51
Dividend Receivable		
Other Receivables	15,292,658.44	15,855,636.42
Total	19,220,097.34	18,256,513.93

(1) Interest Receivable

A. Interest receivable classification

Item(s)	Ending Balance	Beginning Balance
Time deposit interest	3,927,438.90	2,400,877.51
Sub total	3,927,438.90	2,400,877.51
Minus: provision for bad debts		
Total	3,927,438.90	2,400,877.51

(2) Other Receivables

A. Disclosed according to aging

Aging	Ending Balance
Within 1 Year	12,853,916.80
Among them: Within 3 months	10,985,505.27
4-12 months	1,868,411.53
1 to 2 years	936,934.75
2 to 3 years	1,186,384.72
3 to 4 years	175,922.00
4 to 5 years	300,000.00
More than 5 years	77,400.00
Sub total	15,530,558.27
minus: provision for bad debts	237,899.83
Total	15,292,658.44

B. Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Petty Cash (Employee and Department)	114,271.85	233,548.14
Guaranteed Deposit and Deposit	5,772,303.92	2,191,122.17
Intercourse Funds of Units	5,736,772.70	12,033,774.63
Personal Intercourse Funds	833,000.00	
Employee Receivables	600,224.88	418,634.62
Tax Refund Receivables	2,366,765.34	1,169,522.00
Other Receivables	80,581.58	125,961.08
Substitute Advance	26,638.00	
Sub total	15,530,558.27	16,172,562.64
minus: provision for bad debts	237,899.83	316,926.22
Total	15,292,658.44	15,855,636.42

C. Details about bad debt provision

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
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	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
Amount on 1 st January 2019	266,926.22		50,000.00	316,926.22
Carrying amount of other receivable on 1 st January 2019 that in this period:				
——Get into Stage 2				
——Get into Stage 3				
——Get back to Stage 2				
——Get back to Stage 1				
Provision for the period	112,886.19			112,886.19
Reverse for the period				
Transfer for the period				
Write off for the period				
Other deduct	191,912.58			191,912.58
Carrying amount at the end of the period	187,899.83		50,000.00	237,899.83

D. Details of bad debt provision

Type	Carrying amount at the beginning	Amount changes for the period			Carrying amount at the end
		addition	Write off	Other deduct	
Bad debt provision	316,926.22	112,886.19		191,912.58	237,899.83
Total	316,926.22	112,886.19		191,912.58	237,899.83

E. Other receivables according to top five of balance at end of period collected by debtors

Name of Organization	Nature of Funds	Balance at End of Period	Aging	Proportion in overall ending balance of other receivables (%)	Ending balance of bad debt reserves
Beijing Yangu Grain and Oil Trading Co., Ltd.	Intercourse Funds of Units	3,852,050.36	Within 3 months	24.80	
State Taxation Administration of Linan District, Hangzhou, Zhejiang Province	Tax Refund Receivables	2,190,843.34	Within 3 months	14.11	
Tianjin Lingang Port Group Co., Ltd.	Intercourse Funds of Units	1,853,125.71	Within 3 months	11.93	
Missme Food and Beverage (Tianjin) Co., Ltd.	Intercourse Funds of Units	1,510,637.87	Within 1 year 1-2 years	9.73	30,733.39
Dalian Commodity Exchange	Guaranteed Deposit and Deposit	600,000.00	Within 3 months	3.86	
Total	—	10,006,657.28	—	64.43	30,733.39

F. Receivables related to government grants

Name of the company	Name of government grants	Carrying amount at the end	Aging at the end of the period	Time, amount and evidence of expected collection
Tax Bureau of Linan District, Hangzhou, Zhejiang Province	Refund of VAT	2,190,843.34	Within 3 months	All amount will be collected in January 2020, the company always qualify for tax refund policy for disabled person
Total	—	2,190,843.34	—	—

7. Inventory

(1) Inventory Category

Items	Balance at End of Period		
	Book Balance	Falling Price Reserves	Book Value
Raw Materials	186,791,440.87		186,791,440.87
Revolving Materials	6,155,422.13		6,155,422.13
Stock goods	943,448,494.73	170,341.46	943,278,153.27
Develop Products	16,497,730.12	11,673,694.67	4,824,035.45
Commission processing	4,599,271.17		4,599,271.17
Reserve Oil	248,197,500.00		248,197,500.00
Development Cost	18,909,838.76		18,909,838.76
In total	1,424,599,697.78	11,844,036.13	1,412,755,661.65

(Continue)

Items	Balance at Beginning of Year		
	Book Balance	Falling Price Reserves	Book Value
Raw Materials	201,025,950.79	67,131.25	200,958,819.54
Revolving Materials	3,454,520.07		3,454,520.07
Stock Goods	711,226,691.70	5,292,085.61	705,934,606.09
Develop Products	16,497,730.12	11,673,694.67	4,824,035.45
Materials in Transit	53,773,706.64		53,773,706.64
Development Cost	7,043,775.28		7,043,775.28
Reserve Oil	248,197,500.00		248,197,500.00
In total	1,241,219,874.60	17,032,911.53	1,224,186,963.07

(2) Inventory Falling Price Reserves

Items	Balance at Beginning of Year	Increased Amounts in the Current Period		Decreased Amounts in the Current Period		Balance at End of Period
		Accrual	Others	Recover or Charge Off	Others	
Raw Materials	67,131.25			67,131.25		

Items	Balance at Beginning of Year	Increased Amounts in the Current Period		Decreased Amounts in the Current Period		Balance at End of Period
		Accrual	Others	Recover or Charge Off	Others	
Stock Goods	5,292,085.61	32,583.96		5,154,328.11		170,341.46
Develop Products	11,673,694.67					11,673,694.67
In total	17,032,911.53	32,583.96		5,221,459.36		11,844,036.13

(3) Accrual Basis of Inventory Falling Price Reserves and Reason of Recovering or Charging Off in the Current Period

Items	Specific Accrual Basis of Inventory Falling Price Reserves	Reason of Recovering Inventory Falling Price Reserves in the Current Period	Reason of Charging off Inventory Falling Price Reserves in the Current Period
Raw Materials			Sales Completed
Stock Goods	Market Quotes on the Website of Cofeed		Sales Completed

(4) Additional Notes of Inventory

Book value of inventory used for mortgage at end of period is 4,824,035.45 Yuan, seeing Six、53.

8. Other Current Assets

Items	Balance at End of Period	Balance at Beginning of Year
Financial Products	393,198,608.68	223,300,000.00
Pre-paid Taxes and Fees	1,369,643.50	6,207,985.16
Pending Deduct VAT Input Tax	69,764,662.41	59,155,031.47
Fair Value Changes of Items Trapped at Hedging	95,964,318.54	158,800.00
In total	560,297,233.13	288,821,816.63

9. Available-for-sale Financial Assets

Items	Balance at End of Period			Balance at Beginning of Year		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Available-for-sale Equity Instruments				30,500,000.00	10,500,000.00	20,000,000.00
Among them: calculated at cost				30,500,000.00	10,500,000.00	20,000,000.00
In total				30,500,000.00	10,500,000.00	20,000,000.00

10. Long-term Equity Investment

(1) Long-term Equity Investment Classification

Item	Carrying amount at the end of the period	Carrying amount at the beginning of the period
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	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value
Investment in Joint Venture	72,816,569.30		72,816,569.30	65,339,624.28		65,339,624.28
Investment in associates	125,484,764.49		125,484,764.49	117,487,601.83		117,487,601.83
Total	198,301,333.79		198,301,333.79	182,827,226.11		182,827,226.11

(2) Investment in Joint venture and associates

Invested Unit	Balance at Beginning of Year	Increase or Decrease in the Current Period				
		Additional Investment	Negative Investment	Confirmed Profit and Loss on Investment under Equity Law	Adjustment on Other Comprehensive Income	Other Changes in Equity
One Cooperative Enterprise						
CP Group	65,339,624.28			7,329,369.02	147,576.00	
Sub-total	65,339,624.28			7,329,369.02	147,576.00	
Two Joint Venture						
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.	117,487,601.83			148,848.95		
Jingliang Miss Me Food Management (Tianjin) Limited		9,592,658.03		-1,744,344.32		
Sub-total	117,487,601.83	9,592,658.03		-1,595,495.37		
In total	182,827,226.11	9,592,658.03		5,733,873.65	147,576.00	

(Continue)

Invested Unit	Increase or Decrease in the Current Period			Balance at End of Period	Ending Balance of Impairment Reserves
	Announce to Distribute Case Dividends or Profits	Accrual of Impairment Reserves	Others		
One Cooperative Enterprise					
CP Group				72,816,569.30	
Sub-total				72,816,569.30	
Two Joint Venture					
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.				117,636,450.78	
Jingliang Miss Me Food Management (Tianjin) Limited				7,848,313.71	
Sub-total				125,484,764.49	
In total				198,301,333.79	

11. Other equity instruments investment

(1) Other equity instruments investment

the invested organization	Ending Balance
Chongqing long jinbao network technology co. LTD	20,000,000.00
Total	20,000,000.00

12. Investment Real Estate

(1) Investment Real Estate Adopting Cost Measurement Model

Items	Buildings	Land Use Right	Projects under Construction	In total
One Original Book Value				
1. Balance at Beginning of Year	42,634,619.63			42,634,619.63
2. Increased Amounts in the Current Period				
3. Decreased Amounts in the Current Period				
4. Balance at End of Period	42,634,619.63			42,634,619.63
Two Accumulated Impairment and Accumulated Amortization				
1. Balance at Beginning of Year	8,785,674.23			8,785,674.23
2. Increased Amounts in the Current Period	1,613,750.94			1,613,750.94
(1) Accrual or Amortization	1,613,750.94			1,613,750.94
3. Decreased Amounts in the Current Period				
4. Balance at End of Period	10,399,425.17			10,399,425.17
Three Impairment Reserves				
1. Balance at Beginning of Year	453,843.72			453,843.72
2. Increased Amounts in the Current Period				
3. Decreased Amounts in the Current Period				
4. Balance at End of Period	453,843.72			453,843.72
Four Book Value				
1. Book Value at End of Period	31,781,350.74			31,781,350.74
2. Book Value at Beginning of Year	33,395,101.68			33,395,101.68

(2) Instructions of Investment Real Estate

Book value of investment real estate used for mortgage at end of period is 5,476,357.73 Yuan, seeing Six 53.

13. Fixed Assets

Items	Balance at End of Period	Balance at Beginning of Year
Fixed Assets	1,210,450,340.22	1,271,803,080.56
Disposal of Fixed Assets		
In total	1,210,450,340.22	1,271,803,080.56

(1) Fixed Assets

① Fixed Assets Situation

Items	Buildings	Machinery Equipment	Transportation Equipment	Electronic Equipment	Office Equipment	Others	In total
One Original Book Value							
1. Balance at Beginning of Year	1,077,389,877.09	351,603,267.61	22,251,285.06	13,665,889.56	2,203,862.02	367,808,765.17	1,834,922,946.51
2. Increased Amounts in the Current Period	17,623,496.34	33,168,877.57	1,193,574.05	1,948,366.13	32,838.52	5,412,250.45	59,379,403.06
(1) Purchase	5,346,637.98	11,515,059.76	1,178,087.32	1,948,366.13	32,838.52	4,331,524.58	24,352,514.29
(2) Roll-in of Project under Construction	12,276,858.36	21,447,325.89				1,080,725.87	34,804,910.12
(3) Other Roll-ins		206,491.92	15,486.73				221,978.65
3. Decreased Amounts in the Current Period	22,691,392.00	6,360,914.60	3,899,775.00	695,951.02	77,803.41	1,672,976.35	35,398,812.38
(1) Disposal or Scrap	22,691,392.00	4,268,272.21	3,899,775.00	512,177.96		829,041.00	32,200,658.17
(2) Other Roll-outs		2,092,642.39		183,773.06	77,803.41	843,935.35	3,198,154.21
4. Balance at End of Period	1,072,321,981.43	378,411,230.58	19,545,084.11	14,918,304.67	2,158,897.13	371,548,039.27	1,858,903,537.19
Three Accumulated Impairment							
1. Balance at Beginning of Year	261,968,544.04	127,867,150.08	15,804,410.57	9,560,648.53	1,268,971.00	138,366,719.21	554,836,443.43
2. Increased Amounts in the Current Period	39,734,352.33	29,045,002.27	1,155,221.11	2,324,855.65	196,599.86	24,152,596.97	96,608,628.19
(1) Accrual	39,734,352.33	29,045,002.27	1,155,221.11	2,324,855.65	196,599.86	24,152,596.97	96,608,628.19
3. Decreased Amounts in the Current Period	2,522,978.28	2,923,809.66	3,702,974.14	511,154.83	23,292.82	978,247.96	10,662,457.69
(1) Disposal or Scrap	2,522,978.28	2,756,521.78	3,702,974.14	480,412.54		788,678.67	10,251,565.41
(2) Other Roll-outs		167,287.88		30,742.29	23,292.82	189,569.29	410,892.28
4. Balance at End of Period	299,179,918.09	153,988,342.69	13,256,657.54	11,374,349.35	1,442,278.04	161,541,068.22	640,782,613.93
Three Impairment Reserves							
1. Balance at Beginning of Year	7,499,295.92	784,126.60					8,283,422.52
2. Increased Amounts in the Current Period							
3. Decreased Amounts in the Current Period		612,839.48					612,839.48
4. Balance at End of Period	7,499,295.92	171,287.12					7,670,583.04
Four Book Value							
1. Book Value at End of Period	765,642,767.42	224,251,600.77	6,288,426.57	3,543,955.32	716,619.09	210,006,971.05	1,210,450,340.22
2. Book Value at Beginning of Year	807,922,037.13	222,951,990.93	6,446,874.49	4,105,241.03	934,891.02	229,442,045.96	1,271,803,080.56

② Temporarily Idle Fixed Assets Situation

Items	Original Book Value	Accumulated Impairment	Impairment Reserves	Book Value	Notes
Buildings	47,708.00	36,401.08	8,921.52	2,385.40	

Machinery Equipment	470,335.86	261,171.55	11,734.91	197,429.40
In total	518,043.86	297,572.63	20,656.43	199,814.80

③Other Instructions of Fixed Assets

(1) Book value of fixed assets used for mortgage at end of period is 2,327,599.10 Yuan, seeing Six 53.

(2) Original value of fixed assets that are fully depreciated but continue to use is 40,418,335.04 Yuan.

