



京粮控股
JL Holdings

HAINAN JINGLIANG HOLDINGS CO., LTD.

ANNUAL REPORT 2018

March 2019

HAINAN JINGLIANG HOLDINGS CO., LTD.

ANNUAL REPORT 2018

Part I Important Notes

This Summary is based on the full text of the 2018 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”).

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 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		
Used stock name (if any)	Pearl River A, Pearl River B		
Contact information	Board Secretary	Securities Representative	
Name	Zhao Yinhu		
Address	Jing Liang Building, NO. 16 East Third Ring Middle Road, Chaoyang District, Beijing		
Fax	010-51672010		
Tel.	010-51672029		
Email address	593374748@qq.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”, “Huo Niao” and “Tian Yi”, 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 2018, as the China-U.S. trade war escalated, the Company turned to Brazil for the procurement of the major raw materials for its oils and oilseeds division. This supply source from Brazil, with strong seasonality, a long transportation distance and unstable quality, caused a considerable rise in cost of sales. Therefore, the oils and oilseeds division took the initiative to adjust operating strategies, gave play to its industrial chain advantage, and strengthened every link of the industrial chain, so as to offset the hit by the trade war. For 2018, the oils and oilseeds division recorded main operating revenue of RMB6.472 billion and a profit before tax of RMB131 million, approximately flat with last year.

2018 saw the rising prices of raw and auxiliary materials, as well as a fiercer end-market competition in the snack food industry. The Company primarily competes with Orion, Dali Foods, Lay's and Oishi in the areas of fried potato chips, non-fried potato chips and puffed potato sticks. On the non-fried potato chips market, subsidiary Xiaowangzi is the second largest brand next to Orion, and the largest brand in the separate package and bulk segments, with great market potentials. The snack food business adhered to the “Differentiated Asymmetric Competition Strategy”, deepened the model of “Professional Production + Cultural Creativity + Internet”, as well as implemented quality product and product transition strategies. As a result, for 2018, the snack food business reported operating revenue of RMB817 million, up 5.87% year-on-year; and a profit before tax of RMB151 million, representing a 13.07% growth as compared to last year. Meanwhile, thanks to greater efforts in other cities and product development, as well as the proactive efforts in expanding retail channels, the bread processing business posted operating revenue of RMB77.26 million, up 26.86% year-on-year.

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

	2018	2017	2018-over-2017 change (%)	2016
Operating revenue	7,409,124,303.41	7,917,639,044.13	-6.42%	8,723,491,657.31
Net profit attributable to the listed company's shareholders	167,956,581.15	129,603,167.36	29.59%	197,319,239.01
Net profit attributable to the listed company's shareholders before exceptional items	127,425,177.20	63,818,849.21	99.67%	-72,109,287.22
Net cash generated from/used in operating activities	850,167,551.24	-1,379,507,779.66	161.63%	948,330,160.14
Basic earnings per share (RMB/share)	0.24	0.2	20.00%	0.31
Diluted earnings per share (RMB/share)	0.24	0.2	20.00%	0.31

Weighted average return on equity (%)	7.69%	5.01%	2.68%	6.96%
	31 December 2018	31 December 2017	Change of 31 December 2018 over 31 December 2017 (%)	31 December 2016
Total assets	4,917,148,996.28	6,082,383,851.23	-19.16%	5,007,343,324.00
Equity attributable to the listed company's shareholders	2,272,469,925.43	2,101,342,683.37	8.19%	1,383,081,876.55

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	1,866,527,190.78	1,773,098,788.63	1,899,805,985.97	1,869,692,338.03
Net profit attributable to the listed company's shareholders	31,041,912.71	28,877,082.97	42,345,394.93	65,692,190.54
Net profit attributable to the listed company's shareholders before exceptional items	29,930,951.86	27,428,084.65	42,526,321.21	27,539,819.48
Net cash generated from/used in operating activities	671,468,699.31	-625,774,156.43	373,889,151.61	430,583,856.75

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	38,776	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	37,224	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	3.33%	22,828,451	0			
LI SHERYN ZHAN MING	Foreign natural person	3.21%	22,002,700	0			
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	3.20%	21,972,451	0			

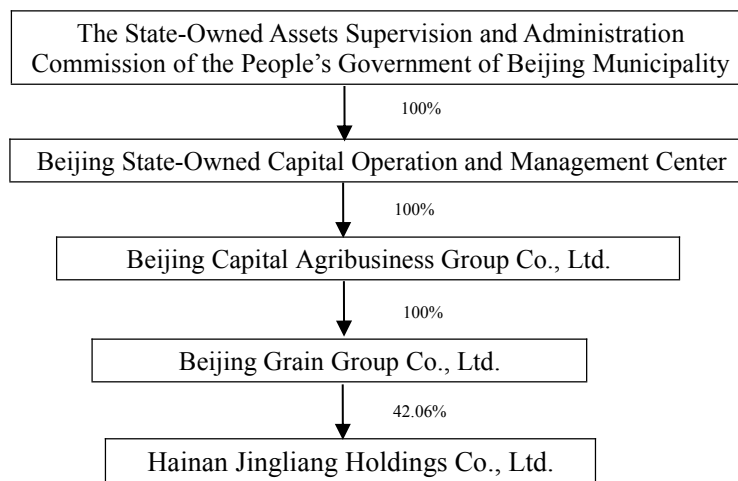
MEI JIANYING	Domestic natural person	0.38%	2,604,203	0		
HU TIANGAO	Domestic natural person	0.36%	2,436,052	0		
DONGYANG HENGDIAN GUARANTY CO., LTD.	Domestic non-state-owned legal person	0.32%	2,204,976	0		
WANG DAO	Domestic natural person	0.31%	2,145,100	0		
ZHANG XIAOXIA	Domestic natural person	0.28%	1,949,250	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)		1. Shareholder Wang Xiaoxing holds 1,776,000 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd. 2. Shareholder Hu Tiangao holds 338,000 shares in the Company through his account of collateral securities for margin trading in Zheshang Securities Co., Ltd., and 2,098,052 shares in the Company through his ordinary securities account.				

(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

Is the Company subject to any industry-specific disclosure requirements?

No.

(1) Overall Performance

In face of the generally weak market and industry in 2018, the Company pursued progress amid stability. For the year under review, the Company recorded operating revenue of RMB7.409 billion, with a profit before tax of RMB277 million and earnings per share of RMB0.24. By operating division, the oils and oilseeds division reported main operating revenue of RMB6.472 billion with a profit before tax of RMB131 million; and the food processing division posted operating revenue of RMB891 million with a profit before tax of RMB155 million. Beijing Jingliang Food Co., Ltd., a swapped-in asset in a major asset restructuring, registered main operating revenue of RMB7.409 billion, a profit before tax of RMB297 million and a net profit attributable to the Company as the parent before exceptional items of RMB164 million, fulfilling its 2018 annual profit commitment.

(2) Major Results Achieved

A. Stable and Smooth Operation of Oils and Oilseeds Division

In 2018, the Sino-US trade friction continued to escalate, and the Company began to purchase most raw materials from Brazil. The costs of the Company in operating increased significantly because of the Brazilian soybeans' limited supplying season, wide quality range and storage difficulty. Therefore, the oils and oilseeds division took the initiative to adjust operating strategies, gave play to its industrial chain advantage, and strengthened every link of the industrial chain, so as to offset the hit by the trade war. For 2018, the oils and oilseeds division recorded main operating revenue of RMB6.472 billion and a profit before tax of RMB131 million, approximately flat with last year. **Firstly**, the platform effect has gradually appeared. In terms of the oils and oilseeds division, five major platforms have been established to effectively integrate various resources and improve the efficiency, including Risk Control and R&D, Operation of Stocks, Import and Export Trade, Production Management and Product Marketing. Under the impact of the Sino-US trade war, the five major platforms can support each other and share various information in order to maximally mitigate the trade war's impact on various enterprises specialized in oilseed squeezing. For example, Jingliang Tianjin is capable of squeezing soybeans over 1 million tons in a year with a profit before tax of RMB30.61 million. **Secondly**, the structure of small-packed products has been continuously optimized. As the sales volume of high value-added oils including sunflower oil, linseed oil, olive oil, non-GMO soybean oil increases 11%, the sales accounts for over 50% for the first time; the sales volume of ordinary soybean oils with relatively low gross profit rate declines 15% on the year-on-year basis. However, the adjustment of product structure directly improves the operating benefits, and the profit created by small-packed oils has largely increased when compared to that last year. **Thirdly**, the trade business has made a steady progress. In terms of the oils and oilseeds trade, the future transaction and the stock transaction are combined and the research on the market is strengthened by using innovative management means to fend off various operating risks. As a result, the annual sales of oils and oilseeds reached 470,000 tons with the sales revenue of RMB2 billion and a profit before tax of RMB32.7 million.

