

Stock Code: 000505, 200505

Stock Name: JLKG, JL-B

Announcement No. 2021-012

HAINAN JINGLIANG HOLDINGS CO., LTD.

ANNUAL REPORT 2020 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the 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 Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Director Qingmei Pingcuo didn’t attend the Board Meeting in person due to a business trip, and authorized director Guan Ying to attend and vote on her behalf. Other directors attended the Board Meeting for reviewing 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 Summary 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. The snack food business covers all provinces and municipalities in China, while the bread business focuses on the Beijing-Tianjin-Hebei region. In this regard, the Company is one of the major suppliers for KFC in North China.

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

| | 2020 | 2019 | 2020-over-2019 change (%) | 2018 |
|---|------------------|------------------|--|---------------------|
| Operating revenue | 8,741,749,912.11 | 7,440,286,465.54 | 17.49% | 7,409,124,303.41 |
| Net profit attributable to the listed company's shareholders | 184,846,956.70 | 133,341,925.75 | 38.63% | 167,956,581.15 |
| Net profit attributable to the listed company's shareholders before exceptional items | 164,037,737.59 | 104,483,092.09 | 57.00% | 127,425,177.20 |
| Net cash generated from/used in operating activities | -246,540,910.08 | 297,366,794.05 | -182.91% | 850,167,551.24 |
| Basic earnings per share (RMB/share) | 0.26 | 0.19 | 36.84% | 0.24 |
| Diluted earnings per share (RMB/share) | 0.26 | 0.19 | 36.84% | 0.24 |
| Weighted average return on equity (%) | 7.17% | 5.70% | 1.47% | 7.69% |
| | 31 December 2020 | 31 December 2019 | Change of 31 December 2020 over 31 December 2019 (%) | 31 December 2018 |
| Total assets | 5,695,504,493.73 | 5,231,266,600.19 | 8.87% | 4,917,148,996.28 |
| Equity attributable to the listed company's shareholders | 2,710,571,543.53 | 2,406,039,283.87 | 12.66% | 2,272,469,925.43 |

(2) Key Financial Information by Quarter

Unit: RMB

| | Q1 | Q2 | Q3 | Q4 |
|---|------------------|------------------|------------------|------------------|
| Operating revenue | 1,719,261,111.71 | 2,031,511,955.92 | 1,928,342,701.75 | 3,062,634,142.73 |
| Net profit attributable to the listed company's shareholders | 27,655,045.32 | 46,107,849.87 | 40,894,930.95 | 70,189,130.56 |
| Net profit attributable to the listed company's shareholders before exceptional items | 23,730,342.72 | 44,264,847.23 | 32,040,014.29 | 64,002,533.35 |
| Net cash generated from/used in operating activities | 328,948,834.32 | -141,853,013.56 | -273,955,632.37 | -159,681,098.47 |

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 | 71,627 | Number of ordinary shareholders at the month-end prior to the disclosure of this Report | 68,899 | 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 | 39.68% | 288,439,561 | 164,877,598 | | | |
| BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT CENTER | State-owned legal person | 6.67% | 48,510,460 | | | | |
| WANG YUECHENG | Domestic natural person | 5.66% | 41,159,887 | 41,159,887 | | | |
| LI SHERYN ZHAN MING | Foreign natural person | 1.23% | 8,939,300 | | | | |
| GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING | Other | 0.51% | 3,684,503 | | | | |