14. Project under Construction

Items	Balance at End of Period	Balance at Beginning of Year
Project under Construction	17,876,177.78	37,369,757.78
Engineering materials		
In total	17,876,177.78	37,369,757.78

(1) Situation of Project under Construction

Items	Balance at End of Period			Balance at Beginning of Year		
	Book Balance	Impairment Reserves	Book Value	Book Balance	Impairment Reserves	Book Value
Equipment Installation Engineering Type	10,314,744.11		10,314,744.11	36,034,188.98		36,034,188.98
Technical Transformation Type	3,822,472.00		3,822,472.00	1,335,568.80		1,335,568.80
Building Construction Type	3,738,961.67		3,738,961.67			
In total	17,876,177.78		17,876,177.78	37,369,757.78		37,369,757.78

(2) Change Condition of Important Engineering Projects under Construction in the Current Period

Project Name	Balance at Beginning of Year	Increased Amounts in the Current Period	Roll-in Fixed Assets Amount in the Current Period	Other Decreased Amounts in the Current Period	Balance at End of Period
Tianjin Grain and Oil Project	9,408,554.52	2,819,374.59	12,227,929.11		
Plant No.2 Walnut Cake Production Line	7,672,354.52	59,944.34	3,275,230.77		4,457,068.09
Molding Equipment	766,735.78	1,276,478.10	1,194,841.30		848,372.58
Small Fried Potato Chips	1,798,382.97		1,798,382.97		
4D Overlaid Corn Flakes Production Line	1,830,000.00	6,661,657.77	8,423,657.77		68,000.00
Squeezed and Baked Corn Flakes Production Line	2,691,598.53	82,850.60	2,724,449.13		50,000.00
Leisure Plant No.2 Non-fried Potato Chips Production Line(7 lines)	9,760,300.00		5,960,300.00		3,800,000.00
One More Steamed Dried Cake Production Line	1,227,344.82	6,156.00	1,233,500.82		
Leisure plant No.1 Gege Cube improvement	299,000.00		299,000.00		
Plant No.3 side and slope control program	403,041.51	1,484,647.39			1,887,688.90

Project Name	Balance at Beginning of Year	Increased Amounts in the Current Period	Roll-in Fixed Assets Amount in the Current Period	Other Decreased Amounts in the Current Period	Balance at End of Period
Pea crisp project technical renovation	88,432.14	10,867.49	99,299.63		
Salad strip project technical renovation	844,095.15	22,711.14	866,806.29		
Smart stick quality improvement technical renovation		219,241.70	219,241.70		
Smart stick chicken starter improvement technical renovation		360,593.71	360,593.71		
New stick product equipment input program		1,717,083.99			1,717,083.99
Wheat packaging automation and stater improvement renovation program		217,699.11			217,699.11
Bread workshop Flame retardant color steel plate		2,764,384.39			2,764,384.39
Bread workshop fire facilities		974,577.28			974,577.28
Total	36,789,839.94	18,678,267.60	38,683,233.20		16,784,874.34

15. Intangible Assets

(1) Intangible Assets Situation

Items	Software	Land Use Right	Trademark Right	Others	In total
One Original Book Value					
1. Balance at Beginning of Year	3,614,817.40	317,067,215.98	154,841,200.00	662,400.00	476,185,633.38
2. Increased Amounts in the Current Period		3,035,611.88		26,820.00	3,062,431.88
(1) Purchase		3,035,611.88		26,820.00	3,062,431.88
(3) Others					
3. Decreased Amounts in the Current Period		3,694,958.32			3,694,958.32
(1) Disposal		3,694,958.32			3,694,958.32
(2) Others					
4. Balance at End of Period	3,614,817.40	316,407,869.54	154,841,200.00	689,220.00	475,553,106.94
Two Accumulated Amortization					
1. Balance at Beginning of Year	2,879,015.55	48,654,170.18	40,607,519.97		92,140,705.70
2. Increased Amounts in the Current Period	497,854.58	6,823,321.57	7,713,925.84	447.00	15,035,549.01
(1) Accrual	497,854.58	6,823,321.57	7,713,925.84	447.00	15,035,549.01
(2) Others					
3. Decreased Amounts in the Current Period		455,982.15			455,982.15
(1) Disposal		455,982.15			455,982.15

Items	Software	Land Use Right	Trademark Right	Others	In total
(2) Others					
4. Balance at End of Period	3,376,870.13	55,021,509.60	48,321,445.83	447.00	106,720,272.56
Three Impairment Reserves					
1. Balance at Beginning of Year				662,400.00	662,400.00
2. Increased Amounts in the Current Period					
3. Decreased Amounts in the Current Period					
4. Balance at End of Period				662,400.00	662,400.00
Four Book Value					
1. Book Value at End of Period	735,801.85	268,413,045.80	114,233,680.03		383,382,527.68
2. Book Value at Beginning of Year	1,063,644.94	275,832,781.26	121,947,605.87		398,844,032.07

16. Goodwill

(1) Original Book Value of Goodwill

Name of Invested Unit or Items Forming Goodwill	Balance at Beginning of Year	Increase in the Current Period		Decrease in the Current Period		Balance at End of Period
		Formed by Enterprise Merger	Others	Disposal	Others	
Acquire stock shares of Zhejiang Xiaowangzi Food Co., Ltd.	191,394,422.51					191,394,422.51
In total	191,394,422.51					191,394,422.51

(2) Relevant information about the group or groups of assets that include goodwill

Currency Unit: '0000Yuan

Item	Goodwill
Ending carrying amount of goodwill	19,139.44
Ending carrying amount of goodwill impairment	
Ending value of goodwill (Minority shareholders)	31,694.01
Ending carrying amount of group of assets	54,071.82
Ending book value of group of assets that include goodwill	85,765.83
Ending recoverable amount of group of assets	111,023.60
Impairment losses of goodwill incurred for the period	

Note: the fair value of groups of assets using equity method on 31st December 2019 is 1.1 billion Yuan, greater than the total of fair value of recognizable net asset and goodwill which is 857.66 million Yuan

The component of group or groups of assets: impairment test for goodwill related asset as group of asset, main cash in is independent from cash in of other group of assets, this group of assets should be consistent with the group of assets that was recognized in the impairment test of goodwill on acquisition date and previous years.

(3) Recognition method of goodwill impairment loss and process, key assumptions and key parameters of goodwill test

1) At the end of the period, the company performed an impairment test on the asset group related to goodwill. When performing an impairment test on a related asset group or asset group combination that includes goodwill, if there is an impairment of the asset group or asset group combination related to goodwill. If there are signs, an impairment test is performed on the asset group or combination of asset groups that does not include goodwill, and the recoverable amount is calculated and compared with the book value to confirm the corresponding impairment loss. Then perform an impairment test on the asset group or asset group combination that includes goodwill, and compare the book value of the asset group or asset group combination that contains the distributed goodwill with its recoverable amount. If the relevant asset group or asset group combination is recoverable, The amount is lower than its book value, and the impairment loss of goodwill is recognized.

2) Important key assumptions adopted and their basis: ① As for the actual situation of assets on the evaluation base date, it is assumed that the company continues to operate; ② Assume that the cash inflows rated as units after the evaluation base date are uniform inflows, and cash outflows are uniform outflows; ③ On the basis of the existing management methods and management levels, the company's business scope and methods are consistent with the current direction; ④ There will be no major changes in the interest rates, exchange rates, taxation benchmarks and tax rates, and policy levy fees; ⑤ The management of the unit being assessed is responsible, stable and capable of performing its duties.

3) Key parameter

Item	Forecast period	Revenue growth rate over the forecast period	Revenue growth rate over the stable period	Profit margin	Pre-tax discount rate
Zhejiang Little Prince Food Co., Ltd.	2020 to 2024	3.14%	0	Calculated based on forecasted revenue, costs, expenses, etc.	16.80%

(4) Impact of goodwill impairment test

After testing, the company's goodwill formed by the acquisition of the operating asset group of Zhejiang Little Prince Food Co., Ltd. is not impaired.

17. Long-term Unamortized Expenses

Items	Balance at Beginning of Year	Increased Amounts in the Current Period	Amortized Amounts in the Current Period	Other Decreased Amounts	Balance at End of Period
Company's Majuqiao Plant Transformation Expense	16,182,332.83	15,674,872.89	619,824.55	15,674,872.96	15,562,508.21

Items	Balance at Beginning of Year	Increased Amounts in the Current Period	Amortized Amounts in the Current Period	Other Decreased Amounts	Balance at End of Period
House Renovation Expense	179,747.95		21,088.75		158,659.20
Woodland Rental Expense	5,196,528.00		112,968.00		5,083,560.00
Suzhou Gongfujia Animation Production Expense	10,061,782.90	970,873.79	11,032,656.69		
BHG Mall Store Decoration Expense	311,112.98			311,112.98	
Macao Center Store Decoration Expense	370,325.10			370,325.10	
Heping Joy-City Decoration Expense	1,172,432.06			1,172,432.06	
Longde Plaza Store Fire Engineering Funds	57,420.51			57,420.51	
Longde Store No.2 Decoration Expense	699,582.37			699,582.37	
Taikoo Li Store Decoration Expense	258,935.92			258,935.92	
Information Disclosure Expense	180,817.60		94,339.68		86,477.92
Car Rental Fees in Ancient Coin Branch		117,833.06			117,833.06
Gold Island Building 412 renovation Expense		30,783.50	13,192.92		17,590.58
In total	34,671,018.22	16,794,363.24	11,894,070.59	18,544,681.90	21,026,628.97

18. Deferred Income Tax Assets/Deferred Income Tax Liabilities

(1) Details of Deferred Income Tax Assets Not Being Offset

Items	Balance at End of Period		Balance at Beginning of Year	
	Deductible Difference	Temporary Deferred Income Tax Assets	Deductible Difference	Temporary Deferred Income Tax Assets
Asset Impairment Reserves	190,997.87	47,749.46	5,975,793.94	1,493,058.58
Deductible Loss	31,275,069.47	7,818,767.37	2,378,893.29	594,723.33
Valuation of Financial Instruments and Derivative Financial Instruments	8,344,697.92	2,086,174.48	10,651,429.16	2,662,857.29
Deferred Income	1,901,363.76	475,340.94	2,351,363.76	587,840.94
Employee Pay Payable	5,687,080.00	1,421,770.00	39,970,000.00	9,992,500.00
Credit impairment Loss	1,613,752.34	400,338.47		
In total	49,012,961.36	12,250,140.72	61,327,480.15	15,330,980.14

(2) Details of Deferred Income Tax Liabilities Not Being Offset

Items	Balance at End of Period	Balance at Beginning of Year
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	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities
Valuation of Financial Instruments and Derivative Financial Instruments	61,988,283.56	15,497,070.89	407,589.76	101,897.44
Difference between fair value of identifiable net asset by acquiree confirmed by enterprise merger and its book value of net asset	187,755,812.28	46,938,953.07	198,067,768.12	49,516,942.03
In total	249,744,095.84	62,436,023.96	198,475,357.88	49,618,839.47

(3) Details of Deferred Income Tax Liabilities after Offset

Item	Offsetting amount of deferred tax assets and liabilities	Carrying amount after offsetting between deferred tax assets and liabilities	offsetting amount of deferred tax assets and liabilities at the end of last period	Carrying amount after offsetting between deferred tax assets and liability at the end of last period
Deferred tax asset	9,647,074.34	2,603,066.38		15,330,980.14
Deferred tax liabilities	9,647,074.34	52,788,949.62		49,618,839.47

(4) Details of Deferred Income Tax Assets Not Being Confirmed

Items	Balance at End of Period	Balance at Beginning of Year
Deductible Loss	29,906.20	-2,714,794.81
Deductible temporary differences	80,581,354.00	34,699,987.18
In total	80,611,260.20	31,985,192.37

(5) Deductible loss on deferred income tax assets not being confirmed will be due at the following years

Year	Balance at End of Period	Balance at Beginning of Year	Notes
2020	5,769,102.97	5,769,102.97	
2021	4,504,020.42	4,504,020.42	
2022	4,021,787.39	4,021,787.39	
2023	19,123,515.53	20,405,076.40	
2024	47,162,927.69		
合计	80,581,354.00	34,699,987.18	

19. Other Non-current Assets

Items	Balance at End of Period	Balance at Beginning of Year
Equipment and Project Funds	1,005,300.00	1,622,003.59
Certificates of Deposit	150,000,000.00	
Less: part due within one year		
In total	151,005,300.00	1,622,003.59

Note: The book value of restricted other non current asset at the end of the period is 150,000,000.00Yuan, for details, please refer to 6.53.

20. Short-term Borrowings

(1) Classification of Short-term Borrowings

Items	Balance at End of Period	Balance at Beginning of Year
Guaranteed Loan	310,000,000.00	370,000,000.00
Fiduciary Loan	1,019,238,701.60	1,067,715,080.91
In total	1,329,238,701.60	1,437,715,080.91

21. Notes and Accounts Payable

(1) Accounts Payable Listed by Nature of Funds

Items	Balance at End of Period	Balance at Beginning of Year
Material Funds Payable	117,367,304.89	121,681,815.91
Project Funds Payable	5,013,460.24	289,019.48
Equipment Funds Payable	5,511,888.97	15,527,703.10
Loan Deposit		583,301.20
Others	2,675,759.33	2,482,873.42
In total	130,568,413.43	140,564,713.11

22. Accounts Collected in Advance

(1) List of Accounts Collected in Advance

Items	Balance at End of Period	Balance at Beginning of Year
Sales Revenue Collected in Advance	466,156,950.04	143,857,900.77
Collect rent in advance	983,521.42	769,003.41
Collect the equipment payment in advance		690,160.00
Land restoration bonus	13,825,688.07	
Others	153,301.88	
In total	481,119,461.41	145,317,064.18

Note: There are no important accounts collected in advance with over one year of aging in the Company this current year.

23. Wages Payable

(1) List of Wages Payable

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
One Short-term Compensation	29,938,059.15	285,078,864.69	291,021,488.38	23,995,435.46
Two After-service Welfare- Stated Drawings Plan	1,402,397.44	26,469,433.23	26,707,124.71	1,164,705.96
Three Dismission Welfare	154,111.46	2,978,755.51	3,100,424.81	32,442.16

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
In total	31,494,568.05	314,527,053.43	320,829,037.90	25,192,583.58

(2) List of Short-term Compensation

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Wage, Bonus, Allowance and Subsidy	25,667,018.98	237,159,430.65	242,646,388.27	20,180,061.36
2. Welfare Expense of Employee	250,488.10	8,618,855.99	8,869,284.09	60.00
3. Social Insurance Expense	910,019.83	15,105,066.12	15,168,653.56	846,432.39
Among them: Medical Insurance Premiums	340,442.01	12,883,614.26	12,661,621.58	562,434.69
Industrial Injury Insurance Premiums	131,267.02	1,152,303.64	1,143,876.18	139,694.48
Birth Insurance Premiums	45,767.66	947,196.76	942,193.37	50,771.05
Others	392,543.14	121,951.46	420,962.43	93,532.17
4. Housing Provident Funds	189,641.00	11,997,177.06	11,881,697.99	305,120.07
5. Labor Union Expense and Personnel Education Fund	2,914,225.62	4,815,715.17	5,066,179.15	2,663,761.64
6. Short-term Compensated Absences	6,665.62	7,382,619.70	7,389,285.32	
In total	29,938,059.15	285,078,864.69	291,021,488.38	23,995,435.46

(3) List of Stated Drawings Plan

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
1. Basic Pension Insurance	1,331,134.58	24,149,593.20	24,396,575.28	1,084,152.50
2. Unemployment Insurance Expense	51,379.22	893,535.58	898,727.03	46,187.77
3. Enterprise Annuity Charges	19,883.64	1,426,304.45	1,411,822.40	34,365.69
Total	1,402,397.44	26,469,433.23	26,707,124.71	1,164,705.96

Notes: The Company joins pension insurance and unemployment insurance programs set by government agencies in accordance with regulations. According to these programs, the Company deposits expenses of pension insurance program per month based on 14%, 20%, 19%, 18% and 16% of basic employee wage while depositing expenses of pension insurance program per month based on 0.5%, 0.7%, 1% and 0.8% of basic employee wage. Except from above expenses deposited monthly, the Company won't undertake further payment obligation. Corresponding expenses are charged to costs of profit and loss in the current period or related assets when occurring.