B. The Steady-state Growth of the Food Division

In 2018, the food processing division recorded main main operating revenue of RMB891 million with the year-on-year growth of 7.47% and a profit before tax of RMB155 million with the year-on-year growth of 13.60% in the case of continuous influx of strategic competitors and the increased competition in the terminal market, remaining a steady development momentum. The snack food business adhered to the “Differentiated Asymmetric Competition Strategy”, deepened the model of “Professional Production + Cultural Creativity + Internet”, as well as implemented quality product and product transition strategies. As a result, for 2018, the snack food business reported operating revenue of RMB816 million, up 5.87% year-on-year; and a profit before tax of RMB151 million, representing a 13.07% growth as compared to last year. Meanwhile, thanks to greater efforts in other cities and product development, as well as the proactive efforts in expanding retail channels, the bread processing business posted operating revenue of RMB77.26 million, up 26.86% year-on-year.

C. Steady Development of Land Restoration Business

In 2018, No. 1 Document of the Central Committee of the Communist Party of China and the Rural Work Conference proposed the land restoration and rural complex construction, and the rural revitalization strategy also mentioned the national strategy, which is an important opportunity for enterprises to enter this field. First, for Xinyi Yaowan Town project, corresponding equity structure adjustment was made and Shanghai Heheng Management Consulting Co., Ltd. was involved as a wholly-owned subsidiary of Golden Concord Holdings Limited (GCL Group). By virtue of obvious advantages in professional operation, it could facilitate the project’s construction while meeting high standards and achieving high efficiency. Second, for Tangshan Caofeidian Project, the operation is relatively simple as it is the restoration of mud flat land. At present, the project has been approved by the Land and Resources Department of Tangshan, and is undergoing the construction bidding. The project is expected to commence at the end of March in 2019. Subsequently, it’s required to accelerate the construction of the project, the government’s acceptance and the declaration and sales of indicators of cultivated land. It is expected to make profits in 2019.

D. Stable and Orderly Basic Management Work

Standardized operation is the basis for the sustainable and healthy development of listed companies. The Company insists on effectively combining regulatory requirements with corporate operations to form a standardized and efficient management and control system. First, the Company establishes and improves its institutional system and has established a complementary system in accordance with the company’s articles of association, regulations of shareholders’ meeting, board of directors and board of supervisors, company level and department level. Second, the Company adheres to the economic analysis and the key work supervision mechanism, always sticks to the monthly and quarterly analysis of its business operation, researches solutions and supervises job schedule, which has effectively guaranteed the fulfillment of annual operating indicators; according to *The Supervision Work Procedures*, various key works must be supervised by means of weekly supervision, monthly scheduling, quarterly inspection and annual evaluation to effectively guarantee the fulfillment of various works in the year. Third, the effect of assessment and incentives has been revealed. The penetration-type and full coverage-type method have been applied to assess various subsidiaries and cover all team members and senior executives above directors, in which way, the net profit indicators will be strengthened, and the corporate

performance will be combined with the individual performance. The strict assessment based on indicators has effectively stimulated the enthusiasm of the management team in making greater achievement.

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	6,471,890,047.04	351,838,500.55	5.44%	-1.75%	7.92%	0.49%
Food processing	890,987,143.21	278,908,008.83	31.30%	7.47%	12.43%	1.38%

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

As per the Notice of the Ministry of Finance on Revising and Issuing the Format of 2018 Annual Financial Statements of General Enterprises (CK [2018] No. 15), the Company adjusted accordingly the format of its financial statements, as well as the comparative data.

(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

Compared with 2017, there are two new subsidiaries included in the consolidated financial statements of 2018: Jingliang Rural Complex Construction and Operation (Xinyi) Co., Ltd. and Jingliang (Caofeidian) Agricultural Development Co., Ltd.

Consolidated Balance Sheet

December 31, 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance
Current assets:			
Monetary capital	VI.1	924,870,016.78	1,014,438,663.43
Financial assets measured as fair value and the variation included into current profit and loss			
Derivative financial assets	VI.2	71,260,414.60	176,699,298.60
Notes receivable and accounts receivable	VI.3	97,775,710.11	75,165,127.11
Prepayment	VI.4	120,181,442.89	912,843,489.70
Other receivables	VI.5	18,256,513.93	75,722,139.87
Inventory	VI.6	1,224,186,963.07	1,393,958,764.07
Held-for-sale assets			
Non-current assets due within one year	VI.7		51,000,000.00
Other current assets	VI.8	288,821,816.63	165,867,238.70
Total current assets		2,745,352,878.01	3,865,694,721.48
Non-current assets:			
Available-for-sale financial assets	VI.9	20,000,000.00	20,000,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	VI.10	182,827,226.11	174,589,701.74
Investment real estate	VI.11	33,395,101.68	35,008,852.62
Fixed assets	VI.12	1,271,803,080.56	1,333,410,146.38
Construction in process	VI.13	37,369,757.78	12,737,673.01
Productive biological assets			
Oil-and-gas assets			
Intangible assets	VI.14	383,382,527.68	398,844,032.07
Development expenditure			
Goodwill	VI.15	191,394,422.51	191,394,422.51
Long-term deferred expenses	VI.16	34,671,018.22	33,247,595.28
Deferred income tax assets	VI.17	15,330,980.14	14,179,072.07
Other non-current assets	VI.18	1,622,003.59	3,277,634.07
Total non-current assets		2,171,796,118.27	2,216,689,129.75
Total assets		4,917,148,996.28	6,082,383,851.23

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Consolidated Balance Sheet (Continued)

December 31, 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings	VI.19	1,437,715,080.91	2,007,171,362.73
Financial liabilities measured as fair value and the variation included into current profit and loss			
Derivative financial liabilities			
Notes payable and accounts payable	VI.20	140,564,713.11	400,693,157.47
Advance receipts	VI.21	145,317,064.18	212,124,147.38
Employee payroll payable	VI.22	31,494,568.05	30,762,031.53
Taxes and dues payable	VI.23	35,783,819.84	36,855,139.18
Other payables	VI.24	111,288,708.99	541,399,822.67
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	VI.25	11,100,915.25	90,215,292.43
Total current liabilities		1,913,264,870.33	3,319,220,953.39
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual capital bonds			
Long-term payables	VI.26		801,625.20
Employee payroll payable	VI.27	40,245,406.52	26,791,209.91
Estimated liabilities			
Deferred income	VI.28	74,953,385.51	78,961,972.67
Deferred income tax liabilities	VI.17	49,618,839.47	56,185,676.15
Other non-current liabilities			
Total non-current liabilities		164,817,631.50	162,740,483.93
Total liabilities		2,078,082,501.83	3,481,961,437.32
Shareholder's equity:			
Capital stock	VI.29	685,790,364.00	685,790,364.00
Other equity instruments			
Including: Preferred stock			
Perpetual capital bonds			
Capital reserves	VI.30	1,595,711,805.31	1,592,541,582.73
Less: treasury stock			
Other comprehensive income	VI.31	438.33	
Special reserve			
Surplus reserves	VI.32	122,122,436.98	122,122,436.98
Undistributed profit	VI.33	-131,155,119.19	-299,111,700.34
Total equity attributable to the parent company		2,272,469,925.43	2,101,342,683.37
Minority equity	VI.34	566,596,569.02	499,079,730.54
Total shareholder's equity		2,839,066,494.45	2,600,422,413.91
Total liabilities and shareholder's equity		4,917,148,996.28	6,082,383,851.23

