

Stock Code: 000505, 200505

Stock Name: JLKG, JL-B

Announcement No. 2018-059

HAINAN JINGLIANG HOLDINGS CO., LTD.
THIRD QUARTER REPORT 2018 (SUMMARY)

October 2018

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior managers of Hainan Jingliang Holdings Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

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

Wang Guofeng, the Company’s legal representative, Guan Ying, the Company’s head for financial affairs, and Liu Quanli, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

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

Part II Key Corporate Information

I Key Consolidated Financial Information

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

Yes No

	30 September 2018	31 December 2017	Change (%)	
	Q3 2018	YoY change (%)	Q1-Q3 2018	YoY change (%)
Total assets (RMB)	5,580,372,664.55	6,082,383,851.23		-8.25%
Equity attributable to the listed company's shareholders (RMB)	2,204,056,918.96	2,101,342,683.37		4.89%
Operating revenue (RMB)	1,899,805,985.97	-14.91%	5,539,431,965.38	0.44%
Net profit attributable to the listed company's shareholders (RMB)	42,345,394.93	0.43%	102,264,390.61	0.42%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	42,526,321.21	301.98%	99,885,357.72	133.62%
Net cash generated from/used in operating activities (RMB)	--	--	419,583,694.49	142.19%
Basic earnings per share (RMB/share)	0.06	-14.29%	0.15	-6.25%
Diluted earnings per share (RMB/share)	0.06	-14.29%	0.15	-6.25%
Weighted average return on equity (%)	2.00%	-0.06%	4.75%	-0.14%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1-Q3 2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-1,796,072.16	
Gains/Losses on fair value changes of trading financial assets and liabilities & investment income from disposal of trading financial assets and liabilities as well as financial assets available for sale (exclusive of effective hedges related to normal business operations of the Company)	5,360,397.35	
Non-operating income and expense other than above	885,054.45	
Less: Income tax effects	1,112,344.91	
Non-controlling interests effects (net of tax)	958,001.84	
Total	2,379,032.89	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

No such cases for the Reporting Period.

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 2018

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	37,523	Number of preferred shareholders with resumed voting rights (if any)	0		
Top 10 shareholders					
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	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	3.33%	22,828,451	22,828,451	
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	3.33%	22,828,451	22,828,451	
LI SHERYN ZHAN MING	Foreign natural person	3.19%	21,873,700	0	
MEI JIANYING	Domestic natural person	0.38%	2,604,203	0	
DONGYANG HENGDIAN GUARANTY CO., LTD.	Domestic non-state-owned legal person	0.32%	2,204,976	0	
HU TIANGAO	Domestic natural person	0.30%	2,065,352	0	
ZHANG XIAOXIA	Domestic natural person	0.28%	1,949,250	0	
WANG DAO	Domestic natural person	0.28%	1,920,600	0	
Top 10 unrestricted shareholders					
Name of shareholder	Unrestricted shares			Shares by type	
				Type	Shares
BEIJING GRAIN GROUP CO., LTD.	123,561,963			RMB-denominated ordinary stock	123,561,963
LI SHERYN ZHAN MING	21,873,700			Domestically listed foreign stock	21,873,700
MEI JIANYING	2,604,203			RMB-denominated ordinary stock	2,604,203
DONGYANG HENGDIAN GUARANTY CO., LTD.	2,204,976			RMB-denominated ordinary stock	2,204,976
HU TIANGAO	2,065,352			RMB-denominated ordinary stock	2,065,352

ZHANG XIAOXIA	1,949,250	Domestically listed foreign stock	1,949,250
WANG DAO	1,920,600	RMB-denominated ordinary stock	1,920,600
WANG XIAOXING	1,808,000	RMB-denominated ordinary stock	1,808,000
ZHANG PENG	1,790,000	RMB-denominated ordinary stock	1,790,000
ZHONG YI	1,727,783	RMB-denominated ordinary stock	1,727,783
Related or acting-in-concert parties among 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.		
Top 10 ordinary shareholders involved in securities margin trading (if any)	1. Shareholder Wang Xiaoxing holds 1,808,000 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd. 2. Shareholder Zhong Yi holds 1,727,783 shares in the Company through his account of collateral securities for margin trading in Fortune Securities Co., Ltd.		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Yea No

No such cases in the Reporting Period.