24. Taxes and Fees Payable

Items	Balance at End of Period	Balance at Beginning of Year
VAT	9,856,580.09	5,633,418.89
Urban Maintenance and Construction Tax	780,497.63	495,841.40
Corporate Income Tax	25,362,765.03	26,772,270.05

Items	Balance at End of Period	Balance at Beginning of Year
House Property Tax	2,679,468.56	1,447,610.40
Land Use Tax	466,291.09	276,169.59
Individual Income Tax	7,588,240.51	482,771.95
Educational Surtax	297,757.24	174,446.12
Local Educational Surtax	250,647.90	168,441.14
Stamp Tax	552,502.89	317,916.69
Resources Tax	4,240.00	11,532.00
Others	3,630.47	3,401.61
In total	47,842,621.41	35,783,819.84

25. Other Accounts Payable

Items	Balance at End of Period	Balance at Beginning of Year
Interest Payable	24,604,524.69	26,972,826.90
Dividends Payable	11,013,302.88	11,197,317.01
Other Accounts Payable	60,553,568.66	73,118,565.08
In total	96,171,396.23	111,288,708.99

(1) Interest Payable

Items	Balance at End of Period	Balance at Beginning of Year
Loan Interest between Enterprises	21,082,795.47	21,082,795.47
Bank Loan Interest	3,521,729.22	5,890,031.43
In total	24,604,524.69	26,972,826.90

(2) Dividends Payable

Items	Balance at End of Period	Balance at Beginning of Year
Dividend Payable for Corporate Shares	3,213,302.88	3,397,317.01
Dividends Payable for Minority Shareholders	7,800,000.00	7,800,000.00
In total	11,013,302.88	11,197,317.01

(3) Other Accounts Payable

List of Other Accounts Payable by Nature of Funds

Items	Balance at End of Period	Balance at Beginning of Year
Loan and Interest	11,258,346.00	30,376,545.69
Intercourse Funds of Related Parties	7,852,823.90	817,333.26
Intercourse Funds between Units	12,791,535.12	20,356,775.13
Personal Intercourse Funds	2,930,547.58	776,050.31
Various Insurances of Employee	1,605,759.25	797,312.51
Employee Loan Payable		91,986.85
Guaranteed Deposit and Deposit	21,235,322.03	15,199,146.39

Items	Balance at End of Period	Balance at Beginning of Year
Warehouse and Storage Charges	701,645.19	2,568,894.01
Others	2,177,589.59	2,134,520.93
In total	60,553,568.66	73,118,565.08

26. Other Current Liabilities

Items	Balance at End of Period	Balance at Beginning of Year
Fair Value Changes of Items Trapped at Hedging		11,100,915.25
In total		11,100,915.25

27. Deferred Income

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period	Cause of Formation
Government Subsidy	74,953,385.51		3,435,216.24	71,518,169.27	
In total	74,953,385.51		3,435,216.24	71,518,169.27	—

Among them, items involving government subsidy

Items Receiving Subsidy	Type	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period				Balance at End of Period
				Charge to Non-operating Income	Charge to other Profits	Offset Cost Expense	Other Decreases	
Relocation Compensation	Financial Allocation	5,001,929.60			384,763.82			4,617,165.78
Special Subsidy for Infrastructure Input	Financial Allocation	12,113,871.01			908,692.06			11,205,178.95
Enterprise Supporting Infrastructure at Construction Stage of “Tianjin Harbor Industrial Park Administrative Committee”	Financial Allocation	52,484,131.93			1,277,504.16			51,206,627.77
Tianjin Binhai New District’s Industrially Technical Renovation and Park Construction Funds as well as Expenditures for Science and Technology	Financial Allocation	2,537,036.93			222,222.24			2,314,814.69
Fixed Assets Specially Formed by Science and Technology Commission of Guchuan Edible Oil	Financial Allocation	934,065.92			77,838.84			856,227.08
Appropriation for Oil Tank’s Electric Heating System	Financial Allocation	174,585.08			56,000.04			118,585.04
Cooking Oil Green and Cleaning Production	Financial Allocation	357,765.04			58,195.08			299,569.96

Items Receiving Subsidy	Type	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period				Balance at End of Period
				Charge to Non-operating Income	Charge to other Profits	Offset Cost Expense	Other Decreases	
Equipment, Technical Study as well as Science and Technology Demonstration								
Maintenance Funds for Dangerous and Old Warehouse	Financial Allocation							
In total		74,953,385.51			3,435,216.24			71,518,169.27

28. Long-term Wage Payable

(1) List of Long-term Wage Payable

Items	Balance at End of Period	Balance at Beginning of Year
One Dismission Welfare	43,582.87	275,406.52
Two Other Long-term Welfare	5,687,080.00	39,970,000.00
In total	5,730,662.87	40,245,406.52

29. Share Capital

Items	Balance at Beginning of Year	Changes in the Current Period					Balance at End of Period
		New Share Issue	Share Donation	Share Transfer of Provident Fund	Others	Sub-total	
1. Shares with Restricted Conditions							
(1) State Shareholding							
(2) State-owned Legal-person Shareholding	213,388,058.00						213,388,058.00
(3) Other Domestic Capital Shareholding	1,299,500.00						1,299,500.00
Including:							
Domestic Legal-person Shareholding	1,299,500.00						1,299,500.00
Domestic Natural Person Shareholding							
(4) Foreign Shareholding							
Including:							
Foreign Legal-person Shareholding							
Foreign Natural Person Shareholding							
Total Shares with Restricted Conditions	214,687,558.00						214,687,558.00
2. Tradable Shares without Restricted Conditions							

Items	Balance at Beginning of Year	Changes in the Current Period					Balance at End of Period
		New Share Issue	Share Donation	Share Transfer of Provident Fund	Others	Sub-total	
(1) RMB Ordinary Shares	406,127,806.00						406,127,806.00
(2) Domestically Listed Foreign Shares	64,975,000.00						64,975,000.00
(3) Listed Foreign Shares Overseas							
(4) Others							
Total Tradable Shares without Restricted Conditions	471,102,806.00						471,102,806.00
In total	685,790,364.00						685,790,364.00

30. Capital Reserves

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Capital Premium (Stock Premium)	1,243,771,440.74		39,757.12	1,243,731,683.62
Capital Reserves Roll-in Under Original System	112,316,357.36			112,316,357.36
Other Capital Reserves	239,624,007.21			239,624,007.21
In total	1,595,711,805.31		39,757.12	1,595,672,048.19

Note: Changes of capital reserve is due to acquisition of level 2 company: Jingliang Countryside complex construction and operation (xinyi) Limited (Xinyi Company for short) 6% minority shareholding. This acquisition results in the capital reserve that is formed by the differences between the long term equity investment of the acquisition of that shareholding and the share of net asset that was calculated continuously from the date of acquisition.

31. Other Comprehensive Incomes

Items	Balance at Beginning of Year	Amounts Occurred in the Current Period					Balance at End of Period
		Amounts Occurred before Income Tax in the Current Period	Less: Other Comprehensive Incomes Charged at Earlier Stage and Current Roll-in Profit and Loss	Less: Income Tax Expense	Attributable to Parent Company After Tax	Attributable to Minority Shareholders After Tax	
One Other comprehensive incomes that won't be classified into profit and loss							
Two Other comprehensive incomes that will be classified into profit and loss	438.33	267,189.81			267,189.81		267,628.14
Changes in fair value through profit and loss for	-421,278.00	147,576.00			147,576.00		-273,702.00

Items	Balance at Beginning of Year	Amounts Occurred in the Current Period					Balance at End of Period
		Amounts Occurred before Income Tax in the Current Period	Less: Other Comprehensive Incomes Charged at Earlier Stage and Current Roll-in Profit and Loss	Less: Income Tax Expense	Attributable to Parent Company After Tax	Attributable to Minority Shareholders After Tax	
available-for-sale financial assets							
Converted difference between foreign currency financial statements	421,716.33	119,613.81			119,613.81		541,330.14
In total	438.33	267,189.81			267,189.81		267,628.14

32. Surplus Reserves

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Statutory Surplus Reserves	84,487,609.05			84,487,609.05
Free Surplus Reserves	37,634,827.93			37,634,827.93
In total	122,122,436.98			122,122,436.98

Note: according to the rules in corporation law and articles of association, legal surplus reserve should be collected by 10% of net profit. It should be stopped collecting when the accumulated amount of surplus reserve reaches 50%.

After collecting legal surplus reserve, the company can collect random surplus reserve. Random surplus reserve can be used to compensate the losses of the previous years or increase capital after approval.

33. Undistributed Profit

Items	Amounts in the Current Period	Amounts in the Prior Period
Adjustment on undistributed profit at end of last year	-131,155,119.19	-299,111,700.34
Adjustment on total number of undistributed profit at beginning of period (increase+ and decrease-)		
Adjusted undistributed profit at beginning of period	-131,155,119.19	-299,111,700.34
Add: net profit attributable to parent company in the current period	133,341,925.75	167,956,581.15
Less: withdrawal legal surplus reserves		
Withdrawal free surplus reserves		
Withdrawal general risk reserves		
Ordinary stock dividends payable		
Ordinary stock dividends transferred to capital		
Undistributed profit at end of period	2,186,806.56	-131,155,119.19

34. Minority Interest

Items	Balance at End of Period	Balance at Beginning of Period
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Sinograin Oils Corporation	247,200,159.58	241,504,003.06
Wang Yuecheng and other minority shareholders of Zhejiang Xiaowangzi Food Co., Ltd.	262,136,908.18	233,004,494.15
Missme Food and Beverage (Tianjin) Co., Ltd.		8,860,128.93
Chaoxuntong (Tianjin) Commercial and Trading Co., Ltd.		6,236,324.41
Hebei Provincial Oil Pool Co., Ltd.	37,432,892.43	36,378,427.45
Tangshan Caofeidian Agricultural Development Group Co., Ltd.	24,033,762.48	24,343,101.44
Xinyi Yaowan Tourism Industrial Park Development Co., Ltd.	8,726,102.59	8,874,594.32
Beijing Grain Xinniu Runying Equity Investment Fund (Limited Partnership)	1,454,350.43	1,479,099.05
ShiZhu Tujia Autonomous County Yujinzhu Agricultural Partnership Enterprise (General Partnership)		5,916,396.21
Shanghai Heheng Management Consulting Co., Ltd.	4,072,181.21	
In total	585,056,356.90	566,596,569.02

35. Operation Revenue and Operation Cost

Items	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Prime Business	7,391,949,995.86	6,804,978,163.57	7,362,877,190.25	6,732,130,680.87
Other Business	48,336,469.68	9,085,593.97	46,247,113.16	13,184,527.25
In total	7,440,286,465.54	6,814,063,757.54	7,409,124,303.41	6,745,315,208.12

(1) Prime Business (Industry and Business-classified)

Name of Industry (or Business)	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Oil and Oil Seeds	6,241,183,366.31	5,998,272,586.81	6,261,524,286.20	5,948,914,989.47
Food Manufacturing Industry	940,737,948.76	643,054,491.71	890,987,143.21	612,079,134.38
Entrusted Processing	71,331,610.24	71,432,530.75	40,032,627.87	45,729,804.67
Oil Reserves Rotation	97,333,028.72	62,456,156.20	162,393,266.25	124,332,375.00
Transfer	18,681,301.47	7,219,877.38	7,939,866.72	1,074,377.35
Others	22,682,740.36	22,542,520.72		
In total	7,391,949,995.86	6,804,978,163.57	7,362,877,190.25	6,732,130,680.87

(2) Prime Business (Product-classified)

Name of Product	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost

Name of Product	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Oil	6,428,529,306.74	6,139,381,151.14	6,471,890,047.04	6,120,051,546.49
Food Processing	940,737,948.76	643,054,491.71	890,987,143.21	612,079,134.38
Real Estate	22,682,740.36	22,542,520.72		
In total	7,391,949,995.86	6,804,978,163.57	7,362,877,190.25	6,732,130,680.87

(3) Prime Business (Region-classified)

Name of Region	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Beijing	2,747,243,314.18	2,397,680,893.09	2,225,706,282.90	1,925,744,737.19
Tianjin	3,281,919,197.95	3,326,423,104.55	4,123,641,322.51	4,154,852,781.92
Zhejiang	660,855,948.74	432,813,437.59	640,002,204.15	429,029,230.87
Shandong	51,495,923.63	45,030,001.48	49,311,118.34	41,662,829.01
Liaoning	135,881,783.18	102,395,375.88	124,495,099.54	93,556,390.71
Hebei	514,553,828.18	500,635,350.98	199,721,162.81	87,284,711.17
In total	7,391,949,995.86	6,804,978,163.57	7,362,877,190.25	6,732,130,680.87

36. Tariff And Annex

Items	Amounts in the Current Period	Amounts in the Prior Period
Urban Maintenance and Construction Tax	6,093,645.72	5,842,393.58
Educational Surtax	2,682,713.53	2,582,618.40
Local Educational Surtax	1,788,475.73	1,721,744.55
Increment Tax on Land Value		197,624.76
House Property tax	7,936,929.23	7,701,037.94
Land Use Tax	2,356,178.12	1,617,228.36
Vehicle and Vessel Use Tax	48,509.20	50,229.02
Stamp Tax	2,731,286.14	3,873,868.49
Resources Tax	118,258.80	120,234.70
Other Taxes and Fees	59,027.13	206,043.68
In total	23,815,023.60	23,913,023.48

Note: calculation and payment standard of various taxes and surcharges sees details of Appendix Five Tax.