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Consolidated Profit Statement
Year 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Total operating income		7,409,124,303.41	7,917,639,044.13
Including: Operating income	VI.35	7,409,124,303.41	7,917,639,044.13
II. Total operating cost		7,205,740,810.86	7,693,317,738.97
Including: Operating cost	VI.35	6,745,315,208.12	7,181,328,452.58
Tax and surcharges	VI.36	23,913,023.48	48,329,859.31
Selling expenses	VI.37	193,741,132.13	184,694,169.58
Administration expenses	VI.38	190,162,317.40	232,950,762.23
Research and development expenses	VI.39	2,742,564.22	3,393,588.50
Financial expenses	VI.40	48,487,819.30	32,018,799.28
Including: interest expenses		78,514,993.77	60,010,600.72
Interest income		11,149,346.83	24,528,341.57
Assets impairment loss	VI.41	1,378,746.21	10,602,107.49
Add: Other income	VI.42	16,548,514.37	15,139,922.81
Income from investment (Losses shall be filled in with "-")	VI.43	30,981,211.92	25,583,710.12
Including: income from investment on joint venture and cooperative enterprise	VI.43	8,330,122.46	12,343,020.80
Income from changes in fair value (Losses shall be filled in with "-")	VI.44	2,009,952.25	12,934,641.69
Income from asset disposal (Losses shall be filled in with "-")	VI.45	-367,796.13	-6,770.67
III. Operating profit (Losses shall be filled in with "-")		252,555,374.96	277,972,809.11
Add: non-operating income	VI.46	35,905,938.23	25,718,245.18
Less: non-operating expenditure	VI.47	11,151,483.05	19,040,592.81
IV. Total profit (Total losses shall be filled in with "-")		277,309,830.14	284,650,461.48
Less: income tax expense	VI.48	66,183,707.60	75,954,170.72
V. Net profit (Net loss shall be filled in with "-")		211,126,122.54	208,696,290.76
(I) Classified by operations continuity:			
1. Net profit from continuing operations (Net loss shall be filled in with "-")		211,126,122.54	195,974,221.49
2. Net profit from discontinuing operations (Net loss shall be filled in with "-")			12,722,069.27
(II) Classified by ownership attribution:			
1. Minority interest income (Net loss shall be filled in with "-")		43,169,541.39	79,093,123.40
2. Net profit attributable to shareholders of the parent company (Net loss shall be filled in with "-")		167,956,581.15	129,603,167.36
VI. Net of tax from other comprehensive income		438.33	
Net of tax from other comprehensive income attributable to shareholders of the parent company		438.33	
(I) 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			
(II) Other comprehensive income that will be reclassified into the profit and loss		438.33	
1. Other comprehensive income that can be transferred to gains and losses under the equity method			
2. Profit and loss of changes in fair value of available-for-sale financial assets	VI.49	-421,278.00	
3. Held-to-maturity investment reclassified into profit and loss of available-for sale financial assets			
4. Effective part of cash-flow hedge profit and loss			
5. Balance arising from the translation of foreign currency	VI.49	421,716.33	
6. Other			
Net of tax from other comprehensive income attributable to minority shareholder			
VII. Total comprehensive income		211,126,560.87	208,696,290.76
Total comprehensive income attributable to shareholders of the parent company		167,957,019.48	129,603,167.36
Total comprehensive income attributable to minority shareholder		43,169,541.39	79,093,123.40
VIII. Earnings per share:			
(I) Basic earnings per share			
(II) Diluted earnings per share			

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Consolidated Statement of Cash Flow

Year 2018

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		7,990,459,320.64	8,251,911,188.11
Tax Refund Receipts		14,126,030.06	10,710,699.86
Other Cash Receipts Concerning Operating Activities	VI.50	1,320,871,012.55	1,181,639,304.13
Subtotal of Cash Inflows from Operating Activities		9,325,456,363.25	9,444,261,192.10
Cash Paid for Purchase of Goods and Accepting Services		6,935,638,967.14	8,790,585,364.38
Cash Paid to and for Employees		287,851,792.25	390,806,974.57
Taxes and Fees Paid		197,454,799.03	296,671,364.50
Other Cash Paid Concerning Operating Activities	VI.50	1,054,343,253.59	1,345,705,268.31
Subtotal of Cash Outflows from Operating Activities		8,475,288,812.01	10,823,768,971.76
Net Cash Flows from Operating Activities		850,167,551.24	-1,379,507,779.66
II. Cash Flows from Investment Activities:			
Cash Receipts from Disinvestment		2,723,610,000.00	933,048,283.00
Cash Receipts from Returns on Investments		60,787,738.09	21,904,165.76
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		5,101,872.08	43,733,447.51
Net Cash Received by Disposal of Subsidiaries and Other Business Units			-181,590,429.61
Other Cash Receipts Concerning Investment Activities	VI.50		49,136.10
Subtotal of Cash Inflows from Investment Activities		2,789,499,610.17	817,144,602.76
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		58,607,796.65	42,495,582.86
Cash Paid for Investments		2,847,910,000.00	1,298,701,195.80
Net Cash Paid for obtaining Subsidiaries and Other Business Units			204,524,900.00
Other Cash Paid Concerning Investment Activities			
Subtotal of Cash Outflows from Investment Activities		2,906,517,796.65	1,545,721,678.66
Net Cash Flows from Investment Activities		-117,018,186.48	-728,577,075.90
III. Cash Flows from Financing Activities:			
Cash Receipts from Accepting Investment		41,000,000.00	805,020,812.32
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders			8,748,313.76
Cash Receipts from Borrowings		2,429,218,399.64	2,566,546,770.86
Cash Received by Issuing Bonds			
Other Cash Receipts Concerning Financing Activities			
Subtotal of Cash Inflows from Financing Activities		2,470,218,399.64	3,371,567,583.18
Cash Paid for Repayment of Debts		3,262,582,688.36	690,254,732.20
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests		106,159,134.37	64,780,406.38
Including: Dividends and Profits Paid by Subsidiaries to Minority Shareholders			
Other Cash Paid Concerning Financing Activities	VI.50		1,979,044.96
Subtotal of Cash Outflows from Financing Activities		3,368,741,822.73	757,014,183.54
Net Cash Flows from Financing Activities		-898,523,423.09	2,614,553,399.64
IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents		18,805,411.68	2,492,271.54
V. Net Increase in Cash and Cash Equivalents		-146,568,646.65	508,960,815.62
Add: Opening Balance of Cash and Cash Equivalents		1,014,438,663.43	505,477,847.81
VI. Closing Balance of Cash and Cash Equivalents		867,870,016.78	1,014,438,663.43

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Consolidated Statement of Cash Flow
Year 2018