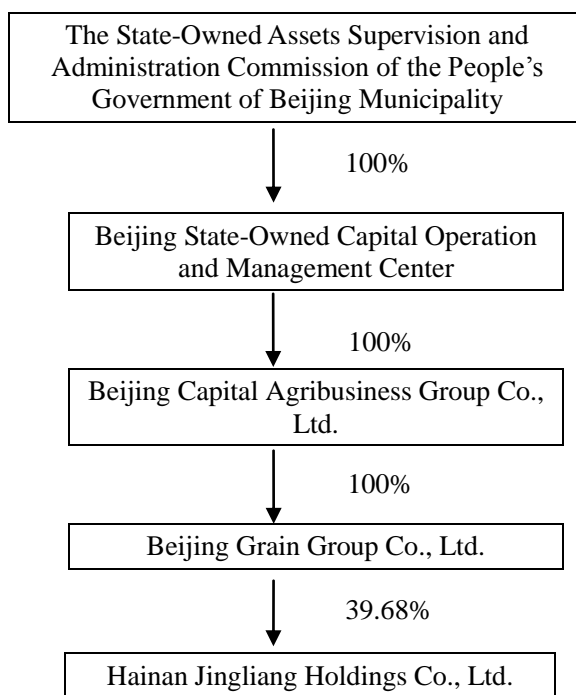
| | | | | | | |
|---|--|-------|-----------|--|--|--|
| (TIANJIN) EQUITY INVESTMENT FUND (L.P.) | | | | | | |
| MEI JIANYING | Domestic natural person | 0.36% | 2,604,203 | | | |
| ZHANG XIAOXIA | Domestic natural person | 0.27% | 1,949,250 | | | |
| WANG XIAOXING | Domestic natural person | 0.24% | 1,748,400 | | | |
| TAN WENQIONG | Domestic natural person | 0.20% | 1,419,700 | | | |
| ORIENT SECURITIES (HONG KONG) LIMITED | Foreign legal person | 0.19% | 1,354,500 | | | |
| Related or acting-in-concert parties among the shareholders above | ① Beijing State-Owned Capital Operation and Management Center owns 100% of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is the controlling shareholder of the Company (a 39.68% holding). ② Wang Yuecheng is a Deputy General Manager of the Company. 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) | Shareholder Wang Xiaoxing holds 1,748,400 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

(I) Overall Performance

The year 2020 saw sudden, perplexing and tremendous changes in macroeconomic conditions. Facing the impact of the Covid-19 pandemic, the China-United States (US) trade war, the economic slowdown and other negative factors, we withstood the pressure and responded swiftly. We strengthened operation and management while making unremitting efforts in pandemic control and prevention. As a public company, we explored and analyzed new means to increase our profitability while strengthening the internal control and regulatory compliance as the foundation of operational stability and long-term development. Finally, we finished the year with steady growth in operating performance. For the year under review, the Company recorded operating revenue of RMB8.742 billion, up 17.49% year on year; a gross profit of RMB285 million, up 9.87% year on year; a net profit attributable to the listed company's shareholders of RMB185 million, up 38.63% year on year; and earnings per share of RMB0.26, up 36.84% year on year. As such, the objectives for the year were successfully accomplished.

(II) Major Results Achieved

1. The Oils and Oilseeds Division: Stable development in a positive direction

The Oils and Oilseeds Division effectively resisted the impact of the China-US trade war and the Covid-19 pandemic by leveraging the advantages of the oils and oilseeds industry chain. The Division recorded a total profit of RMB136 million during the Reporting Period. Adhering to the operation mode of "Hedging + Basis Trading + Inventory Rotation" and leveraging its experience in coping with the China-US trade war, Jingliang Tianjin made science-based analyses and judgments and planned preemptively, finally securing a stable operating profit. The annual output of soybean oil hit a new record high, exceeding the target set for the year. Adopting a hedging mode, Jingliang Oils and Oilseeds strengthened the research and development of new product categories and implemented more rigorous market analysis, focusing on categories with stable demand and small impact from the pandemic, such as domestic soybean, sunflower seed oil and non-genetically modified rapeseed oil. The annual sales of oils and oilseeds hit a new record high. Through the trusteeship of Hongjingyuan, Guchuan Edible Oil innovated the mode of Beijing-Inner Mongolia industry assistance, as the trusteeship is a win-win cooperation

between two companies of complementary advantages and the new mode is expected to produce a greater poverty alleviation effect. In addition, by developing the Group's trade union benefits platform, the Division made all-out efforts to promote the sales of all categories of products and implement online promotions. Tianweikang continued to develop its warehousing services platform, strengthened the management of edible oil reserves, improved the level of warehousing services, improved the inventory rotation efficiency and implemented emergency stock allocation tasks.