37. Sales Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation (including wage, bonus, welfare expenses, allowance as well as five social insurance and one housing fund)	62,457,654.45	60,871,887.72

Items	Amounts in the Current Period	Amounts in the Prior Period
Advertising Expenses	11,085,644.09	3,789,513.48
Repair Costs	988,553.17	1,173,945.20
Packing Expenses	1,327,097.49	935,608.04
Transportation Fees	20,843,864.55	22,687,770.57
Terminal Charges	1,781,254.51	1,602,968.80
Water and Electricity Fees	1,317,285.88	1,980,862.22
Vehicle Fees	1,078,366.27	1,346,716.81
Warehousing Fees	12,030,169.38	13,148,592.18
Test and Detection Fees	267,201.08	335,007.92
Commercial Insurance Expenses	10,435.78	94,070.40
Sales Promotion Expenses	45,368,001.12	42,389,425.67
Business Entertainment Expenses	550,474.52	529,236.42
Labor Protection Fees	79,030.24	183,948.99
Commodity Wastage	428,904.88	1,942,588.74
Sample and Product Losses	6,401,606.55	8,034,152.45
Sales and Service Fees		256,459.94
Impairment Costs	16,706,266.82	16,234,000.42
Travel Expenses	7,459,494.17	7,760,499.91
Operation Expenses	3,367,394.63	4,904,111.74
Lease fee	2,110,200.00	2,998,804.40
Other Expenses	567,895.16	540,960.11
In total	196,226,794.74	193,741,132.13

38. Administration Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Employee Compensation (including wage, bonus, welfare expenses, allowance as well as five social insurance and one housing fund)	102,691,365.80	112,048,014.99
Workers Insurance Expenses	1,263,337.27	760,974.77
Company Expenses	4,107,943.99	4,951,764.79
Commercial Insurance Expenses	721,834.71	694,285.64
Vehicle Fees	3,867,315.61	3,974,066.28
Impairment Costs	18,137,368.85	16,928,883.60
Repair Costs	2,999,695.40	3,408,236.67
Taxes in Expenses	303,532.72	474,740.91
Amortization of Assets	16,650,941.54	16,673,765.43

Items	Amounts in the Current Period	Amounts in the Prior Period
Material Consumption	650,553.96	750,510.31
Fees of Employing Agent	9,421,510.94	12,852,608.04
Information Network Fees	1,862,267.09	2,243,950.07
Labor Protection Fees	340,774.62	642,947.95
Environmental Protection Fees	808,496.07	784,709.59
Security Protection Fees	852,488.34	864,173.31
Conference Expenses	48,425.82	1,440,724.47
Business Entertainment Expenses	1,980,884.01	1,613,099.59
Travel Expenses	1,582,115.44	1,364,003.13
Office Expenses	1,653,825.87	1,837,034.04
Lease Fees	3,636,177.17	4,331,135.37
Consultation Service Fees	161,320.75	151,569.02
Other Expenses	2,082,467.33	1,371,119.43
In total	175,824,643.30	190,162,317.40

39. Research and Development Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Salary	5,613,787.98	960,739.29
Material consumption	693,150.43	319,906.28
Inspection Expense	234,065.50	148,830.20
Depreciation	357,576.09	10,189.26
Design expense	207,467.10	729,807.10
Transportation Expense	42,738.99	38,005.10
Others	312,902.48	535,086.99
In total	7,461,688.57	2,742,564.22

40. Financial Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Interest Expenses	47,287,539.19	78,514,993.77
Less: Interest Income	14,712,048.02	11,149,346.83
Exchange Profit and Loss	-163,503.06	-19,437,870.30
Service Charges	747,948.92	560,042.66
Others		
In total	33,159,937.03	48,487,819.30

41. Other Profits

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss in the Current Period
Government Subsidy Related to Daily Corporate Activities	20,745,415.25	16,475,771.21	8,037,681.90
Return of Service Charges of Withholding Individual Income Tax	64,036.13	72,743.16	64,036.13
In total	20,809,451.38	16,548,514.37	8,101,718.03

42. Investment Income

Items	Amounts in the Current Period	Amounts in the Prior Period
Long-term equity investment income accounted with equity method	7,478,217.97	8,330,122.46
Investment income generated from disposing long-term equity investment	-357,650.19	
Investment income from disposal of wealth management products	8,242,426.95	15,846,716.82
Investment income of financial assets that are measured as per fair value and for which the changes are included in the current profit and loss during the holding period	—	-592,610.00
Investment income of disposing financial assets that are measured as per fair value and for which the changes are included in the current profit and loss	—	7,396,982.64
Investment income of disposing financial products	2,340,631.67	—
Investment income obtained during the holding of transactional financial assets	2,392,808.34	—
In total	20,096,434.74	30,981,211.92

43. Profits on Changes in Fair Value

Source of generating income with changes in fair value	Amounts in the Current Period	Amounts in the Prior Period
Financial assets that are measured as per fair value and for which the changes are included in the current profit and loss	11,943,192.05	2,009,952.25
Including: income with changes in fair value generated by derivative financial instruments	11,943,192.05	2,009,952.25
In total	11,943,192.05	2,009,952.25

44. Credit impairment loss

Items	Amounts in the Current Period
Accounts receivable bad debt loss	-1,182,781.60
Other receivables bad debt loss	-112,886.19
In total	-1,295,667.79

45. Loss from Asset Devaluation

Items	Amounts in the Current Period	Amounts in the Prior Period
Loss on Bad Debts	—	3,091,602.13
Loss on Inventory Price Drop	-32,583.96	-4,470,348.34
In total	-32,583.96	-1,378,746.21

46. Assets Disposal Income

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Gains or losses on disposal of fixed assets	-2,667,430.71	-367,796.13	-2,667,430.71
Gains or losses on disposal of intangible assets	12,052,586.13		12,052,586.13
In total	9,385,155.42	-367,796.13	9,385,155.42

47. Non-operating Income

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Government Subsidy Irrelevant to Daily Operation Activities			
Asset Inventory Surplus Gains	2.50	38,528.20	2.50
Donation Gains			
Demand Compensation Income	172,020.83	4,382,340.61	172,020.83
Tax Rebate			
Relocation Compensation	9,351,899.02	12,233,443.22	9,351,899.02
Payables that aren't able to pay		16,679,043.74	
Other Gains	1,684,640.56	2,572,582.46	1,684,640.56
In total	11,208,562.91	35,905,938.23	11,208,562.91

48. Non-operating Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Assets Damage and Abandonment Loss	210,659.85	1,441,925.72	210,659.85
Including: Fix Assests	210,659.85	1,441,925.72	210,659.85
External Donation Expenses	5,250.00	20,000.00	5,250.00
Amercement Outlay	2,400.26	1,187.98	2,400.26
Compensation and Default Money	196.47	5,471,466.18	196.47
Relocation Loss	234,171.72	3,198,119.25	234,171.72

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Others	1,688,885.07	1,018,783.92	1,688,885.07
In total	2,141,563.37	11,151,483.05	2,141,563.37

49. Income Tax Expenses

(1) List of Income Tax Expenses

Amounts in the Current Period	Amounts in the Prior Period	Amounts in the Current Period
Income Tax Expenses of the Current Period	65,171,407.12	71,816,277.87
Deferred Income Tax Expenses	15,898,023.91	-5,632,570.27
Others	81,069,431.03	66,183,707.60

(2) Accounting Profit and Income Tax Expense Adjustment Process

Items	Amounts in the Prior Period
Total Profits	259,707,602.14
Income tax expenses calculated by statutory/applicable tax rate	64,926,900.54
Effect of subsidiary corporations being applicable to different tax rates	-772,184.46
Adjustment on effect of income tax in the prior period	94,976.38
Effect of Non-taxable Incomes	-4,788,633.58
Effect of Non-deductible cost, expense and loss	12,015,552.86
Effect of deductible loss on usage of unconfirmed deferred income tax assets in the prior period	-308,800.54
Effect of deductible temporary difference or deductible loss on unconfirmed deferred income tax in the current period	12,219,210.36
Effect of income tax deductions	
Effect of R & D deduction	-451,992.05
Effect of disability wage deductions	-2,009,978.12
Effect of business combinations not under common control	
Tax rate adjustments cause changes in deferred income tax assets / liabilities at the beginning of the year	140,785.42
Others	3,594.22
Income Tax Expenses	81,069,431.03

50. Other Comprehensive Incomes

See details of Appendix Six, 31.

51. Item related to cash flows statement

(1) Receiving other cash related to operation activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Intercourse Funds of Related Parties	10,772,776.17	12,321,015.31
Intercourse Funds of Other Units	101,636,552.56	427,638,129.62
Non-operating Income	2,228,326.84	3,162,922.28
Interest Income	12,495,698.33	12,714,538.74
Future Guarantee	505,801,637.81	857,189,447.41
Others	9,827,734.85	7,844,959.19
In total	642,762,726.56	1,320,871,012.55

(2) Other Cash Payment Related to Operation Activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Intercourse Funds of Related Parties	4,628,731.15	8,419,687.72
Intercourse Funds of Other Units	205,840,325.66	150,418,240.65
Payment for Administration Expenses	31,856,659.10	41,023,787.34
Payment for Operating Expenses	55,226,822.83	50,015,472.90
Non-operating Expenses	137,198.62	539,765.49
Petty Cash Paid	1,067,049.09	1,559,803.65
Bank Charges	741,832.78	590,054.94
Future Guarantee	356,196,432.00	787,350,321.68
Others	13,079,169.86	14,426,119.22
In total	668,774,221.09	1,054,343,253.59

52. Supplementary Materials of Cash Flows Statement

(1) Supplementary Materials of Cash Flows Statement

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
1. Adjusting net accounting profit to operating cash flow		
Net Profit	178,638,171.11	211,126,122.54
Add: Assets Impairment Reserves	32,583.96	1,378,746.21
Credit impairment loss	1,295,667.79	
Fixed Assets Depreciation, Oil-and-gas Assets Depreciation and Productive Biological Assets Depreciation	98,222,379.13	95,040,294.95
Amortization of Intangible Assets	15,035,549.01	18,678,695.83
Amortization of Long-term Deferred Expenses	11,894,070.59	4,159,473.31
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Fill in profit with symbol “—”)	-9,385,155.42	367,796.13
Losses on Retirement of Fixed Assets (Fill in profit with symbol “—”)	210,659.85	1,416,491.75

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
“—”)		
Losses on Changes in Fair Value (Fill in profit with symbol “—”)	-11,943,192.05	-2,009,952.25
Financial Expenses (Fill in profit with symbol “—”)	47,124,036.13	59,077,123.47
Investment Losses (Fill in profit with symbol “—”)	-20,096,434.74	-30,981,211.92
Decrease in Deferred Income Tax Assets (Fill in increase with symbol “—”)	3,080,839.42	-1,151,908.07
Increase in Deferred Income Tax Reliabilities (Fill in decrease with symbol “—”)	12,817,184.49	-6,566,836.68
Decrease in Inventory (Fill in increase with symbol “—”)	-183,379,823.18	167,659,592.74
Decrease in Items of Operating Receivables (Fill in increase with symbol “—”)	-549,567,530.18	217,514,117.22
Increase in Items of Operating Receivables (Fill in decrease with symbol “—”)	703,387,788.14	114,459,006.01
Others		
Net Cash Flows from Operating Activities	297,366,794.05	850,167,551.24
2. Major investment and financing activities that do not involve cash payments		
Conversion of Debt into Capital		
Convertible Bonds Due Within One Year		
Fixed Assets under Financing Lease		
3. Net change conditions in cash and cash equivalents		
Cash balance at end of period	555,097,777.21	867,870,016.78
Less: cash balance at beginning of period	867,870,016.78	1,014,438,663.43
Add: balance of the cash equivalents at end of period		
Less: balance of the cash equivalents at beginning of period		
Cash and cash equivalent net increase quota	-312,772,239.57	-146,568,646.65

(2) Net cash from subsidiary corporation paid in the current period

Items	Amounts
Merge of enterprises occurred in the current period and cash or cash equivalents paid in the current period	50,000,000.00
Including: Beijing Jingliang Ancient Coin Oil Co., Ltd.	50,000,000.00
Beijing Grain (Caofeidian) Agricultural Development Co., Ltd.	
Receiving net cash paid by subsidiary corporation	50,000,000.00

(3) Net cash received for disposal of subsidiaries during the current period

Items	Gold amount
Current period disposal of cash or cash equivalents received by the subsidiary during the current period	
Minus: cash and cash equivalents held by the company on the day of loss of control	14,465.75
Among them: Beijing grain honey honey catering management (tianjin) co., LTD	14,465.75
Plus: prior period disposal of cash or cash equivalents received by the subsidiary during the current period	
Dispose of the net cash received by the subsidiary	-14,465.75

(4) Composition of cash and cash equivalents

Items	Balance at End of Period	Balance at Beginning of Period
One Cash	555,097,777.21	867,870,016.78
Including: cash in stock	27,780.31	46,418.17
Bank deposit available for payment at any time	553,067,993.87	737,705,225.28
Other currency funds available for payment at any time	2,002,003.03	130,118,373.33
Two Cash Equivalents		
Including: bond investment maturing within three months		
Three Balance of Cash and Cash Equivalents at End of Period	555,097,777.21	867,870,016.78
Including: restricted cash and cash equivalents used by parent company or intra-group affiliates		

53. Assets with restricted ownership or right to use

Items	Book Value at End of Period	Reasons being Restricted
Currency Funds	2,070,735.18	Litigation freeze
Inventory	4,824,035.45	Loan Mortgage
Investment Real Estate	5,476,357.73	Loan Mortgage
Fixed Assets	2,327,599.10	Loan Mortgage
Other non-current assets	150,000,000.00	Estimated held-to-maturity fixed deposit receipt of management
In total	164,698,727.46	—

54. Monetary Items of Foreign Currency

(1) Monetary Items of Foreign Currency

Items	Balance of Foreign Currency at End of Period	Exchange Rate Convert	Balance of Converting to RMB at End of Period
Currency Funds	970,167.57	6.9762	6,768,083.00
Including: US Dollars	970,167.57	6.9762	6,768,083.00

Items	Balance of Foreign Currency at End of Period	Exchange Rate Convert	Balance of Converting to RMB at End of Period
Accounts receivable	228,046.05	6.9762	1,590,894.85
Including: US Dollars	228,046.05	6.9762	1,590,894.85
Notes and Accounts Payable	19,265.39	6.9762	134,399.21
Including: US Dollars	19,265.39	6.9762	134,399.21

(2) Instruction of Operational Entity Overseas

The registrant and operating unit of the Company is Beijing Grain (Singapore) International Trade Co., Ltd. with main business place of Singapore and recording currency of US Dollars.

55. Hedging

Please refer to 3 Derivative Financial Assets under Section VI of the Notes.

56. Government Subsidies

(1) Basic conditions of government grants

Type	Amount	Presentation item	Amount recorded in profit and loss
Grants on infrastructure improvement complementation fee	154,434.00	Other income	154,434.00
Steady post refund income	17,019.32	Other income	17,019.32
Social security refund by social security office	4,095,438.49	Other income	4,095,438.49
VAT refund income	9,017,163.61	Other income	9,017,163.61
Financial aid on food safety	30,000.00	Other income	30,000.00
Specific grant for smart electricity consumption of Jinnan sub district	6,000.00	Other income	6,000.00
Land use tax exemption for 2019	992,124.26	Other income	992,124.26
VAT refund (not yet received)	2,190,843.34	Other income	2,190,843.34
Preferential taxation for retired soldiers	44,250.00	Other income	44,250.00
Grants for steady post	108,612.79	Other income	108,612.79
Financial subsidy	400,000.00	Other income	400,000.00
Supporting fund	50,000.00	Other income	50,000.00
Grants for commercial harbor construction fee of Tianjin	204,033.20	Other income	204,033.20
Preferential of tax control system	280.00	Other income	280.00
Total	17,310,199.01		17,310,199.01

VII. Change in Consolidation Scope

(1) Single disposal of an investment in a subsidiary that results in loss of control

Subsidiary name	Equity disposal price	Equity disposal ratio (%)	Equity disposal method	When to lose control	Basis for determining when to lose control	The difference between the disposal price and share of the subsidiary's net assets at the level of the consolidated statement corresponding to the disposal of the investment
Jingliang Misimi Catering Management (Tianjin) Co., Ltd.	542,000.00	3	transfer	2019.12.30	State-owned assets property right registration	43,679.55

(Continued)

Subsidiary name	Proportion of remaining equity on the date of loss of control (%)	Book value of remaining equity on the date of loss of control	Fair value of remaining equity on the date of loss of control	Gain or loss arising from remeasurement of residual equity at fair value	Determination method and main assumptions of the fair value of remaining equity on the date of loss of control	The amount of other comprehensive income related to the original subsidiary's equity investment transferred to investment gains and losses
Jingliang Misimi Catering Management (Tianjin) Co., Ltd.	48	7,855,655.68	7,848,313.71	-7,341.97	evaluation	

Note: The subsidiaries disposed in the current period include the wholly-owned subsidiaries of the above-mentioned disposal subsidiaries, Misimi Australia Food Management (Beijing) Co., Ltd. (cancelled in March 2019) and Misimi Food Management (Tianjin) Company Limited.