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		7,990,459,320.64	8,251,911,188.11
Tax Refund Receipts		14,126,030.06	10,710,699.86
Other Cash Receipts Concerning Operating Activities	VI.50	1,320,871,012.55	1,181,639,304.13
Subtotal of Cash Inflows from Operating Activities		9,325,456,363.25	9,444,261,192.10
Cash Paid for Purchase of Goods and Accepting Services		6,935,638,967.14	8,790,585,364.38
Cash Paid to and for Employees		287,851,792.25	390,806,974.57
Taxes and Fees Paid		197,454,799.03	296,671,364.50
Other Cash Paid Concerning Operating Activities	VI.50	1,054,343,253.59	1,345,705,268.31
Subtotal of Cash Outflows from Operating Activities		8,475,288,812.01	10,823,768,971.76
Net Cash Flows from Operating Activities		850,167,551.24	-1,379,507,779.66
II. Cash Flows from Investment Activities:			
Cash Receipts from Disinvestment		2,723,610,000.00	933,048,283.00
Cash Receipts from Returns on Investments		60,787,738.09	21,904,165.76
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets		5,101,872.08	43,733,447.51
Net Cash Received by Disposal of Subsidiaries and Other Business Units			-181,590,429.61
Other Cash Receipts Concerning Investment Activities	VI.50		49,136.10
Subtotal of Cash Inflows from Investment Activities		2,789,499,610.17	817,144,602.76
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		58,607,796.65	42,495,582.86
Cash Paid for Investments		2,847,910,000.00	1,298,701,195.80
Net Cash Paid for obtaining Subsidiaries and Other Business Units			204,524,900.00
Other Cash Paid Concerning Investment Activities			
Subtotal of Cash Outflows from Investment Activities		2,906,517,796.65	1,545,721,678.66
Net Cash Flows from Investment Activities		-117,018,186.48	-728,577,075.90
III. Cash Flows from Financing Activities:			
Cash Receipts from Accepting Investment		41,000,000.00	805,020,812.32
Including: Cash Received by Subsidiaries Absorbing the Investment from Minority Shareholders			8,748,313.76
Cash Receipts from Borrowings		2,429,218,399.64	2,566,546,770.86
Cash Received by Issuing Bonds			
Other Cash Receipts Concerning Financing Activities			
Subtotal of Cash Inflows from Financing Activities		2,470,218,399.64	3,371,567,583.18
Cash Paid for Repayment of Debts		3,262,582,688.36	690,254,732.20
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests		106,159,134.37	64,780,406.38
Including: Dividends and Profits Paid by Subsidiaries to Minority Shareholders			
Other Cash Paid Concerning Financing Activities	VI.50		1,979,044.96
Subtotal of Cash Outflows from Financing Activities		3,368,741,822.73	757,014,183.54
Net Cash Flows from Financing Activities		-898,523,423.09	2,614,553,399.64
IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents		18,805,411.68	2,492,271.54
V. Net Increase in Cash and Cash Equivalents		-146,568,646.65	508,960,815.62
Add: Opening Balance of Cash and Cash Equivalents		1,014,438,663.43	505,477,847.81
VI. Closing Balance of Cash and Cash Equivalents		867,870,016.78	1,014,438,663.43

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

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

Year 2018

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
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus public accumulation	Undistributed profit	Subtotal	
		Preferred stock	Perpetual bond	Others								
I. Year-end balance of last year	426,745,404.00				1,381,337,052.83				122,122,436.98	-547,123,017.26	1,383,081,876.55	1,174,529,851.49
Add: changes in accounting policies												
Correction of prior period errors												
Business combination under common control					-1,312,383,054.76					118,408,149.56	-1,193,974,905.20	-1,193,974,905.20
Other												
II. Balance at beginning of current year	426,745,404.00				68,953,998.07				122,122,436.98	-428,714,867.70	189,106,971.35	1,174,529,851.49
III. Increases and decreases of current year (Decrease shall be filled in with "-")	259,044,960.00				1,523,587,584.66					129,603,167.36	1,912,235,712.02	-675,450,120.95
(I) Total comprehensive income										129,603,167.36	129,603,167.36	79,093,123.40
(II) Investment of shareholders and capital reduction	259,044,960.00				1,523,587,584.66						1,782,632,544.66	-632,300,428.15
1. Common equity invested by shareholders	259,044,960.00				1,496,058,401.52						1,755,103,361.52	46,450,000.00
2. Capital invested by other equity instruments holders												
3. The amount of shares recorded into the shareholder's equity												
4. Others					27,529,183.14						27,529,183.14	-678,750,428.15
(III) Distribution of profits												-6,944,385.43
1. Withdrawal of surplus reserves												
2. Withdrawal of general risk reserve												
3. Distribution to shareholders												-6,944,385.43
4. Others												
(IV) Inner carrying-over of shareholders' equities												-115,298,430.77
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. Carry forward retained earnings from changes in defined benefit plans												
5. Others												-115,298,430.77
(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				1,592,541,582.73				122,122,436.98	-299,111,700.34	2,101,342,683.37	499,079,730.54

Legal Representative: Shaolin Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Balance Sheet

December 31, 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance
Current assets:			
Monetary capital		13,597,659.66	15,360,177.32
Financial assets measured as fair value and the variation included into current profit and loss			
Derivative financial assets			
Notes receivable and accounts receivable	XVI.1	79,986.00	109,389.00
Prepayment		20,000.00	
Other receivables	XVI.2	227,353.10	60,576,292.62
Inventory		4,824,035.45	4,824,035.45
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		1,962,371.32	2,905,667.38
Total current assets		20,711,405.53	83,775,561.77
Non-current assets:			
Available-for-sale financial assets		20,000,000.00	20,000,000.00
Held-to-maturity investment			
Long-term receivables			
Long-term equity investment	XVI.3	2,375,639,964.05	2,336,639,964.05
Investment real estate		5,778,794.33	6,081,230.93
Fixed assets		3,260,620.04	3,589,144.87
Construction in process			
Productive biological assets			
Oil-and-gas assets			
Intangible assets		171,069.18	
Development expenditure			
Goodwill			
Long-term deferred expenses		180,817.60	
Deferred income tax assets			
Other non-current assets			
Total non-current assets		2,405,031,265.20	2,366,310,339.85
Total assets		2,425,742,670.73	2,450,085,901.62

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Balance Sheet (Continued)

December 31, 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings			
Financial liabilities measured as fair value and the variation included into current profit and loss			
Derivative financial liabilities			
Notes payable and accounts payable			2,482,949.70
Advance receipts		38,896.41	38,896.41
Employee payroll payable		438,195.96	2,017,684.57
Taxes and dues payable		976,458.68	2,557,993.95
Other payables		449,947,050.56	449,510,029.34
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		451,400,601.61	456,607,553.97
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual capital bonds			
Long-term payables			
Employee payroll payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		451,400,601.61	456,607,553.97
Shareholder's equity:			
Capital stock		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
Less: treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserves		109,487,064.39	109,487,064.39
Undistributed profit		-994,322,827.98	-975,186,549.45
Total shareholder's equity		1,974,342,069.12	1,993,478,347.65
Total liabilities and shareholder's equity		2,425,742,670.73	2,450,085,901.62

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Profit Statement

Year 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Note	Current Amount	Amount of Last Period
I. Operating income	XVI.4		2,857.14
Less: Operating cost	XVI.4		302,436.60
Tax and surcharges		1,196,961.62	1,201,827.31
Selling expenses			
Administration expenses		23,607,509.95	29,147,752.63
Research and development expenses			
Financial expenses		14,073,236.91	-6,912,084.36
Including: interest expenses		15,038,228.78	9,264,377.38
Interest income		974,811.35	16,961,563.45
Assets impairment loss		-3,094,336.89	834,972.20
Add: Other income			
Income from investment (Losses shall be filled in with “-”)	XVI.5		74,749,139.55
Including: income from investment on joint venture and cooperative enterprise	XVI.5		-1,070,860.45
Income from changes in fair value (Losses shall be filled in with “-”)			
Income from asset disposal (Losses shall be filled in with “-”)			-3,744.70
II. Operating profit (Losses shall be filled in with “-”)		-35,783,371.59	50,173,347.61
Add: non-operating income		16,679,043.74	277,830.06
Less: non-operating expenditure		31,950.68	841,471.93
III. Total profit (Total losses shall be filled in with “-”)		-19,136,278.53	49,609,705.74
Less: income tax expense			
IV. Net profit (Net loss shall be filled in with “-”)		-19,136,278.53	49,609,705.74
(I) Net profit from continuing operations (Net loss shall be filled in with “-”)			
(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. Remeasure changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to gains and losses under the equity method			
(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. Profit and loss of changes in fair value of available-for-sale financial assets			
3. Held-to-maturity investment reclassified into profit and loss of available-for sale financial assets			
4. Effective part of cash-flow hedge profit and loss			
5. Balance arising from the translation of foreign currency			
6. Other			
VI. Total comprehensive income		-19,136,278.53	49,609,705.74

Legal Representative: Shaoling Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Statement of Cash Flow