2. The Foods Division: Stable growth

Due to the pandemic-induced sluggish market demand, the Foods Division recorded a total profit of RMB174 million in the Reporting Period. Zhejiang Xiaowangzi actively worked to develop new products and explore new channels. The 4D Corn Roll, a new product, has been launched on the top three platforms, namely, Be & Cheery, Lyfen and Three Squirrels. The sales volume has grown significantly. With the "in-store special-shaped island booth" strategy implemented in Yonghui, RT-Mart, Walmart and other hypermarkets, the average sales per store has grown significantly. Thanks to the growing sales of new products and stable sales of old products, a good momentum has been maintained. Taking advantage of the stabilizing domestic situation of the pandemic, Guchuan Bread increased sales at KFC and Green Tea stores, increasing the proportion of sales at Green Tea stores and distributors and further optimizing the customer/channel structure.

3. Stable expansion through acquisition and trusteeship

Following the plan of "implement a batch", "improve a batch" and "expand a batch", acquisition and restructuring were implemented in a layer-by-layer, step-by-step approach. During the Reporting Period, we successfully acquired the remaining equities of Zhejiang Xiaowangzi. Through this project, we gained experience and laid a foundation for future acquisition and restructuring projects. We improved the management of the two companies under the Company's trusteeship, Hongjingyuan and Shanghai Sunlon, by providing standardized guidance and professional management, improving their corporate governance structures and streamlining their operation processes. The preset targets for the trusteeships have been achieved.

4. Solid and effective efforts in pandemic control and prevention

We actively responded to the severe challenges posed by the Covid-19 pandemic, implementing targeted control and preventive actions in a well-planned manner. Promptly responding to the calls from government authorities, we established a pandemic control and prevention leadership team and a pandemic control and prevention inspection team, established a pandemic control and prevention system and implemented various pandemic control and prevention measures in a strictly disciplined and thoroughly planned manner. We actively worked to use the financial support policies for pandemic relief to reduce the Company's cost of capital.

5. Continuous improvement in management level

First, with the implementation of an online office platform, the power of execution has been improved, better ensuring the implementation of the Company's policies and plans. Second, a personnel development system has been established and improved, which has served to promote multi-directional communication and upper-lower interaction. The Jingliang Holdings Forum was created as a means to improve the overall quality of the

Company's middle and senior managers, promote their market-consciousness and share their management experience. Third, pilot efforts were made to drive regulatory compliance. We investigated our headquarters and subsidiaries for regulatory compliance batch by batch, reviewed the regulatory compliance policies, liabilities and risks of our major businesses and updated the checklist of regulatory compliance risks associated with our equity investments, thereby laying a solid foundation for regulatory compliance and improving the regulatory compliance management level.

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 | 7,799,378,959.10 | 136,231,943.72 | 4.64% | 20.90% | 52.85% | 0.15% |
| Food processing | 898,193,522.11 | 174,173,301.85 | 29.46% | -4.52% | -6.77% | -2.18% |

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

Net profit attributable to the listed company's ordinary shareholders increased year on year primarily driven by a greater processing volume as a result of recovery in market demand, the increase in both revenue and profit due to a rising profit from the oils pressing business, as well as the acquisition of non-controlling interests, in the current period.

6. Delisting

Applicable Not applicable

7. Matters Related to Financial Reporting

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

Applicable Not applicable

On 5 July 2017, the Ministry of Finance (MOF) issued the Notice on Revising and Implementing the Accounting Standards No. 14: Revenues (Caikuai [2017] No. 22). According to the revised version of the accounting standards and the requirements laid down in the notice of the MOF, the Company started implementing the new revenue accounting standards on 1 January 2020. According to requirements for the transition from the old to the new accounting standards, the Company started implementing the new standards on 1 January 2020 but only adjusted the description and amount of relevant items of the year-beginning financial statements, made no adjustments to comparable within-period information and made no retrospective adjustments to the financial statements of the Company's previous fiscal years.

(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

No such cases.

Hainan Jingliang Holdings Co., Ltd.

27 March 2021