2、Changes in consolidation scope for other reasons

The second-level subsidiary of the company, Beijing Jingliang food co. LTD, which established Beijing Jingliang Ancient Coin Oil and Fat Co., Ltd. in May 2019, and invested 50 million yuan in currency with the paid-up capital accounted for 100% of the paid-in capital of the invested unit in November 2019, is a wholly-owned subsidiary of the company.

Jingliang Xinchuang (Tianjin) Business Management Co., Ltd., a fourth-level subsidiary of the Company, completed tax deregistration on November 21, 2019 and industrial and commercial deregistration on December 20, 2019.

VIII. Equities in Other Entities

1. Equities in Subsidiaries

(1) Composition of the Group

Name of Subsidiary	Principle Place of Business	Registered Place	Nature of Business	Shareholding Ratio (%)		Mode of Acquisition
				Direct	Indirect	
Beijing Jingliang Food Co., Ltd.	Beijing	Beijing	Investment Company	100		Merger under the same control

Name of Subsidiary	Principle Place of Business	Registered Place	Nature of Business	Shareholding Ratio (%)		Mode of Acquisition
				Direct	Indirect	
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	Tianjin	Tianjin	Agricultural Product and By Product Processing		70	Merger under the same control
Beijing Jingliang Oil and Fat Co., Ltd.	Beijing	Beijing	Grain and oil trade		100	Merger under the same control
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	Tianjin	Tianjin	Business services		51	Merger under the same control
Jingliang (Hebei) Oil Industry Co., Ltd.	Hebei	Hebei	Farm and Sideline Food Processing		51	Merger under the same control
Beijing Guchuan Edible Oil Co., Ltd.	Beijing	Beijing	Grain and oil trade		100	Merger under the same control
Beijing Eisen-Lubao Oil Co., Ltd.	Beijing	Beijing	Farm and Sideline Food Processing		100	Merger under the same control
Beijing Tianweikang Oil Distribution Center Co., Ltd.	Beijing	Beijing	Warehousing		100	Merger under the same control
Beijing Guchuan Bread Food Co., Ltd.	Beijing	Beijing	Food Processing		100	Merger under the same control
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	Tianjin	Tianjin	Food Processing		51	Merger under the same control
Missmehui Catering Management (Tianjin) Co., Ltd.	Tianjin	Tianjin	Food Sales		100	Merger under the same control
Missmeao Catering Management (Tianjin) Co., Ltd.	Beijing	Beijing	Food Sales		100	Merger under the same control
Zhejiang Xiao Wang Zi Food Co., Ltd.	Hangzhou	Hangzhou	Food Processing		69.7716	Combination not under same control
Hangzhou Lin'an Xiaotianshi Food Co., Ltd.	Hangzhou	Hangzhou	Food Processing		69.7716	Combination not under same control
Liaoning Xiao Wang Zi Food Co., Ltd.	Liaoning	Liaoning	Food Processing		69.7716	Combination not under same control
Linqing Xiao Wang Zi Food Co., Ltd.	Linqing	Linqing	Food Processing		69.7716	Combination not under same control
Lin'an Chunmanyuan Agricultural Development Co., Ltd.	Hangzhou	Hangzhou	Food Processing		69.7716	Combination not under same control
Jingliang (Singapore) International Trade Co., Ltd.	Singapore	Singapore	Grain trade		100	Establishment by investment
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	Xinyi	Xinyi	Land remediation	51		Establishment by investment
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	Tangshan	Tangshan	Plantation	51		Establishment by investment
Beijing jingliang guyuan oil and grease co. LTD	Beijing	Beijing	Business services		100	Establishment by investment

(2) Major non-wholly-owned subsidiaries

Name of Subsidiary	Shareholding Ratio of Minority Shareholders (%)	Profit And Loss Attributable to Minority Shareholders for the Current Period	Dividends Distributed to Minority Shareholders for the Current Period	Balance of Minority Shareholder's Equity at the End of the Period
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	30	5,696,156.52		247,200,159.58
Zhejiang Xiao Wang Zi Food Co., Ltd.	30.2284	37,970,467.73	8,838,053.70	262,136,908.18
Jingliang (Hebei) Oil Industry Co., Ltd.	30	3,063,464.98	2,009,000.00	37,432,892.43
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	49	-106,463.45		14,252,634.23

Name of Subsidiary	Shareholding Ratio of Minority Shareholders (%)	Profit And Loss Attributable to Minority Shareholders for the Current Period	Dividends Distributed to Minority Shareholders for the Current Period	Balance of Minority Shareholder's Equity at the End of the Period
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	49	-309,338.96		24,033,762.48

(3) Important financial information on major non-wholly-owned subsidiaries

Name of Subsidiary	Ending Balance					
	Current Assets	Non-current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	649,743,907.75	818,631,677.47	1,468,375,585.22	587,965,574.01	56,409,479.27	644,375,053.28
Zhejiang Xiao Wang Zi Food Co., Ltd.	361,264,401.11	509,389,952.91	870,654,354.02	122,737,979.36	22,409,424.73	145,147,404.09
Jingliang (Hebei) Oil Industry Co., Ltd.	311,637,220.63	87,738,015.01	399,375,235.64	322,979,490.79	2,086.83	322,981,577.62
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	28,561,809.81	473,290.08	29,035,099.89	3,596.00		3,596.00
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	67,396,596.62	556,027.91	67,952,624.53	18,904,129.67		18,904,129.67

(Continued)

Name of Subsidiary	Beginning balance					
	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	643,318,329.95	864,787,149.34	1,508,105,479.29	648,070,966.90	55,021,168.86	703,092,135.76
Zhejiang Xiao Wang Zi Food Co., Ltd.	434,538,712.02	384,616,054.08	819,154,766.10	139,320,269.31	58,435,800.61	197,756,069.92
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	13,594,754.60	5,617,783.27	19,212,537.87	1,130,642.10		1,130,642.10
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	13,018,932.12	6,647.74	13,025,579.86	293,084.18		293,084.18
Jingliang (Hebei) Oil Industry Co., Ltd.	389,424,891.03	91,971,278.94	481,396,169.97	407,110,951.30	43,530.00	407,154,481.30

Name of Subsidiary	Beginning balance					
	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	29,196,334.52	386,000.53	29,582,335.05	354.00		354.00
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	51,880,588.02	321,598.36	52,202,186.38	2,522,387.52		2,522,387.52

(Continued)

Name of Subsidiary	Last Term Amount			
	Operating Income	Net Profit	Total Comprehensive Income	Cash Flow from Operating Activities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	3,919,504,928.54	22,896,848.34	22,896,848.34	435,618,691.23
Zhejiang Xiao Wang Zi Food Co., Ltd.	816,635,284.45	116,951,262.54	116,951,262.54	168,379,658.04
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	2,832,037.42	-1,687,536.07	-1,687,536.07	-4,659,278.55
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	358,518,101.34	1,382,769.51	1,382,769.51	-2,896,047.51
Jingliang (Hebei) Oil Industry Co., Ltd.	333,656,272.19	7,628,706.23	7,628,706.23	-84,637,445.91
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.		-418,018.95	-418,018.95	-609,445.51
Jingliang (Caofeidian) Agricultural Development Co., Ltd.		-320,201.14	-320,201.14	-8,935,818.31

(Continued)

Name of Subsidiary	Amount This Year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	3,430,996,815.48	18,987,188.41	18,987,188.41	232,318,428.44
Zhejiang Xiao Wang Zi Food Co., Ltd.	851,434,597.05	133,345,867.36	133,345,867.36	133,234,182.94
Jingliang Missme Catering Management (Tianjin) Co., Ltd.				
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.		-14,376.89	-14,376.89	-12,757,940.11
Jingliang (Hebei) Oil Industry Co., Ltd.	568,997,293.50	6,251,969.35	6,251,969.35	43,354,962.74
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.		-550,477.16	-550,477.16	-4,040,549.63

Name of Subsidiary	Amount This Year			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	22,700,740.36	-631,304.00	-631,304.00	3,109,638.50

2. The share of owner's equity in the subsidiary has changed and it still controls the transactions of the subsidiary.

None.

3. Equity in Joint Ventures or Affiliates

(1) Important Joint Ventures or Affiliates

Name of Joint Venture or Affiliate	Principle Place of Business	Registered Place	Nature of Business	Shareholding Ratio (%)		Accounting Treatment Methods for Investment in Joint Ventures or Affiliates
				Direct	Indirect	
Beijing Zhengda Feed Co., Ltd.	Niulan Mountain, Shunyi District, Beijing	Niulan Mountain, Shunyi District, Beijing	Manufacturer		50.00	Equity method
SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	No. 1, Lingang Economic Zone, Binhai New Area of Tianjin	No. 1, Lingang Economic Zone, Binhai New Area of Tianjin	Transportation and warehousing		30.00	Equity method
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	Tianjin Pilot Free Trade Zone (Dongjiang Free Trade Port Area)	Tianjin Pilot Free Trade Zone (Dongjiang Free Trade Port Area)	Manufacturer		48.00	Equity method

(2) Important financial information on major joint ventures

Item	Beijing Zhengda Feed Co., Ltd.	Beijing Zhengda Feed Co., Ltd.
	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
Current assets	38,402,384.29	53,128,106.97
Including: cash and cash equivalents	2,851,108.24	4,164,426.47
Non-current assets	166,838,127.64	166,435,292.09
Total assets	205,240,511.93	219,563,399.06
Current liabilities	65,443,549.59	95,250,888.23
Non-current liabilities		
Total liabilities	65,443,549.59	95,250,888.23
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	139,796,962.34	124,312,510.83
Share of net assets based on shareholding ratio	69,898,481.17	62,156,255.42
Adjustments	2,918,088.13	3,183,368.86

Item	Beijing Zhengda Feed Co., Ltd.	Beijing Zhengda Feed Co., Ltd.
	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
-- Goodwill		
-- Unrealized profits from internal transactions		
-- Other	2,918,088.13	3,183,368.86
Book value of equity investment in joint ventures	72,816,569.30	65,339,624.28
Fair value of equity investment in joint ventures with open offers		
Operating income	269,935,049.46	412,682,400.89
Financial costs	-2,443,395.79	-2,079,697.84
Income tax expense	5,150,946.69	5,510,663.98
Net profit	15,189,299.51	16,057,882.06
Net profit from discontinued operations		
Other comprehensive income	295,152.00	-489,060.00
Total comprehensive income	15,484,451.51	15,568,822.06
Dividends received from joint ventures in the current period		

(3) Important financial information on major affiliates

Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.
Current assets	97,971,129.85	120,310,983.11
Non-current assets	384,616,624.25	349,183,791.13
Total assets	482,587,754.10	469,494,774.24
Current liabilities	10,362,807.69	19,419,434.80
Non-current liabilities	80,103,443.80	58,450,000.00
Total liabilities	90,466,251.49	77,869,434.80
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	392,121,502.61	391,625,339.44
Share of net assets based on shareholding ratio	117,636,450.78	117,487,601.83
Adjustments		
-- Goodwill		
-- Unrealized profits from internal transactions		

Item	Ending Balance/Current Amount	Beginning Balance/Last Term Amount
	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.
-- Other		
Book value of equity investment in affiliates	117,636,450.78	117,487,601.83
Fair value of equity investment in affiliates with open offers		
Operating income	28,173,217.37	20,533,721.00
Net profit	496,163.17	5,017,654.54
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	496,163.17	5,017,654.54
Dividends received from affiliates in the current period		

IX. Risks Related to Financial Instruments

The Company's principal financial instruments include equity investment, creditors' investment, borrowing, accounts receivable, accounts payable, etc. See relevant items under Section VI of the Notes for details about financial instruments. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce such risks are described below. The Company's management manages and monitors these risk exposures to ensure that such risks are controlled within the restricted range.

The Company adopts the sensitivity analysis technology to analyze the possible influences of reasonable and possible changes of risk variables on current profits and losses or shareholders' equity. Since a risk variable seldom changes by itself and the correlation between variables will have a significant impact on the final amount of change caused by a risk variable, the following content is base on the assumption that each variable changes independently.

(1) Risk Management Objectives and Policies

The Company's engagement in risk management is aimed at striking a proper balance between risk and profit, minimizing the negative impact of risk on the Company's operating performance and maximizing the interests of shareholders and other equity investors. In view of the above objectives of risk management, the Company's basic strategy for risk management is to identify and analyze all risks faced by the Company, establish the appropriate bottom line for risk tolerance and conduct risk management, carry out timely and reliable supervision of risks and thus control the risks within a limited range.

1. Market Risks

(1) Foreign Exchange Risk

Foreign exchange risk refers to the risk of loss caused by exchange rate movements. The Company's foreign exchange risk is mainly related to US dollar. Apart from the Company's several subsidiaries that settle their purchasing and selling businesses in US dollar, the Company's other main business activities are settled in RMB. As of December 31, 2018, the assets and liabilities of the Company are settled in RMB, except that the assets or liabilities mentioned in the following table are settled in US dollar. Foreign exchange risks arising from assets and liabilities settled in such foreign currencies may have an impact on the Company's operating performance.

Item	Ending Balance	Opening Balance
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Item	Ending Balance	Opening Balance
Cash and cash equivalents	6,768,083.00	7,539,126.64
Accounts receivable	1,590,894.85	
Accounts payable	134,399.21	35,438,402.24
Short-term loans		29,017,580.91

Note: The Company pays close attention to the impact of exchange rate movements on the Group.

(2) Sensitivity analysis on foreign exchange risk:

The Company adopts the sensitivity analysis technology to analyze the possible influences of reasonable and possible changes of risk variables on current profits and losses or owner's equity. Since a risk variable seldom changes by itself and the correlation between variables will have a significant impact on the final amount of change caused by a risk variable, the following content is base on the assumption that each variable changes independently.

On the assumption that foreign currency assets and liabilities remain relatively stable and other variables remain unchanged, the possible reasonable changes in exchange rates have the following after-tax influences on current profits and losses and equities:

Item	Change in Exchange Rate	Current period	
		Influence on Profits	Influence on Shareholders' Equity
All foreign currencies	Appreciate by 5% against RMB	411,217.15	411,217.15
All foreign currencies	Depreciate by 5% against RMB	-411,217.15	-411,217.15

2. Credit Risk

On December 31, 2019, the largest credit risk exposure that may cause financial loss to the Company mainly comes from the loss on financial assets of the Company due to the failure of the other party to perform its obligations, including:

Book value of financial assets recognized in the consolidated balance sheet; for a financial instrument measured at fair value, its book value reflects its risk exposure instead of their biggest risk exposure, and its biggest risk exposure may vary with the change of its future fair value.