Year 2018

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		1,500.00	
Other Cash Receipts Concerning Operating Activities		50,575,445.10	24,572,737.14
Subtotal of Cash Inflows from Operating Activities		50,576,945.10	24,572,737.14
Cash Paid for Purchase of Goods and Accepting Services			
Cash Paid to and for Employees		20,758,423.44	10,014,435.27
Taxes and Fees Paid		5,842,797.23	28,508,145.12
Other Cash Paid Concerning Operating Activities		16,664,927.81	100,011,431.48
Subtotal of Cash Outflows from Operating Activities		43,266,148.48	138,534,011.87
Net Cash Flows from Operating Activities		7,310,796.62	-113,961,274.73
II. Cash Flows from Investment Activities:			
Cash Receipts from Disinvestment			10,000,000.00
Cash Receipts from Returns on Investments			
Net Cash from Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets			35,000,000.00
Other Cash Receipts Concerning Investment Activities			49,136.10
Subtotal of Cash Inflows from Investment Activities			45,049,136.10
Cash Paid for Purchase and Construction of Fixed Assets, Intangible Assets and Other Long-term Assets		248,977.61	
Cash Paid for Investments		39,000,000.00	366,447,600.00
Other Cash Paid Concerning Investment Activities			
Subtotal of Cash Outflows from Investment Activities		39,248,977.61	366,447,600.00
Net Cash Flows from Investment Activities		-39,248,977.61	-321,398,463.90
III. Cash Flows from Financing Activities:			
Cash Receipts from Accepting Investment			386,874,898.56
Cash Receipts from Borrowings		243,800,000.00	110,000,000.00
Cash Received by Issuing Bonds			
Other Cash Receipts Concerning Financing Activities			
Subtotal of Cash Inflows from Financing Activities		243,800,000.00	496,874,898.56
Cash Paid for Repayment of Debts		195,000,000.00	76,469,598.52
Cash Paid for Distribution of Dividends, Profits or Repayment of Interests		18,624,336.67	1,659,125.50
Other Cash Paid Concerning Financing Activities			1,979,044.96
Subtotal of Cash Outflows from Financing Activities		213,624,336.67	80,107,768.98
Net Cash Flows from Financing Activities		30,175,663.33	416,767,129.58
IV. Exchange Rate Fluctuation Consequences on Cash and Cash Equivalents			
V. Net Increase in Cash and Cash Equivalents		-1,762,517.66	-18,592,609.05
Add: Opening Balance of Cash and Cash Equivalents		15,360,177.32	33,952,786.37
VI. Closing Balance of Cash and Cash Equivalents		13,597,659.66	15,360,177.32

Legal Representative:Shaoling Li Person in Charge of Finance:Ying Guan Person in Charge of Accounting Agencies: Quanli Liu

Statement of Changes in Shareholder's Equity

Year 2018

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 public accumulation	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. Carry forward retained earnings from changes in defined benefit plans											
5. 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

Legal Representative: Shaolin Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Statement of Changes in Shareholder's Equity (Continued)
Year 2018

Prepared by: Hainan Jingliang Holdings Co., Ltd.

Monetary Unit: RMB Yuan

Item	Amount of Last Period										
	Capital stock	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus public accumulation	Undistributed profit	Total shareholders' equities
		Preferred stock	Perpetual bond	Others							
I. Year-end balance of last year	426,745,404.00				546,201,098.01				109,487,064.39	-1,024,796,255.19	57,637,311.21
Add: changes in accounting policies											
Correction of prior period errors											
Other											
II. Balance at beginning of current year	426,745,404.00				546,201,098.01				109,487,064.39	-1,024,796,255.19	57,637,311.21
III. Increases and decreases of current year (Decrease shall be filled in with “-”)	259,044,960.00				1,627,186,370.70					49,609,705.74	1,935,841,036.44
(I) Total comprehensive income										49,609,705.74	49,609,705.74
(II) Investment of shareholders and capital reduction	259,044,960.00				1,627,186,370.70						1,886,231,330.70
1. Common equity invested by shareholders	259,044,960.00				1,496,058,401.52						1,755,103,361.52
2. Capital invested by other equity instruments holders											
3. The amount of shares recorded into the shareholder's equity											
4. Others					131,127,969.18						131,127,969.18
(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. Carry forward retained earnings from changes in defined benefit plans											
5. 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	-975,186,549.45	1,993,478,347.65

Legal Representative: Shaolin Li

Person in Charge of Finance: Ying Guan

Person in Charge of Accounting Agencies: Quanli Liu

Hainan Jingliang Holdings Co., Ltd.

Notes to the 2018 Annual Report

(Unless otherwise stated, the amount unit is RMB)

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: Wang Guofeng

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 Internal Control Risk, 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.)

On October 22, 2012, Hainan Pearl River Stock Co., Ltd. Heilongjiang Branch was established with unified social credit code: 91230110598492651P. Address: No.34, Nongxiao Street, Xiangfang District, Harbin City. Business scope: industrial investment, hotel investment and management, construction equipment procurement, and easing, indoor and outdoor decoration, high-tech project investment, computer network investment, communication project investment, high-tech product development and application, and environmental protection project investment. (Projects subject to administrative license examination and approval shall be operated with the license) (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.) On December 9, 2017, to optimize the capital structure, reduce operating and management costs and improve management efficiency, at the 22nd meeting of the eighth session of the Board of Directors of the Company, the *Proposal on Cancellation of Heilongjiang Branch of the Company* was deliberated and adopted, and the cancellation of Heilongjiang Branch of the Company was agreed, and the management layer of the Company was authorized to go through relevant cancellation formalities. In July 2018, the Company completed the industrial and commercial cancellation formalities of Heilongjiang Branch.

(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 28, 2019.

(IV) Consolidated report scope

A total of 20 subsidiaries of the Company were included in the scope of consolidation in 2018, as detailed in Note 8 "Interests in Other Entities". The consolidation scope of the Company for the current period is 2 more than that of the previous period, as detailed in Note 7, "Change in Consolidation Scope".

II. Preparation Basis for Financial Statements

1. Preparation Basis

The Company's financial statements are prepared on the basis of the going concern assumption, according to the actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and its application guidelines, interpretation and other relevant provisions (collectively referred to as the "Accounting Standards for Business Enterprises"). In addition, the Company also discloses relevant financial information in accordance with the China Securities Regulatory Commission's *Rules for the Preparation of Information Disclosure of Companies that Offer Securities to the*

Public No.15-General Provisions on Financial Reporting (Revised in 2014).

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company's financial accounting shall be based on the accrual basis. These financial statements are based on historical cost, with the exception of certain financial instruments. In case of impairment of assets, the corresponding impairment provision shall be calculated and withdrawn in accordance with 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 with Accounting Standards for Business Enterprises

The financial statements prepared by the Company conform to the requirements of the Accounting Standards for Business Enterprises and reflect truthfully and completely the consolidation of the Company and the financial position of the parent company as at December 31, 2018, the consolidation of the Company in 2018, the operating results of the parent company, the consolidation and the cash flow of the parent company and other relevant information.

IV. Significant Accounting Policies and Accounting Estimate

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

The Company uses RMB as the 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. 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 Purchased. Purchase date means the date on which the Purchaser actually acquires control of the Purchased.

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 Purchased 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 Purchased 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 Purchased in the merger, first, the fair value of the identifiable assets, liabilities and contingent liabilities of the Purchased 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 Purchased, 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 of Note IV), 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 Purchased 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 contracting party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value when initial recognition is made for them. For financial

assets and financial liabilities measured at fair value and their changes are recognized in current period profit or loss, related transaction cost shall be directly recognized in profit or loss. For other types of financial assets and financial liabilities, related transaction cost shall be recognized in their initial recognition amount.

(1) Method for determining fair value of financial assets and financial liabilities

“Fair value” refers to the price that needing to be paid by a market participant for selling an asset or transfer a liability in an orderly transaction occurring on measurement date. The price from major market is used by the Company to measure the fair value of financial assets and financial liabilities. In the event that there is no major market for a specific financial asset or financial liability, the price from most favorable market is used to measure the fair value of the financial asset and financial liability, and the valuation techniques that are applicable at the time and sufficient data are available for them to use and can be supported by other information. The input value used in Fair Value Measurement is divided into three levels, specifically, first-level input value is the unadjusted quotation for the same asset or liability that can be obtained in an active market on the measurement date; second-level input value is the input value that can be directly or indirectly observed for related asset or liability except for the first-level input value; third-level input value is the unobservable input value of related asset or liability. First-level input value is firstly used by the Company, and third-level input value is of the lowest priority. The level of the result of a fair value measurement is determined by the lowest one among the levels of the input values that are significant to the overall fair value measurement.