2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

Part III Significant Events

I Changes in Selected Consolidated Financial Statement Line Items and Explanation of why

Applicable Not applicable

1. Monetary capital declined as at 30 September 2018 compared to 31 December 2017, primarily driven by the repayment of borrowings during Q1~Q3 2018.
2. Financial assets at fair value through profit or loss declined as at 30 September 2018 compared to 31 December 2017, primarily because fewer futures contracts resulted in smaller margins.
3. Notes and accounts receivable rose as at 30 September 2018 compared to 31 December 2017, primarily because more customers were allowed to buy on credit to boost sales.
4. Prepayments declined as at 30 September 2018 compared to 31 December 2017, primarily because supplies associated with certain prepayments were received and such prepayments were thus reclassified as inventories.
5. The current portion of non-current assets declined as at 30 September 2018 compared to 31 December 2017, primarily driven by a smaller investment in wealth management products.
6. Other current assets rose as at 30 September 2018 compared to 31 December 2017, primarily driven by larger investments in government securities reverse repurchase and structured deposits.
7. Other non-current assets declined as at 30 September 2018 compared to 31 December 2017, primarily because equipment associated with certain prepayments were received and installed and such prepayments were thus reclassified as fixed assets.
8. Notes and accounts payable declined as at 30 September 2018 compared to 31 December 2017, primarily driven by payments to suppliers.
9. Payroll payable declined as at 30 September 2018 compared to 31 December 2017, primarily driven by the payment in Q1~Q3 2018 of the 2017 annual performance pay that had been set aside in 2017.
10. Other current liabilities declined as at 30 September 2018 compared to 31 December 2017, primarily driven by a smaller book loss on hedged items.
11. Taxes and surcharges declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily because Q1~Q3 2017 had seen a land value added tax on real estate revenue, while there was no such revenue during Q1~Q3 2018.
12. Finance costs rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by a larger amount of bank loans and higher cost of capital.
13. Asset impairment loss declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by some allowances for doubtful accounts in Q1~Q3 2017.
14. Investment income rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by the income generated from investments in government securities reverse repurchase and beneficiary certificates.
15. Gain on changes in fair value declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by changes in the fair value of futures positions.
16. Net cash generated from operating activities rose during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by the sales of inventory products.
17. Net cash generated from investing activities declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by more investments in reverse repurchase and banks' wealth management products.

18. Net cash generated from financing activities declined during Q1~Q3 2018 compared to Q1~Q3 2017, primarily driven by a higher amount of bank loan repayment in Q1~Q3 2017.

II Progress, Influence and Solutions Associated with Significant Events

Applicable Not applicable

III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Parties, Failed to Fulfill on Time during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV 2018 Annual Operating Performance Forecast

Warning of a forecast loss on or a forecast significant year-on-year change in net profit for year 2018, as well as explanation of why:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying amount	Accounting title	Funding source
Other	204001	GC001		Cost method				17,709,600,000.00	17,709,600,000.00	2,585,361.95	0.00	Other assets	Self-raised
Other	204002	GC002		Cost method				388,400,000.00	388,400,000.00	74,885.68	0.00	Other assets	Self-raised
Other	204003	GC003		Cost method				57,800,000.00	57,800,000.00	46,619.45	0.00	Other assets	Self-raised
Other	204004	GC004		Cost method				171,800,000.00	171,800,000.00	101,482.98	0.00	Other assets	Self-raised
Other	204007	GC007		Cost method				606,000,000.00	606,000,000.00	501,621.73	0.00	Other assets	Self-raised
Total			0.00	--	0.00	0.00	0.00	18,933,600,000.00	18,933,600,000.00	3,309,971.79	0.00	--	--

Disclosure date of announcement on Board's consent for securities investments	27 January 2018
Disclosure date of announcement on general meeting's consent for securities investments (if any)	13 February 2018

VI Wealth Management Entrustment

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Wealth management product purchased from securities trader	Idle raised	26,000	20,000	0
Wealth management product purchased from bank	Self-funded	6,780	4,280	0
Total		32,780	24,280	0

High-risk wealth management entrustments with amounts that are individually significant, or with low security, low liquidity, or no protection of the principal:

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Trustee	Type of trustee	Type of wealth management product	Principal	Funding source	Start date	End date	Investment with principal	Way of payback	Reference annualized return (%)	Actual gain/loss in Reporting Period	Collection/payment of gain/loss in Reporting Period	Impairment allowance (if any)	Through prescribed procedure or not	Any plan for further entrustment	Overview and index to more information (if any)
CITIC SECURITIES	Securities company	Certification of trust receipt	6,000	Idle raised capital	29 June 2018	28 September 2018	Agreement of contract	Pay the principal and earnings at the maturity date of investment	4.00%	59.84	Redeemed		Yes	No	www.cninfo.com.cn:2018-044 and 2018-055
DONGXING SECURITIES	Securities company	Certification of trust receipt	20,000	Idle raised capital	4 July 2018	17 December 2018	Agreement of contract	Pay the principal and earnings at the maturity date of investment	4.80%	0	Unredeemed		Yes	No	www.cninfo.com.cn:2018-045
Total			26,000	--	--	--	--	--	59.84	--		--	--	--	--

Wealth management entrustments with possible impairments including an expectedly unrecoverable principal:

Applicable Not applicable

VII Investments in Derivative Financial Instruments

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of derivative	Start date	End date	Ending investment	Ending investment as % of the Company's ending net assets	Actual gain/loss in Reporting Period
Soybean hedging	1 January 2018	30 September 2018	6,271.62	2.28%	-4,750.5
Foreign exchange forwards	1 January 2018	30 September 2018	0	0.00%	3,322.53
Agricultural product future contract	1 January 2018	30 September 2018	2,938.86	1.07%	4,371.86
Agricultural product future contract	1 January 2018	30 September 2018	1,512.18	0.55%	346.03
Agricultural product future contract	1 January 2018	30 September 2018	0.1	0.00%	-427.76
Agricultural product future contract	1 September 2018	19 September 2018	0	0.00%	0.04
Total	--	--	10,722.76	3.90%	2,862.2
Funding source	Self-funded				
Legal matters involved (if applicable)	N/A				
Disclosure date of board announcement approving derivative investment (if any)	13 April 2018 9 June 2018				
Disclosure date of general meeting announcement approving derivative investment (if any)	11 May 2018 27 June 2018				
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The Company's conduction of hedging business is not aimed at speculation, but mainly to effectively avoid the impact of raw material price fluctuation on the Company. However, there will be certain risks: 1. Price fluctuation risk: price fluctuation risk may be generated when the futures market changes greatly, resulting in transaction losses; 2. Capital risk: capital risk may be correspondingly brought because the futures trading adopts margin and marking-to-market system; 3. Internal control risk: there may be risks due to imperfect internal control system for the high expertise and complexity of futures trading; 4. Technical risk: there may be technical risks due to incomplete computer systems. The Company adopts following risk control measures: 1. Matching the hedging business with the Company's production and operation so as to maximally reduce the price fluctuation risk; 2. The Company will reasonably dispatch its own funds for hedging business, strictly control the hedging fund scale and reasonably plan and use margins; 3. <i>Regulations for Commodity Futures Trading and Regulations for Futures Business</i> are formulated at the Company and subsidiaries levels respectively based on actual situation of the Company and pursuant to governing stipulations of <i>Guidelines for Standard Operation of Companies Listed in Shenzhen Stock Exchange</i> which have made clearly stipulations about the amount, variety scope, approval authority, internal approval procedures, responsible departments and persons, information isolation measures, internal risk report and related solution process, information disclosure, etc. regarding hedging business. The Company will strictly control all sectors in accordance with the two regulations formulated; 4. Establishing qualified systems for transaction, communication and information services so as to guarantee the normal operation of the transaction system and smooth proceeding of transactions. When a wrong order occurs, corresponding measures should be timely taken to reduce losses.				
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	The value of the Company's future contracts changed according to the contract prices declared by the future exchange, which were broadly representative. And the fair value of the Company's future contracts was executed in strict compliance with the future exchange's settlement methods.				
Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	N/A				

Opinion of independent directors on derivative investments and risk control	The relevant decision-making procedures for the Company and its majority-owned subsidiaries to conduct foreign exchange derivatives trading business are in compliance with relevant national laws, regulations and the governing provisions of the <i>Articles of Association</i> . Based on normal production and operation, the Company uses foreign exchange derivatives instruments to reduce exchange rate risks and finance costs, and control business risks. There is no harm to the interests of the Company and all other shareholders, especially minority shareholders. It is agreed that the Company and its majority-owned subsidiaries will conduct foreign exchange derivative trading business within the consideration amount.
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VIII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IX Irregularities in Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

X Occupation of the Company's Capital by Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

Hainan Jingliang Holdings Co., Ltd.

23 October 2018