In order to reduce the credit risk, the Company sets relevant policies to control its exposure, sets corresponding credit periods based on customer's financial position, possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions and other credit qualifications for customer assessment, and implements other monitoring procedures to ensure that necessary measures are taken to recover overdue credits. In addition, the Company reviews the collection of individual account receivables on each balance sheet date in order to make sufficient provision for bad debts for uncollectable amounts. Therefore, the Company's management believes that the Company's credit risk has been greatly reduced.

The liquidity funds of the Company are deposited in banks with high credit rating, so the credit risk of liquidity funds is low.

3. Liquidity Risk

When managing liquidity risk, the Company keeps and monitors adequate cash and cash equivalents approved by its management in order to meet the Company's business needs and reduce the influences of cash flow fluctuations. The Company's management monitors the use of bank loans and ensures the performance of loan agreements.

The Company uses bank loans as its main source of funds. On December 31, 2019, the amount of bank loans that have not been used by the Company was RMB 46.70 billion.

As of December 31, 2019, the undiscounted cash flow of Company's financial assets and liabilities under contracts is shown below by due date:

Item	Ending Balance					
	Net Book Value	Original Book Value	Within One Year	1 To 2 Years	2 To 5 Years	Above Five Years
Monetary funds	557,168,512.39	557,168,512.39	557,168,512.39			
Transactional financial assets	161,300,000.00	161,300,000.00	161,300,000.00			
Derivative financial assets	88,792,254.00	88,792,254.00	88,792,254.00			
Notes payable and receivables	80,743,986.81	82,255,854.77	82,255,854.77			
Other receivables	19,220,097.34	19,457,997.1700	19,457,997.1700			
Investment in other equity instruments	20,000,000.00	30,500,000.00	30,500,000.00			
Subtotal	927,224,850.54	939,474,618.33	939,474,618.33			
Short-term loans	1,329,238,701.60	1,329,238,701.60	1,329,238,701.60			
Notes payable and accounts payable	130,568,413.43	130,568,413.43	130,568,413.43			
Other payables	96,171,396.23	96,171,396.23	96,171,396.23			
Long-term loans						
Subtotal	1,555,978,511.26	1,555,978,511.26	1,555,978,511.26			

(Continued)

Item	Beginning balance					
	Net Book Value	Original Book Value	Within One Year	1 to 2 Years	2 to 5 Years	Above Five Years
Monetary funds	924,870,016.78	924,870,016.78	924,870,016.78			
Derivative financial assets	71,260,414.60	71,260,414.60	71,260,414.60			
Notes payable and receivables	97,775,710.11	98,642,588.11	98,642,588.11			
Other receivables	18,256,513.93	18,573,440.150	18,573,440.150			
Non-current assets due within one year						
Available-for-sale financial assets	20,000,000.00	30,500,000.00	30,500,000.00			

Item	Beginning balance					
	Net Book Value	Original Book Value	Within One Year	1 to 2 Years	2 to 5 Years	Above Five Years
Subtotal	1,132,162,655.42	1,143,846,459.64	1,143,846,459.64			
Short-term loans	1,437,715,080.91	1,437,715,080.91	1,437,715,080.91			
Notes payable and accounts payable	140,564,713.11	140,564,713.11	140,564,713.11			
Other payables	111,288,708.99	111,288,708.99	111,288,708.99			
Subtotal	1,689,568,503.01	1,689,568,503.01	1,689,568,503.01			

4. Interest Rate Risk

The Company's interest rate risk mainly arises from bank loans. The financial liabilities at floating interest rates bring the Company the interest rate risk on cash flow, while the financial liabilities at fixed interest rates bring the Company the interest rate risk on fair value. The Company decides the relative proportion of fixed interest rate contracts and floating interest rate contracts according to the current market environment.

As of December 31, 2019, the Company's interest-bearing liabilities under floating rate contracts denominated in RMB amounted to RMB 513,364,201.60, and those under fixed rate contracts denominated in RMB amounted to RMB 815,874,500.00.

X. Disclosure of Fair Values

1. Fair values of assets and liabilities measured at fair value at the end of the period

Item	Fair Values at the End of the Period			
	First Level Fair Value Measurement	Second Level Fair Value Measurement	Third Level Fair Value Measurement	Total
I. Continuous fair value measurement				
(一) Transactional financial assets	250,092,254.00			250,092,254.00
(I) Financial assets that are measured at fair value and whose changes are included in the current profits and losses	88,792,254.00			88,792,254.00
(1) Derivative financial assets				
(II) Financial assets designated as fair value through profit or loss	161,300,000.00			161,300,000.00
(1) Investment in debt Instruments				
(2) Investment in equity instruments				
(3) Others	161,300,000.00			161,300,000.00
Total assets continuously measured at fair value	250,092,254.00			250,092,254.00

2. Basis for determining market prices of continuous and non-continuous first level fair value measurement items

Note: The Company makes offers for first level fair value measurement according to open contracts of the futures exchange and the quote from the bank on financial product at the end of the period.

XI. Related Parties and Related-Party Transactions

1. Parent Company of the Company

Name of Parent Company	Registered Place	Nature of Business	Registered Capital (ten thousand Yuan)	Proportion of Shares Held by Parent Company in the Company (%)	Proportion of Voting Power Held by Parent Company in the Company (%)
Beijing Grain Group Co. Ltd.	Beijing	Investment Management	90,000.00	42.06	42.06

Note: The ultimate controlling party of the Company is Beijing Capital Agribusiness Group Co., Ltd.

2. Subsidiaries of the Company

See 1. Equity in Subsidiaries under Section VIII of the Notes for details.

3. Joint Ventures and Affiliates of the Company

See 3. Equity in Joint Ventures or Affiliates under Section VIII of the Notes for details on major joint ventures or affiliates.

The information on other joint ventures or affiliates that have related party transactions with the Company in the current period or have balances of related party transactions with the Company in the previous period is as follows:

Name of Joint Venture or Affiliate	Relationship with the Company
Beijing Zhengda Feed Co., Ltd.	Joint venture
SINOGRAIN (Tianjin) Warehousing Logistics Co., Ltd.	Affiliate
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	Affiliate

4. Other Related Parties

Name of Other Related Party	Relationship with the Company
Beijing Dahongmen Grain Purchasing & Storage Warehouse	Controlled by the ultimate controlling party
Beijing Daxing National Grain Purchasing & Storage Warehouse	Controlled by the ultimate controlling party
Beijing Southeast Suburb Grain Warehouse	Controlled by the ultimate controlling party
Beijing Guchuan Fuxing Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Guchuan Rice Industry Co., Ltd.	Controlled by the ultimate controlling party
Beijing Guchuan Food Co., Ltd.	Controlled by the ultimate controlling party
Beijing Hongyuanli Rations Supply Station	Controlled by the ultimate controlling party
Beijing Jingliang Dacang Grain and Oil Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Dagu Grain and Oil Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang E-commerce Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Gurun Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Biotechnology Industry Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Logistics Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Yunhe Grain and Oil Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Jingliang Real Estate Co., Ltd.	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Jingmen Liangshi State-owned Asset Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing Juncheng Nuoyuan Grain and Oil Purchase and Sale Co., Ltd.	Controlled by the ultimate controlling party
Beijing Lanfeng Vegetable Distribution Co., Ltd.	Controlled by the ultimate controlling party
Beijing Grain Group Finance Co., Ltd.	Controlled by the ultimate controlling party
Beijing Longde Business Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing Nanjiao Agricultural Production Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing Niannian Haohe Rations Supply Station	Controlled by the ultimate controlling party
Beijing Sanyuan Petroleum Co., Ltd.	Controlled by the ultimate controlling party
Beijing Sanyuan Seed Technology Co., Ltd. Feed Branch	Controlled by the ultimate controlling party
Beijing Dahongmen Grain Purchasing & Storage Warehouse Co., Ltd.	Controlled by the ultimate controlling party
Beijing Dahongmen Oil Plant	Controlled by the ultimate controlling party
Beijing Haidian West Suburb Grain and Oil Supply Station	Controlled by the ultimate controlling party
Beijing Jingcheng Auto Driving Technical School	Controlled by the ultimate controlling party
Beijing Lianguan Grain and Oil Supply Station	Controlled by the ultimate controlling party
Beijing Institute of Food Science	Controlled by the ultimate controlling party
Beijing Longqing Xiadu Rations Supply Station	Controlled by the ultimate controlling party
Beijing Maliandao Grain and Oil Special Supply Station	Controlled by the ultimate controlling party
Beijing South Suburb Grain Purchasing & Storage Warehouse	Controlled by the ultimate controlling party
Beijing Nanyuan Vegetable Oil Plant	Controlled by the ultimate controlling party
Beijing Pinggu Grain and Oil Industry and Trade Co., Ltd.	Controlled by the ultimate controlling party
Beijing Food Supply Department No. 34 Supply Section	Controlled by the ultimate controlling party
Beijing Shunyi Grain and Oil Co., Ltd.	Controlled by the ultimate controlling party
Beijing Tiangu Grain and Oil Trade Co., Ltd.	Controlled by the ultimate controlling party
Supply Station of Beijing Tongzhou Grain and Oil Trading Company	Controlled by the ultimate controlling party
Beijing Nouthwest Suburb Grain Warehouse	Controlled by the ultimate controlling party
Beijing Northwest Suburb Grain Purchasing & Storage Warehouse	Controlled by the ultimate controlling party
Beijing Sesame Oil Plant	Controlled by the ultimate controlling party
Beijing Yonghe Xincheng Grain and Oil Supply Co., Ltd.	Controlled by the ultimate controlling party
Beijing Assistant Rations Supply Station	Controlled by the ultimate controlling party
Beijing Army Grain and Oil Supply Station	Controlled by the ultimate controlling party
Beijing Shounong Animal Husbandry Development Co., Ltd.	Controlled by the ultimate controlling party
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd.	Controlled by the ultimate controlling party
Beijing Xingshishang Trade Center	Controlled by the ultimate controlling party
Beijing Yuma Motor Vehicle Training Ground Co., Ltd.	Controlled by the ultimate controlling party
Beijing Yuanjishun Rations Supply Station	Controlled by the ultimate controlling party

Name of Other Related Party	Relationship with the Company
Beijing Zhibohui Architectural Design Institute Co., Ltd.	Controlled by the ultimate controlling party
Hebei Shounong Modern Agricultural Technology Co., Ltd.	Controlled by the ultimate controlling party
Jingliang (Tianjin) E-commerce Co., Ltd.	Controlled by the ultimate controlling party
Jingliang (Tianjin) Trade Development Co., Ltd.	Controlled by the ultimate controlling party
Jingliang Huayuan (Beijing) Agricultural High-tech Co., Ltd.	Controlled by the ultimate controlling party
Shandong Fukuan Bioengineering Co., Ltd.	Controlled by the ultimate controlling party
China Integrated Research Center for Meat Products	Controlled by the ultimate controlling party

5. Related-party Transactions

(1) Related-party transactions for purchase and sale of goods and provision and acceptance of labor services

① Purchase of goods or acceptance of labor services

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Guchuan Food Co., Ltd.	Purchase of goods	13,274,529.45	17,173,511.19
Beijing Guchuan Rice Industry Co., Ltd.	Purchase of goods	1,644,568.82	2,537,794.80
Beijing Jingliang E-commerce Co., Ltd.	Purchase of goods		2,615,077.63
Shandong Fukuan Bioengineering Co., Ltd.	Purchase of goods	1,218,650.72	1,287,901.32
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Purchase of goods	158,104.64	221,825.63
Beijing Grain Group Co. Ltd.	Purchase of goods		32,075.47
Beijing Beishui Food Industry Limited	Purchase of goods	23,237.58	
Beijing Er Shang Dahongmen Poultry Food Limited	Purchase of goods	101,205.53	
Beijing Er Shang Gongyifu Food Limited	Purchase of goods	70,286.43	
Beijing Er Shang Longhe Food Limited	Purchase of goods	35,615.04	
Beijing Er Shang Moqi Zhonghong Food Limited	Purchase of goods	3,173.10	
Beijing Er Shang Wangzhihe Food Limited	Purchase of goods	87,887.76	
Beijing Liubiju Food Limited	Purchase of goods	69,868.58	
Beijing Sanyuan Food Co. Ltd	Purchase of goods	316,219.35	
Beijing WuhuanShuntong Supply Chain management Limited	Purchase of goods	31,796.95	
Beijing Yueshengzhai Halal Food Limited	Purchase of goods	111,127.87	

Note: The price of a related-party transaction shall be equal to the price charged for a unrelated-party transaction that is same as or similar to such related-party transaction.

② Sale of goods/provision of labor services

Related Party	Related-party Transaction	Current Amount	Last Term Amount
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Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Jingliang Dacang Grain and Oil Trade Co., Ltd.	Sale of goods		20,288.29
Beijing Pinggu Grain and Oil Industry and Trade Co., Ltd.	Sale of goods	2,672.73	6,486.48
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Sale of goods	6,752,881.06	6,365,528.55
Beijing Guchuan Food Co., Ltd.	Sale of goods	2,521,048.16	2,568,946.46
Jingliang (Tianjin) E-commerce Co., Ltd.	Sale of goods	113,831.89	112,739.62
Beijing Guchuan Rice Industry Co., Ltd.	Sale of goods	713,247.71	617,148.71
Beijing Jingliang E-commerce Co., Ltd.	Sale of goods	1,011,202.58	6,553,286.58
Beijing Jingliang Logistics Co., Ltd.	Sale of goods	46,842.97	1,351.35
Beijing Haidian West Suburb Grain and Oil Supply Station	Sale of goods		11,131,081.79
Beijing Assistant Rations Supply Station	Sale of goods		5,968,090.31
Beijing Army Grain and Oil Supply Station	Sale of goods		4,051,022.07
Beijing Longqing Xiadu Rations Supply Station	Sale of goods		589,538.05
Beijing Maliandao Grain and Oil Special Supply Station	Sale of goods		3,181,286.36
Beijing Jingliang Real Estate Co., Ltd.	Sale of goods	260,904.42	39,835.13
Beijing Nanyuan Vegetable Oil Plant	Sale of goods		12,793.80
Beijing Grain Group Finance Co., Ltd.	Sale of goods		2,068.97
Beijing Institute of Food Science	Sale of goods	6,708.36	7,884.24
Beijing Xingshishang Trade Center	Sale of goods		6,837.84
Beijing Yuanjishun Rations Supply Station	Sale of goods		66,666.67
Beijing Jingliang Yunhe Grain and Oil Trade Co., Ltd.	Sale of goods	233,836.12	254,714.16
Beijing Longde Business Management Co., Ltd.	Sale of goods	77,727.27	19,819.20
Beijing Hongyuanli Rations Supply Station	Sale of goods		900,599.52
Beijing Guchuan Fuxing Food Co., Ltd.	Sale of goods		347.27
Beijing Jingliang Dagu Grain and Oil Trade Co., Ltd.	Sale of goods		88,822.07
Beijing Jingliang Biotechnology Industry Co., Ltd.	Sale of goods	8,886.11	2,276.18
Beijing Jingmen Liangshi State-owned Asset Management Co., Ltd.	Sale of goods		2,863.64
Beijing Juncheng Nuoyuan Grain and Oil Purchase and Sale Co., Ltd.	Sale of goods	1,881,534.61	2,066,703.52
Beijing Lanfeng Vegetable Distribution Co., Ltd.	Sale of goods		48,458.32
Beijing Nanjiao Agricultural Production Management Co., Ltd.	Sale of goods		6,954.55
Beijing Sanyuan Petroleum Co., Ltd.	Sale of goods	1,428.60	1,980.35