(2) Classification, confirmation and measurement of financial assets

Financial assets shall be traded in usual mode and recognized and derecognized based on the data from Transaction Date. Financial assets are classified into financial assets that are measured at fair value and their changes are recognized in current period profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets that are measured at fair value and their changes are recognized in current period profit or loss

Including trading financial assets and financial assets designated as being measured at fair value and their changes being recognized in current period profit or loss

Trading Financial Asset refers to the financial asset that satisfies one of the following conditions: A. The purpose of obtaining the financial asset is mainly for sale in near future; B. It is part of the identifiable financial instrument portfolio for centralized management and there is objective evidence indicating that the Company has recently adopted a short-term profit-making method to manage the portfolio; C. It is a derivative instrument, except for a derivative that is designated as an effective hedging instrument, under a financial guarantee contract, and associated with a equity instrument that has no quotation in an active market, its fair value cannot be reliably measured and can only be settled through the delivery of the equity instrument.

A financial asset that meets one of the following conditions can be designated as a financial asset that is measured at fair value and its changes are recognized in current period profit or loss: A. The designation can eliminate or significantly reduce the inconsistency in recognition or measurement of related gains or losses caused by the difference of measurement basis of the financial asset; B. The formal written documents in respect to the Company's risk management or investment strategy have expressly stated that the financial asset portfolio or the portfolio of financial assets and financial liabilities to which the financial asset belongs is managed, evaluated based on fair value and is reported to key management personnel.

A financial asset that is measured at fair value and its changes is recognized in current period profit or loss shall be subsequently measured at fair value. The gain or loss arising from the changes in fair value and the dividend and interest associated with the financial asset shall be recognized in profit or loss.

② Held-to-maturity investments

Held-to-Maturity Investment refers to a non-derivative financial asset that has a fixed maturity date, a fixed or determinable recovery amount, and the Company has a clear intention and ability to hold it to maturity date.

A held-to-maturity investment shall be subsequently measured with effective interest method according to amortized cost. The gains or losses arising from derecognition, impairment or amortization shall be recognized in profit or loss.

Effective Interest Method refers to the method of calculating amortized cost and interest income or expense for each installment according to effective interest rate of a financial asset or a financial liability (including a group of financial assets or financial liabilities). The effective interest rate is the interest rate used to discount the future cash flow of a financial asset or financial liability over expected period of existence or in an applicable shorter period to the current carrying amount of the financial asset or financial liability.

On calculating the effective interest rate, the future cash flows (excluding future credit loss) shall be estimated by the Company based on all contractual terms of financial assets or financial liabilities. At the same time, various charges, transaction fees and discounts or premiums that are paid or collected will between contracting parties of financial assets and financial liabilities contracts and are part of the actual interest.

③ Loans and receivables

Loans and receivables refer to non-derivative financial assets that have no quotation in an active market and have a fixed or determinable recovery amount. The financial assets classified as loans or receivables by the Company include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

A loan or receivable is subsequently measured with effective interest method according to amortized cost. The gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss.

④ Available-for-sale financial assets

Including non-derivative financial assets that are designated as available-for-sale financial assets on initial recognition, and financial assets other than the financial assets that are measured at fair value and their changes are recognized in current period profit or loss, loans and receivables, held-to-maturity investments.

The ending cost of an available-for-sale liability instrument investment shall be determined with Amortized Cost Method, specifically, it is the amount from deducting impairment loss from the cumulative value generated from amortizing with Effective Interest Method the initial recognition amount having repaid principal deducted plus or minus the difference between the aforesaid initial recognition amount and the amount on maturity date. The ending cost of an available-for-sale equity instrument investment is its initial acquisition cost.

The available-for-sale financial assets shall be subsequently measured at fair value. Except for impairment losses and the exchange difference associated with amortized cost of foreign currency monetary financial assets that shall be recognized in current period profit or loss, the gains or losses arising from changes in fair value shall be recognized in other comprehensive income, and shall be transferred out and recognized in current period profit or loss when the financial assets are derecognised. However, an equity instrument investment that has no quotation in an active market and whose fair value cannot be reliably measured and derivative financial assets that are associated with equity instrument and only be settled through the delivery of the equity instrument shall be subsequently measured at cost.

The interest earned during the period in which an available-for-sale financial asset is held and the cash dividends declared by investee shall be included in investment income.

A held-to-maturity investment shall be measured at cost or amortized cost in the event that holding intention or capability changes, or fair value can no longer be reliably measured, or the period upon the held-to-maturity investment 's being reclassified as available-for-sale financial asset in accordance with Article 16 of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* exceeds two full fiscal years, thus the financial asset is no longer applicable for measurement at fair value. On the reclassification date, the cost or amortized cost of the financial asset shall be the fair value or book value of the day.

If a financial asset has a fixed maturity date, the gains or losses that are related to the financial asset and have been recognized in other comprehensive income shall be amortized with effective interest method over the remaining term of the financial asset and recognized in current period profit or loss; The difference between the amortized cost of the asset and the amount on maturity date shall be amortized with effective interest method over the remaining term of the financial asset and recognized in current period profit or loss. If a financial asset has no fixed maturity date, the gains or losses originally recognized in other comprehensive income shall be retained in the shareholders' equity, and transferred out and recognized in current period profit or loss when the financial asset is disposed.

(3) Impairment of financial assets

Except for the financial assets that are measured at fair value and their changes are recognized in current period profit or loss, the book value of other financial assets shall be checked by the Company on each the balance sheet date. In the event that there is objective evidence indicating that some financial asset is impaired, provision for asset impairment shall be accrued.

Impairment test shall be carried by the Company on financial assets with significant single amount. Impairment test can be conducted on the financial assets having no significant single amount individually or by having them included in a portfolio of financial assets with similar credit risk characteristics. In the event that no impairment is found in the financial assets (including financial assets with or without significant single amount) that are tested individually, impairment test shall be conducted for the financial assets by including them in a portfolio of financial assets with similar credit risk characteristics. Impairment test will not be conducted for the financial assets that have been confirmed have impairment through individual test by including them in a portfolio of financial assets with similar credit risk characteristics.

① Impairment of held-to-maturity investments and loans and receivables

The book value of financial assets measured at cost or amortized cost shall be written down to the present value of estimated future cash flow, and the written-down amount shall be recognized as an impairment loss and be recognized in current period profit or loss. In the event that there is objective evidence indicating that the value of a financial asset has recovered after recognition of impairment loss, and is objectively related to the events occurring after the recognition of impairment loss of the financial asset, the previously recognized impairment loss shall be reversed. The book value of the financial asset after the impairment loss is reversed shall not exceed the amortized cost of the financial asset on the reversal date assuming that no provision for impairment loss is accrued.

② Impairment of available-for-sale financial assets

In the event that it has been determined based on comprehensive relevant factors that the decline in the fair value of an available-for-sale equity instrument investment is a serious decline or non-temporary decline, it indicates that there is impairment loss for the available-for-sale equity instrument investment. The aforesaid “serious decline” refers to the situation that cumulative decline in fair value exceeds 20%; “non-temporary decline” refers to the situation that the continuous decline in fair value exceeds 12 months. The basis for the period of continuous decline is:

- a. The issuer or the debtor has serious financial difficulties;
- b. The debtor violates the terms of contract, such as default or overdue payment of interest or principal;
- c. The creditor makes concessions to the debtor who has financial difficulties due to economic or legal considerations;
- d. The debtor is likely to close down or carry out other financial restructurings;
- e. The financial asset cannot be traded further in an active market due to major financial difficulties of the issuer;
- f. It is impossible to identify whether the cash flow of an asset in a portfolio of financial assets has decreased, but after an overall evaluation based on the public data, it is found that the estimated future cash flow of the portfolio of financial assets has indeed decreased since the initial confirmation and measurable, such as the increasingly deterioration of debtor's ability to pay for the portfolio of financial assets, or the rise of unemployment rate of the country or region where the debtor is, significant decline of the

price of collateral in the region where the collateral is, and the downturn of the industry in which the debtor is;

g. Significant adverse changes occurring in the technical, market, economic or legal environment in which the issuer of the equity instrument operates are likely to make equity instrument investor unable to recover investment cost;

h. The fair value of equity instrument investment has experienced a serious or non-temporary decline; serious decline or non-temporary decline

i. Other objective evidence indicating that financial assets are impaired.

In the event of any impairment loss to an available-for-sale financial asset, the accumulated losses arising from the decline in the fair value of the available-for-sale financial asset that has been recognized in other comprehensive income shall be transferred out and recognized in current profit or loss. The transferred-out accumulated losses shall be the balance of the initial acquisition cost of the asset minus the recovered principal and amortized amount, the current fair value and the impairment loss previously recognized in profit or loss.

In the event that there is objective evidence indicating that the value of a financial asset has recovered after recognition of impairment loss, and is objectively related to the events occurring after the recognition of impairment loss of the financial asset, the previously recognized impairment loss shall be reversed, and the transferred impairment loss of the available-for-sale equity instrument investment shall be recognized as other comprehensive income, and the impairment loss of the available-for-sale liability instrument shall be reversed to the current profit and loss.

An equity instrument investment that has no quotation in an active market and its fair value cannot be reliably measured, or a derivative that is associated with the equity instrument and can only be settled through the delivery of the equity instrument shall not be reversed.

(4) Recognition basis and measurement method of financial asset transfer

A financial asset that satisfies one of the following conditions shall be derecognized: ① The termination of contractual right to receive the cash flow of the financial asset; ② The financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset are transferred to the transferee; ③ The financial asset has been transferred, and although the Company has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, the control of the financial asset has been waived by the Company.

Where all the risks and rewards of the ownership of the financial asset neither have been transfers nor retained, and no control of the financial asset has been waived by the Company, the financial asset shall be recognized according to the extent of later involvement in the transferred financial asset, and relevant liabilities shall be recognized accordingly. The “extent of later involvement in the transferred financial asset” refers to the level of risks caused to the Company by the change in value of the financial asset.

When the overall transfer of a financial asset meets the conditions for derecognition, the difference between the carrying amount of the transferred financial asset and the sum of the consideration received from the transfer and the amount of accumulated changes in fair value originally recognized in other comprehensive income shall be recognized in current period profit or loss.

If the partial transfer of a financial asset meets the conditions for derecognition, the book value of the transferred financial asset shall be apportioned between the derecognized and the non-derecognized portions based on their proportion in fair value, and the difference between the sum of the consideration received from the transfer and the amount of accumulated changes in fair value that shall be apportioned for derecognition and originally recognized in other comprehensive income and the aforesaid apportioned carrying amount shall be recognized in current period profit or loss.

For a financial asset that is sold with recourse or is transferred by endorsement by the Company, it shall be determined whether almost all the risks and rewards of the ownership of the financial asset have been transferred. The financial asset that almost all the risks and rewards of its ownership have been transferred to transferee shall be derecognized; those almost all the risks and rewards of their ownership are retained, shall not be derecognized. For those almost all the risks and rewards of their ownership are neither

transferred nor retained, whether the Company has the control of the financial assets shall be judged, and accounting treatment to them shall be conducted according to the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are classified into financial liabilities that are measured at fair value and their changes are recognized in current period profit or loss and other financial liabilities on initial recognition. The initial recognition of financial liabilities is measured at fair value. For financial liabilities that are measured at fair value and their changes are recognized in current period profit or loss, related transaction cost shall be directly recognized in current period profit or loss. For other financial liabilities, related transaction cost shall be recognized in initial recognition amount.

① Financial liabilities that are measured at fair value and their changes are recognized in current period profit or loss

The classification criteria for trading financial liabilities and financial liabilities designated as being measured at fair value and their changes being recognized in current period profit or loss are the same with those for trading financial assets and financial assets designated as being measured at fair value and their changes being recognized in current period profit or loss.

A financial liability that is measured at fair value and its changes is recognized in current period profit or loss shall be subsequently measured at fair value. The gain or loss arising from the changes in fair value and the dividend and interest associated with the financial liabilities shall be recognized in profit or loss.

② Other financial liabilities

The derivative financial liabilities that are associated with equity instrument that has no quotation in an active market and whose fair value cannot be reliably measured and are only settled through the delivery of the equity instrument shall be subsequently measured at cost. Other financial liabilities shall be subsequently measured with effective interest method according to amortized cost, and the gains or losses arising from derecognition or amortization shall be recognized in profit or loss.

③ Financial guarantee contract

Financial guarantee contracts that are not designated as financial liabilities that are measured at fair value and their changes are recognized in current period profit or loss, shall be initially recognized at fair value, the subsequent measurement shall be measured at the amount determined in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies* after initial recognition or the balance of the initial recognition amount minus accumulated amortization amount determined in accordance with the principle of “*Accounting Standards for Business Enterprises No. 14 - Income*”, whichever is larger.

(6) Derecognition of financial liabilities

A financial liability or part of it can be derecognized only after all or part of its existing obligation has been discharged. In the event that the Company (debtor) and its creditor sign an agreement to replace the existing financial liability with a new financial liability, and the contract terms for new financial liability and the existing financial liability are substantially different, the existing financial liability shall be derecognized and the new financial liability shall be recognized at the same time.

If a financial liability is derecognized in whole or in part, the difference between the carrying amount of the derecognized portion and the consideration paid (including transferred non-cash assets or new financial liabilities) shall be recognized in current period profit or loss.

(7) Derivatives and embedded derivatives

Derivatives are initially measured at fair value on the execution date of relevant contracts, and shall be measured at fair value subsequently. Except for the derivatives that are designated as hedging instruments and are highly effective in hedging whose gains or losses arising from the changes in fair value will be determined based on the nature of the hedging relationship in accordance with the requirements of hedge accounting, the changes in fair value of other derivatives shall be recognized in current period profit or loss.

If a hybrid instrument including a embedded derivative is not designated as financial assets or financial liabilities that are measured at fair value and their changes are recognized in current period profit or loss, the embedded derivative does not have a close relationship with the main contract in terms of economic characteristics and risks, and if a derivative having the same condition with embedded derivative, the tools that exist separately are defined by the derivatives, and the embedded derivative shall be separated from the hybrid instrument and treated as an independent derivative financial instrument. If an embedded derivative cannot be measured separately at the time of acquisition or subsequent the balance sheet date, the hybrid instrument shall be designated as a financial asset or financial liability that is measured at fair value and its changes are recognized in current period profit or loss.

(8) Offset of financial assets and financial liabilities

When the Company has the statutory right to offset a recognized financial asset and a recognized financial liability and the statutory right can be enforced at the time, and the Company plans to settle with net amount or realize the financial asset and pay off the financial liability simultaneously, the financial asset and the financial liability shall be presented in balance sheet with the offset amount and shall not offset each other.

(9) Equity instruments

An equity instrument is a contract that can evidence a residual equity in the assets of the Company after deducting all liabilities. The Company's issuing (including refinancing), repurchasing, selling and cancelling equity instruments are the treatment of changes in equity by the Company. The Company does not recognize the changes in the fair value of equity instruments. The transaction costs associated with equity transactions shall be deducted from equity.

Various distributions by the Company to its equity instrument holders (excluding stock dividends) reduce shareholders' equity. The Company does not recognize the changes in the fair value of equity instruments.

10. Accounts receivable

Receivables include notes receivable, accounts receivable, and other receivables.

(1) Recognition criteria for provision for bad debts

The Company checks the book value of receivables on the balance sheet date. If there is any objective evidence indicating that a receivable is impaired, provision for impairment shall be accrued: ① Debtor entity's cancellation, bankruptcy, insolvency, serious shortage of cash flow, suspension of production due to serious natural disasters, debts cannot be repaid within foreseeable time; ② Debtor violates terms of contract (such as default or overdue payment of interest or principal), and the debtor's delay of performing obligation of repaying debts exceed 5 years; ③ Debtor is likely to close down or carry out other financial restructuring; ④ other objective evidence indicating impairment of receivables.