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Sanyuan Seed Technology Co., Ltd. Feed Branch	Sale of goods	21,335,658.32	6,115,726.92
Beijing Jingcheng Auto Driving Technical School	Sale of goods		5,189.66
Beijing Food Supply Department No. 34 Supply Section	Sale of goods		951,982.83
Beijing Shunyi Grain and Oil Co., Ltd.	Sale of goods		35,808.62
Beijing Yonghe Xincheng Grain and Oil Supply Co., Ltd.	Sale of goods	1,011,374.44	791,985.23
Beijing Shounong Animal Husbandry Development Co., Ltd.	Sale of goods	13,002.86	12,883.33
Beijing Capital Agribusiness Group Co., Ltd.	Sale of goods	14,954.20	909.09
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd.	Sale of goods	2,623,304.40	102,800.01
Beijing Yuma Motor Vehicle Training Ground Co., Ltd.	Sale of goods		4,077.59
Beijing Zhibohui Architectural Design Institute Co., Ltd.	Sale of goods	9,545.45	3,531.53
Hebei Shounong Modern Agricultural Technology Co., Ltd.	Sale of goods	14,391,575.42	7,127,624.97
China Integrated Research Center for Meat Products	Sale of goods	11,348.18	6,605.64
Beijing Baijiayi Food Limited	Sale of goods	537,436.35	
Beijing Northern Jingtang Yangjiu Sales limited	Sale of goods	69,201.68	
Beijing Beishui Yongxing Seafood Sales Limited	Sale of goods	780.53	
Beijing Damofang Flour Limited	Sale of goods	2,244.51	
Beijing Daxing State Grain Reserves	Sale of goods	18,927.28	
Beijing Er Shang Dahongmen Poultry Food Limited	Sale of goods	2,800.00	
Beijing Er Shang Gongyifu Food Limited	Sale of goods	89,716.61	
Beijing Er Shang Groups Limited	Sale of goods	1,506.90	
Beijing Er Shang Longhe Food Limited	Sale of goods	30,510.27	
Beijing Er Shang Wangzhihe Food Limited	Sale of goods	7,384,328.98	
Beijing Er Shang Yihe Sunshine Property Management Limited	Sale of goods	9,688.07	
Beijing Hongyuan Lijun Grain and Oil Supply Limited	Sale of goods	635,017.51	
Beijing Jingliang Taihe Real Estate Limited	Sale of goods	4,489.04	
Beijing Jingliang Taiyu Real Estate Limited	Sale of goods	2,244.51	
Beijing Jingliang Xinda Property Management Limited	Sale of goods	12,120.37	
Beijing Jingliang Xingye Asset Management Limited	Sale of goods	3,669.71	
Beijing Liubiju Food Limited	Sale of goods	2,727.27	
Beijing Longsheng Zhongwang Breakfast Limited	Sale of goods	1,830.27	
Beijing Maisui Hotel Management Limited	Sale of goods	31,872.10	

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Sanyuan Food Co., Ltd.	Sale of goods	418,081.94	
Beijing Northern Suburb Farm Limited	Sale of goods	4,896.79	
Beijing Beishui Jialun Seafood Market Limited	Sale of goods	4,244.86	
Beijing Dahongmen Grain Reserves Limited	Sale of goods	6,789.00	
Beijing Haidian Western Suburb Grain and Oil Supply Limited	Sale of goods	12,209,419.51	
Beijing Huacheng Commercial and Trade Limited	Sale of goods	5,863.63	
Beijing Jingliang Shengyuan Grain and Oil Sales Limited	Sale of goods	72,318.18	
Beijing Longqing Xiadu Military Grains Supply Limited	Sale of goods	363,175.15	
Beijing Maliandao Grain and Oil Special Supply Limited	Sale of goods	3,139,992.55	
Beijing Milk Limited	Sale of goods	2,400.00	
Beijing Food Supply No. 34 Supply Department Limited	Sale of goods	1,509,710.74	
Beijing yanqing farm co. LTD	Sale of goods	3,000.00	
Beijing zibin grain and oil supply co. LTD	Sale of goods	3,366,310.21	
Beijing sunong supply chain management co. LTD	Sale of goods	2,784,256.97	
Beijing shounong xiangshan convention center	Sale of goods	64,267.89	
Beijing aquatic products co. LTD	Sale of goods	8,678.51	
Beijing xing fashion trading co. LTD	Sale of goods	16,438.70	
Beijing Great Wall danyu livestock co. LTD	Sale of goods	2,877.05	
Beijing suojun grain and oil supply co. LTD	Sale of goods	6,889,083.61	
Beijing grain point to network (Beijing) trading co. LTD	Sale of goods	2,025.69	

Note: The price of a related-party transaction shall be equal to the price charged for a unrelated-party transaction that is same as or similar to such related-party transaction.

(2) Related-party lease

① If the Company is the lessor,

Name of Lessee	Type of Leased Asset	Lease Income Recognized in the Current Period	Lease Income Recognized in the Prior Period
Beijing Guchuan Food Co., Ltd.	Housing	13,333,333.33	13,333,333.33
Beijing Jingliang E-commerce Co., Ltd.	Vehicle leasing	22,530.26	18,839.83
Beijing Jingliang E-commerce Co., Ltd	Factory building	459,905.62	

① If the Company is the lessee,

Name of Lessor	Type of Leased Asset	Lease fee recognized in the current period	Lease fee recognized in the prior period
Beijing Grain Group Co. Ltd.	House leasing	629,912.61	2,141,034.06

Beijing Dahongmen Grain Purchasing & Storage Warehouse	Vehicles, housing		1,584,230.78
Beijing Daxing National Grain Purchasing & Storage Warehouse	Oil tank and office leasing	1,935,963.30	1,918,363.64
Beijing Dahongmen Oil Plant	Rent		320,754.72
Jingliang (Tianjin) Trade Development Co., Ltd.	House leasing		36,942.10
Beijing Jingliang Real Estate Limited	Rent	1,408,464.67	
Beijing Nanyuan Plant Oil Factory	Warehouse	323,809.52	

(3) Related-party guarantee

① If the Company is the guarantor,

Guaranteed Party	Amount Guaranteed	Effective Date	Due Date	Whether the Guarantee Has Been Fulfilled
Jingliang (Singapore) International Trade Co., Ltd.	268,000,000.00	March 8, 2019	The duration of guarantee is 2 years after the due date of the principal creditor's right	No
Beijing Jingliang Oil and Fat Co., Ltd.	200,000,000.00	May 14, 2019	The duration of guarantee is 2 years after the due date of the principal creditor's right	No
Beijing Jingliang Oil and Fat Co., Ltd.	500,000,000.00	May 30, 2019	One year after the approval of shareholder's meeting in 2018	No
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	880,000,000.00	May 30, 2019	One year after the approval of shareholder's meeting in 2018	No
Jingliang (Singapore) International Trade Co., Ltd.	220,000,000.00	May 30, 2019	One year after the approval of shareholder's meeting in 2018	No
Jingliang (Singapore) International Trade Co., Ltd.	241,500,000.00	June 11, 2019	2 years after the due date of secured debt	No

(4) Related-party loans at call

The Company has no related-party loans at call this year.

(5) Related-party assets transfer and debt restructuring

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Sesame Oil Plant	Income from compensation for demolition		2,963,947.53
Beijing Nanyuan Vegetable Oil Plant	Income from compensation for demolition	9,174,312.22	9,090,908.89
Beijing Jingliang real estate co. LTD	Dispose of the property	19,775,672.38	

(6) Remuneration for key management staff

Unit: ten thousand yuan

Item	Current Amount	Last Term Amount
Remuneration for Key Management Staff	715.23	473.98

(7) Other related-party transaction

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Jingliang Real Estate Co., Ltd.	Utilities, information network fees	326,030.62	31,530.33
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Income from trademark royalties	5,282.64	11,722.64
Beijing Dahongmen Grain Purchasing & Storage Warehouse Co., Ltd.	Power charge, telephone bill, etc.	16,846.71	88,985.50
Beijing Guchuan Food Co., Ltd.	Income from trademark royalties	3,136,541.91	3,331,153.31
Beijing Guchuan Rice Industry Co., Ltd.	Income from trademark royalties	226,419.63	370,863.21
Jingliang Huayuan (Beijing) Agricultural High-tech Co., Ltd.	Property fee	2,834,846.17	
Beijing Capital Agribusiness Group Co., Ltd.	Cost of transportation		18,867.92
Beijing Guchuan Food Co., Ltd.	Service charge	56,749.90	66,742.77
Beijing Grain Group Co. Ltd.	Interest expense		6,427,421.40
Beijing Grain Group Finance Co., Ltd.	Interest expense	9,193,697.20	6,337,413.77
Beijing Grain Group Co. Ltd.	Corporate publicity expenses		16,037.74
Beijing Grains Group Limited	Award for new product and new techniques	20,000.00	
Beijing Daxing State Grain Reserves	Electricity fees	36,546.21	
Beijing Shounong Group Finance Limited	Interest income	515,652.24	
Beijing Grain Scientific Research Institute	Technical Service fee	48,207.55	
Beijing Yuanyisheng Grain and oil Limited	Technical Service fee	4,358,490.73	
Juye Jingcheng Grain Reserves Limited	Technical Service fee	1,924,528.37	

6. Related-party Receivables and Payables

(1) Receivables

Item	Ending Balance		Beginning Balance	
	Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Monetary funds				
Beijing Grain Group Finance Co., Ltd.	326,474,443.01		98,494,825.91	
Total	326,474,443.01		98,494,825.91	

Item	Ending Balance		Beginning Balance	
	Book Balance	Provision for Bad Debts	Book Balance	Provision for Bad Debts
Receivables:				
Beijing Guchuan Food Co., Ltd.	139,100.00		370,505.00	
Beijing Jingliang E-commerce Co., Ltd.	238,918.00		146,333.80	
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	1,122,310.00		1,067,408.00	
Beijing Haidian West Suburb Grain and Oil Supply Station	7,800.00		436,300.00	
Beijing Assistant Rations Supply Station	981,204.00		1,394,180.00	
Beijing Lianguan Grain and Oil Supply Station			37,200.00	
Jingliang (Tianjin) E-commerce Co., Ltd.			4,074.00	
Beijing Baijiayi Food Limited	110,400.00			
Beijing Beishui Yongxing Seafood Sales Limited	882.00			
Beijing Er Shang Gongyifu Food Limited	17,226.00			
Beijing Guchuan Rice Limited	11,397.00			
Beijing Junchenghuoyuan Grain and Oil Procurement and Sales Limited	148,800.00			
Beijing Sanyuan Seed Science Co., Ltd. Feed Branch	1,938,842.06			
Beijing Beishui Jialun Seafood Market Limited	2,856.00			
Beijing Shounong Supply Chain Management Limited	2,880,252.00			
Beijing Seafood Limited	2,688.00			
Beijing Wuhuan Shuntong Supply Chain Management Limited	289,880.00			
Hebei Shounong Modern Agriculture Technology Limited	1,579,153.54			
Total	9,471,708.60		3,456,000.80	

(2) Payables

Item	Ending Balance	Beginning balance
Short-term loans:		

Item	Ending Balance	Beginning balance
Beijing Grain Group Finance Co., Ltd.	170,000,000.00	280,000,000.00
Total	170,000,000.00	280,000,000.00
Payables:		
Beijing Guchuan Food Co., Ltd.		211,309.09
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.		127.27
Shandong Fukuan Bioengineering Co., Ltd.		56,187.93
Beijing er shang da hong men meat food co. LTD	11,176.11	
Beijing wuhuan shuntong supply chain management co. LTD	10,495.41	
Total	21,671.52	267,624.29
Advance receipts:		
Beijing Guchuan Rice Industry Co., Ltd.		11,988.00
Beijing Sanyuan Seed Technology Co., Ltd. Feed Branch		0.01
Beijing Jingliang E-Commerce Limited	153,301.88	
Beijing Wuhuan Shuntong Supply Chain Management Limite	7,524.00	
Total	160,825.88	11,988.01
Other payables:		
Beijing Grain Group Co. Ltd.	1,137,030.30	561,790.30
Beijing Jingliang E-commerce Co., Ltd.	444,268.80	169,728.00
Beijing Dahongmen Oil Plant		47,025.76
Beijing nanyuan plant oil factory	50,360.92	
Jingliang (Tianjin) Trade Development Co., Ltd.		38,789.20
Total	1,631,660.02	817,333.26

7. Related-party Commitments

The Company has no related-party commitments this year.

XII. Share based payment

There are no share based payments incurred this year for the company.

XIII. Commitments and Contingencies

1. Major commitments

(1) Capital commitment

On December 21, 2018, the Company signed *Agreement of Intent for Stock Acquisition* with Wang Yuecheng. The Company intends to acquire 25.1149% of the stock shares of Zhejiang Xiao Wang Zi Food Co., Ltd. by cash and issuing shares to purchase assets. After the acquisition, the Company and its wholly-owned subsidiary Beijing Jingliang Food Co., Ltd. (hereinafter referred to as "Jingliang Food") ultimately hold 94.8865% of the stock shares of Target Company. Since

Wang Yuecheng, the main counter party of this transaction, became the vice-general manager of the Company, according to the relevant provisions of *Rules of Shenzhen Stock Exchange for Flotation of Shares* (revised in 2018), it constitutes a related-party transaction of the Company. As of this financial report date, obtain the unconditional agreement by the China Securities Regulatory Commission after verification.

(2) Other commitments

1) Zhejiang Xiao Wang Zi Food Co., Ltd. (hereinafter referred to as "Zhejiang Xiao Wang Zi"), the holding subsidiary of the Company, signed Animation Production Entrustment Contract with Jiangsu Kungfu Family Animation Co., Ltd. (hereinafter referred to as "Kung Fu Family Animation") on December 1, 2016. According to the Contract, entrusted by Zhejiang Xiao Wang Zi, Kungfu Family Animation should produce animation Little Prince and Potato Boy., apply for project approval to the Radio, Film and Television Bureau, handle the animation publishing license with relevant departments and complete production, publication and commercial operation. According to the Contract, Zhejiang Xiao Wang Zi should pay a total animation production fee of RMB 45 million (including tax) according to the actual completion progress. As of the date of this financial report, the first phase of the animation has been produced and broadcast in youman cartoon, kaoku children, guangdong jiajia cartoon film and television, local television stations and network platform, the company currently has no plan to promote the second phase.

2) The *Supplement II to the Profits Compensation Agreement*, which was considered and approved at the 7th meeting of the 8th Board of Directors of the Company, stipulates that Beijing Jingliang Food Co., Ltd. (hereinafter referred to as "Jingliang Food Company") has committed itself to realize the net profit of no less than RMB 130.1115 million in 2017, RMB 150.3937 million in 2018 and RMB 162.1605 million in 2019, respectively.

The actual net profit of Jingliang Food in the period of profit commitment should be calculated according to the following criteria:

① The financial statements of Jingliang Food Company and its subsidiaries shall be prepared in accordance with *Accounting Standards for Business Enterprises*, other laws and regulations and the Company's accounting policies and accounting estimates;

② Unless provided by the laws and regulations or the Company changes its accounting policies and accounting estimates, the accounting policies and accounting estimates of Jingliang Food Company and its subsidiaries shall not be changed during the period of profit commitment without the approval of the competent authority of Jingliang Food Company;

③ Net profit refers to the net profit attributable to the shareholders of parent company after deduction of the non-recurring gains and losses from the consolidated financial statements. If any share-based payments stipulated in the Accounting Standards for Business Enterprises occur before the completion of this transaction, the net profit for that year shall be equal to the net profit after elimination of the influence of the above-mentioned share payments. The accumulated committed net profit and the accumulated actual net profit for each year during the period of profit commitment of Jingliang Food Company shall also be respectively equal to the accumulated committed net profit and the accumulated actual net profit after elimination of the influence of the above-mentioned share payments.

2. Contingencies

As of December 31, 2019, the Company has no contingent liabilities that are Contingencies.

XIV. Events after the Balance Sheet Date

1. Major Non-Adjusting Events

As of the financial report date, the company has no important non-adjustment matters that need to be disclosed.

2. Distribution of Profits

On March 26, 2020, the seventh meeting of the ninth board of directors of the company held a meeting to approve no profit distribution in 2019, which is subject to the approval of the general meeting of shareholders.

XV. Other Important Matters

1. Annuity Plan

On November 18, 2013, the controlling shareholder of Beijing Grain Group Co., Ltd. (hereinafter referred to as "BGG") received *Reply of the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality to the Establishment of Enterprise Annuity Plan of Beijing Grain Group Co., Ltd.* (Beijing State-owned Asset [2013] No. 224), providing that BGG's *Request for Reporting of Enterprise Annuity* (BGG Enterprise [2013] No. 258) complies with the requirements of *Provisional Measures for Trial Implementation of Enterprise Annuity* (Decree No. 20 of the Ministry of Labor and Social Security) and *Guiding Opinions for the Trial Implementation of Enterprise Annuity System by State-owned Enterprises in Beijing* (Beijing State-owned Asset Audit [2006] No. 77) and approving that the supplementary old-age insurance and various commercial insurance established by the Company before the implementation of the annuity plan should be terminated automatically and all employees who have participated in the annuity plan will no longer enjoy social benefits outside of overall planning after retirement.

On November 20, 2013, BGG received *Reply to the Filing of Annuity Plan of Beijing Grain Group Co., Ltd.* (Xicheng Human & Social [2013] No. 71) from Beijing Xicheng District Human Resources and Social Security Bureau, requesting that BGG should strictly implement payment scope and standards and relevant democratic procedures stipulated in the plan and actively cooperate in supervision and inspection of relevant departments after filing.

On March 14, 2014, the Company obtained the Certificate of Enterprise Annuity Participation Plan from Ping An Pension Insurance Co., Ltd. The details on the Certificate is listed as follows:

The Company's basic information: Name of Enterprise: Beijing Jingliang Food Co., Ltd.; Enterprise Annuity No.: C0156482005; the Time of Participation Plan: November 18, 2013; Effective Time of the Plan: March 13, 2014; Plan No. of the Superior Enterprise: C0156482000; Name of the Superior Enterprise: Beijing Jingliang Food Co., Ltd.

Basic information of Annuity Plan: Name of the Plan: Ping An-CITIC Splendid Life Enterprise Annuity Plan; Trustee and Account Manager: Ping An Pension Insurance Co., Ltd; Trustee: CHINA CITIC BANK CORPORATION LIMITED; Annuity Plan Registration No.: 99JH20120041; Annuity Plan No.: P0807; Plan Type: Collective Plan.

Portfolio: Portfolio Code: 9155; Name of Portfolio: Ping An-CITIC Splendid Life Bond Enhanced Portfolio; Investment Proportion: 100%; Investment Manager: CITIC Securities Co., Ltd.

2. Termination of business

(1) Details of termination of business

Item	Revenue	Expense	Total profit	Income tax expenses	Net profit	Termination profit or loss that belongs to the parent
Jingliang XInchuang (Tianjin) Commercial Management Limited		-14,376.89	-14,376.89		-14,376.89	-14,376.89

(2) Continuing operation profit or loss that belongs to the parent for this period is 0.00 Yuan, (previous period 0.00 Yuan), Termination profit or loss that belongs to the parent is -14,376.89 Yuan, (previous period is 1,382,769.51 Yuan)

3. Information on Divisions

(1) Basis of determination and accounting policies for reporting of divisions

The Company's businesses consist of food processing, oil and grease and so on according to its internal organizational structure, management requirements and internal reporting system. The Company's management regularly evaluates the operating results of these divisions to determine the allocation of resources to them and evaluate their performance. The information reported by divisions should be disclosed according to the accounting policies and measurement standards adopted by such divisions when they are reporting to the management. These measurement bases should be consistent with the accounting and measurement bases for preparation of financial statements.

(2) Reporting of the financial information on divisions

Item	Food Processing	Oil & Grease	Other	Offset Among Divisions	Total
operating income	940,762,992.09	6,716,523,248.25	81,445,801.06	-298,445,575.86	7,440,286,465.54
Operating costs	643,054,491.71	6,411,193,730.77	35,799,455.29	-275,983,920.23	6,814,063,757.54
Operating profit	186,824,427.06	96,116,452.21	60,784,043.42	-93,084,320.09	250,640,602.60
Net profit attributable to parent company	137,197,686.13	75,642,139.78	54,089,066.84	-133,586,967.00	133,341,925.75
Total assets	957,203,084.42	3,206,093,839.27	5,994,781,639.47	-4,926,811,962.97	5,231,266,600.19
Total liabilities	150,932,075.27	1,903,850,841.35	1,602,921,033.22	-1,417,532,990.42	2,240,170,959.42

3. Other

(1) The company held the 30th meeting of 8th Board of Director on 27th November 2018, it is necessary to apply 1 billion RMB loan from its main shareholder: Beijing Grains Group Limited for developing soil remediation business, the duration for the loan is 3 years, the interest rate will be determined by the Benchmark interest rate of bank loans in the same period, interest will be calculated according to the actual borrowing days, the company can pay back the loans at earlier date if the actual situations permits.

(2) As at financial reporting date, because of the issues related to employee placement and the ongoing equity delivery of the shares of Hainan Pearl River Property and Hotel Management Limited, according to the agreement of asset delivery, all rights and obligations related to put in assets will be handed in to the receiver and will not be influenced by ownership transfer procedures. Therefore, this issue will not have significant negative impact for the company.

XVI. Notes to Main Financial Statement Items of Parent Company**1. Accounts Receivable**

(1) Disclosed according to aging

Aging	Ending Balance
Within 1 Year	
Among them: Within 3 months	
4-12 months	
1 to 2 years	
2 to 3 years	3,000.00
3 to 4 years	51,420.00
4 to 5 years	72,000.00
More than 5 years	
Sub total	126,420.00
minus: provision for bad debts	83,910.00
Total	42,510.00

(2) present according to the method of provision for bad debt

Type(s)	Ending Balance				
	Book Balance		Bad Debt Provision		Book Value
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Receivables with separate provision for bad debts					
Accounts Receivable for Bad Debt Provision Based on Portfolio					
Portfolio 1 - Age-based accounts receivable	126,420.00		83,910.00		42,510.00
Portfolio 2 - Related Party Accounts Receivable					
Portfolio Total	126,420.00	100.00	83,910.00	66.37	42,510.00
Total	126,420.00	—	83,910.00	—	42,510.00

(Continued)

Type(s)	Beginning Balance				
	Book Balance		Bad Debt Provision		Book Value
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Receivables with significant individual amounts and separate provision for bad debts					
Accounts Receivable for Bad Debt Provision Based on Credit Risk Characteristic Portfolio					
Portfolio 1 - Age-based accounts receivable	126,420.00		46,434.00		79,986.00
Portfolio 2 - Related Party Accounts Receivable					
Portfolio Total	126,420.00	100.00	46,434.00	36.73	79,986.00
Receivables with minor amounts but separate provision for bad debts					
Total	126,420.00	100.00	46,434.00	—	79,986.00

A. In portfolio, Accounts Receivable with provision for bad debts is calculated by age analysis method

Aging	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Within 1 Year			
Among them: Within 3 months			0
4-12 months			2
1 to 2 years			5
2 to 3 years	3,000.00	600.00	20
3 to 4 years	51,420.00	25,710.00	50

Aging	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
4 to 5 years	72,000.00	57,600.00	80
More than 5 years			100
Total	126,420.00	83,910.00	—

(Continued)

Aging	Beginning Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Within 1 Year			
Among them: Within 3 months			0
4-12 months			2
1 to 2 years	3,000.00	150.00	5
2 to 3 years	51,420.00	10,284.00	20
3 to 4 years	72,000.00	36,000.00	50
4 to 5 years			80
More than 5 years			100
Total	126,420.00	46,434.00	—

(3) details of bad debt provision

Items	Beginning Balanc	The amount changed for the period			Ending Balance
		addition	Write-off	Other deduct	
Provision for bad debt	46,434.00	37,476.00			83,910.00
Total	46,434.00	37,476.00			83,910.00

(4) Accounts Receivable of the Top 5 Balances Collected by Debtors at the End of the Period

Debtors	total ending balance of accounts receivable	Ratio of the total ending balance of accounts receivable (%)	Ending Balance of Bad Debt Provision
Hainan pearl river pipe pile co. LTD	108,000.00	85.43	74,700.00
Ceibs agricultural qinhuangdao development co. LTD	18,420.00	14.57	9,210.00

Debtors	total ending balance of accounts receivable	Ratio of the total ending balance of accounts receivable (%)	Ending Balance of Bad Debt Provision
Total	126,420.00	100.00	83,910.00

2. Other Receivables

Item	Ending Balance	Beginning Balance
Interest receivable		
Dividends receivable		
Other receivables	12,612,756.48	227,353.10
Total	12,612,756.48	227,353.10

(1) Other Receivables

A. Disclosed according to aging

Aging	Ending Balance
Within 1 Year	12,614,861.92
Among them: Within 3 months	12,509,590.07
4-12 months	105,271.85
1 to 2 years	
2 to 3 years	
3 to 4 years	
4 to 5 years	
More than 5 years	50,000.00
Sub total	12,664,861.92
minus: provision for bad debts	52,105.44
Total	12,612,756.48

A. Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Transactions between related parties	12,200,000.00	
Pretty cash (for employees, departments)	105,271.85	207,462.10
Receivables for employees	18,590.07	24,040.24
Other accounts	341,000.00	50,000.00
Sub total	12,664,861.92	281,502.34
minus: provision for bad debts	52,105.44	54,149.24
Total	12,612,756.48	227,353.10

B. Details about bad debt provision

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss in the next 12 months	Expected credit loss for the whole period (no credit impairment)	Expected credit loss for the whole period (with credit impairment)	
Amount on 1 st January 2019	4,149.24		50,000.00	54,149.24
Carrying amount of other receivable on 1 st January 2019 that in this period:				
——Get into Stage 2				
——Get into Stage 3				
——Get back to Stage 2				
——Get back to Stage 1				
Provision for the period				
Reverse for the period	2,043.80			2,043.80
Transfer for the period				
Write off for the period				
Other deduct				
Carrying amount at the end of the period	2,105.44		50,000.00	52,105.44

C. Details of bad debt provision

Type	Carrying amount at the beginning	Amount changes for the period			Carrying amount at the end
		addition	Write off	Other deduct	
Bad debt provision	54,149.24		2,043.80		52,105.44
Total	54,149.24		2,043.80		52,105.44

D. Other receivables according to top five of balance at end of period collected by debtors

Name of Organization	Nature of Funds	Balance at End of Period	Aging	Proportion in overall ending balance of other receivables (%)	Ending balance of bad debt reserves
Beijing jingliang food co. LTD	intercourse funds	12,200,000.00	Within 3 months	96.33	
Ye Guangsheng	Personal payments	191,000.00	Within 3 months	1.51	
Chang-jun liu	Personal payments	100,000.00	Within 3 months	0.79	
Song Wang	A shot in the locker	50,000.00	More than 5 years	0.39	50,000.00

Name of Organization	Nature of Funds	Balance at End of Period	Aging	Proportion in overall ending balance of other receivables (%)	Ending balance of bad debt reserves
Yan Yan	A shot in the locker	46,000.00	Within 1 year	0.36	920.00
Total	—	12,587,000.00	—	99.38	50,920.00

3. Long-term Equity Investment

(1) Classification of long-term equity investment

Item	Ending Balance			Beginning Balance		
	Book Balance	Provision for Impairment	Book Value	Book Balance	Provision for Impairment	Book Value
Investment in subsidiaries	2,377,420,527.10		2,377,420,527.10	2,375,639,964.05		2,375,639,964.05
Investment in joint ventures and affiliates						
Total	2,377,420,527.10		2,377,420,527.10	2,375,639,964.05		2,375,639,964.0

(2) Investment in subsidiaries

Invested Entity	Beginning Balance	Current Increase	Current Decrease	Ending Balance	Current Provision for Impairment	Ending Balance of Provision for Impairment
Beijing Jingliang Food Co., Ltd.	2,336,639,964.05			2,336,639,964.05		
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	13,500,000.00	1,780,563.05		15,280,563.05		
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	25,500,000.00			25,500,000.00		
Total	2,375,639,964.05	1,780,563.05		2,377,420,527.10		

4. Operating income and operating costs

Item	Current Amount		Last Term Amount	
	Income	Cost	Income	Cost
Other businesses	2,190,925.69			
Total	2,190,925.69			

XVII. Additional Information

1. Statement of Current Non-recurring Gains and Losses

Item	Amount	Description
Profit and loss from disposal of non-current assets	9,027,505.23	
Government subsidies included into the current profits and losses (closely related to the Company's businesses, except for those that should be enjoyed in accordance with	8,101,718.03	

Item	Amount	Description
national unified standard quota or fixed quantity)		
Funds occupation fees charged to non-financial enterprises which are included in current profits and losses	2,086,164.77	
Profit or loss arising from fair value changes due to trading financial assets and trading financial liabilities, and investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal business activities.	12,975,866.96	
Other non-operating income and expenditure other than the above items	9,066,999.54	
Subtotal	41,258,254.53	
Change in income tax	-9,801,319.33	
Change in minority shareholder's equity (after tax)	-2,598,101.54	
Total	28,858,833.66	

Note: For the figures in the non-recurring profit and loss items, "+" indicates profit and income, and "-" indicates loss or expenditure.

2. Return on Equity and Earnings per Share

Current Profit	Weighted Return on Average Equity (ROAE)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common shareholders	5.70	0.19	0.19
Net profit attributable to common shareholders after deduction of non-recurring gains and losses	4.47	0.15	0.15

Hainan Jingliang Holdings Co., Ltd.

28 March 2020