(2) Accrual method for provision for bad debts

Allowance method is adopted for bad debts that may occur. At the end of the year, impairment test is carried out individually or in combination. The provision for bad debts shall be accrued based on the difference between the present value and the book value of future cash flow, and recognized in current profit or loss, but provision for bad debts will not be accrued for the receivables (including dividends receivable) between the subsidiaries within group, the public maintenance fund and the house sales funds deposited in the housing fund management center, deposit for capital recognizance and deposits, and the petty cash on account caused by employees' borrowings. For receivables with conclusive evidence indicating that they indeed cannot be collected, they will be treated as bad debts after approved according to the procedures of the Company and write off accrued provision for bad debts.

① Confirmation criteria and accrual method for provision for bad debts for accounts receivable with significant single amount and single provision for bad debts

A receivable with an amount of more than RMB 10 million or a single amount reaches 5% (and above) of relevant item shall be recognized by the Company as a receivable with significant single amount.

Impairment test is conducted by the Company on the receivables with significant single amount individually receivables with significant single amount. If there is no impairment in a receivable tested individually, impairment test shall be conducted by including the receivable in a portfolio of receivables with similar credit risk characteristics. Impairment test will not be conducted for a receivable that no impairment loss has been determined by individual test by including the receivable in a portfolio of receivables with similar credit risk characteristics.

② Basis for determining the receivables for provision for bad debts by credit risk combination, and accrual method for bad debts

A. Basis for determining the combination of credit risk characteristics

Receivables without significant single amount or with significant single amount but having no impairment in individual test shall be grouped according to the similarity and correlation of credit risk characteristics. These credit risks typically reflect the debtors' ability to repay all amount due based on contractual terms of assets and are related to the future cash flow estimates of the assets under test.

Confirmation criteria for different combinations:

Item	Confirmation Criteria for Combination
Aging Portfolio	Classify combinations of according to the Credit risk characteristics based on ageing of accounts receivable
Receivables between final controlling party and its subordinate units	According to the affiliation between accounts receivable and the subject of the transaction
Public maintenance fund and the house sales funds deposited in the housing fund management center.	According to the nature of receivable
Deposit/Security deposit Portfolio	According to the nature of receivable
Petty cash on account caused by employees' borrowings	According to the affiliation between accounts receivable and the subject of the transaction

B. Accrual method for provision for bad debts based on combination of credit risk characteristics

When an impairment test is conducted in combination mode, the amount of provision for bad debts is determined based on the structure of portfolio of receivables and similar credit risk characteristics (the debtor's ability to repay arrears according to contract terms) according to historical loss experience, current economic conditions and evaluation of estimated loss that already exists in the portfolio of receivables.

The accrual method for different portfolio of provision for bad debts:

Item	Accrual Method
Aging Portfolio	Accrual proportion corresponding to aging Portfolio
Receivables between final controlling party and its subordinate units	Provision for bad debts will not be accrued.
Public maintenance fund and the house sales funds deposited in the housing fund management center.	Provision for bad debts will not be accrued.
Deposit/Security deposit Portfolio	Provision for bad debts will not be accrued.
Petty cash on account caused by employees' borrowings	Provision for bad debts will not be accrued.

a. Combination accrual method for accruing provision for bad debts with aging analysis method in portfolio

Aging	Accrual Proportion of Notes Receivable (%)	Accrual Proportion of Accounts Receivable (%)	Accrual Proportion of Other Receivable (%)
Within 1 Years (including 1 Years, the same below)			
Among which: Within Credit Period (Within 3 months)	0	0	0

Aging	Accrual Proportion of Notes Receivable (%)	Accrual Proportion of Accounts Receivable (%)	Accrual Proportion of Other Receivable (%)
Credit Period~1 Year	2	2	2
1-2 Years	5	5	5
2-3 Years	20	20	20
3-4 Years	50	50	50
4-5 Years	80	80	80
5 Years and over	100	100	100

b. Description of accrual method for accruing provision for bad debts with other method in portfolio

Portfolio Name	Accrual Proportion of Notes Receivable (%)	Accrual Proportion of Accounts Receivable (%)	Accrual Proportion of Other Receivable (%)
Receivables between final controlling party and its subordinate units	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.
Public maintenance fund and the house sales funds deposited in the housing fund management center.	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.
Deposit/Security deposit Portfolio	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.
Petty cash on account caused by employees' borrowings	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.	Provision for bad debts will not be accrued.

③ Receivables with a single item amount that is not significant but that are individually provisioned for bad debts

The Company conducts impairment test separately for receivables that are not significant in individual amount but have the following characteristics. If there is objective evidence that it has been impaired, the difference between the present value of future cash flows and its book value is Confirm the impairment loss and make provision for bad debts. Such as: receivables from related parties; receivables that are in dispute with the other party or involve litigation or arbitration; there are clear indications that the debtor is likely to be unable to meet the repayment obligations of the receivables.

(3) Reversal of bad debts

If there is objective evidence that the value of the receivable has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss is reversed and recognized in profit or loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date, assuming no provision for impairment.

If the Company transfers the receivables to the financial institution without recourse, the difference between the transaction amount and the book value of the resold receivables and related taxes will be included in the current profit and loss.

11. Inventory

(1) Classification of inventory

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

(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 cost or net realizable value, whichever is the lower. 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 in this section refers to the long-term equity investment that the Company has control, joint control or significant influence over investees. A long-term equity investment that the Company does not have control, joint control or significant influence over investee shall be accounted as an available-for-sale financial asset or a financial asset that is measured at fair value and its changes are recognized in current period profit or loss. See Section 9 of the Notes "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 equity that is accounted with equity method and is related to other comprehensive income will not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between its fair value and the book value, and the accumulated fair value changes previously recognized in other comprehensive income shall be transferred to current period profit or loss.

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.

Where the assets purchased by the Company from the joint ventures and associates constitute a business, the accounting treatment shall be carried out in accordance with the provisions of the “Accounting Standards for Business Enterprises No. 20 - Merger of Enterprises”, and the profits or losses related to the transactions shall be fully recognized.

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 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 Real Estate

Investment Real Estate refers to real estate 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. In addition, if the board of directors (or similar institution) has a written resolution on the vacant buildings held by the company for the purpose of operating the lease, which is clearly stated that it will be used for operating leases and that the intention to hold is no longer changed in the short term, which is also reported as an investment real estate.

Investment real estates are initially measured at cost. Subsequent expenditures related to investment real estate are included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and the cost can be reliably measured. Other follow-up expenses are recognized in profit or loss in the period in which they are incurred.

The Company adopts the cost model to conduct subsequent measurement of investment real estate 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 real estates, please refer to Note IV. 20 “Long-Term Asset Impairment” .

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

When the use of investment real estate is changed to self-use, the investment real estate is converted into fixed assets or intangible assets from the date of change. When the use of self-use real estate changes to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment real estate from the date of change. In the case of investment real estate 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 real estate 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
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 financing 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 profits and losses.

Assets eligible for capitalization refer to assets such as fixed assets, investment real estate 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 or 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 service 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.

At the end of the period, the service life and amortization methods of intangible assets with limited service life are reviewed, and if any change occurs, it is treated as a change of accounting estimate. In addition, the service 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 service life of intangible assets is estimated and amortized according to the amortization policy of intangible assets with limited service life.

(2) Research and development expenditure

The company's expenditure for internal research and development project is divided into research stage expenditure and development stage 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: It is necessary to combine the characteristics of the company's internal research and development projects to disclose the specific criteria for the division of the research phase and the development phase, as well as the specific conditions for the capitalization of expenditure during the development phase.

- 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 in the research phase and in the development phase, all the 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 real estate 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 on the basis of 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 reorganization 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 Payments

(1) Accounting Treatment of Share-based Payments

A share-based payment is a transaction that grants an equity instrument or assumes a liability determined on the basis of 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.

When the fair value of the equity instrument is not measured reliably, it is measured at the intrinsic value of the equity instrument at the date of service acquisition, each subsequent balance sheet date and the settlement date.

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 profits and losses 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.

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.

(1) 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 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.

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 subsidies

Government subsidy 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 subsidies include assets-related subsidies and revenue-related subsidies. The company defines the government subsidy obtained for the purchase and construction of long-term assets or for the formation of long-term assets in other ways as the government subsidy related to assets; the remaining government subsidy is defined as the government subsidy related to income. If the object of subsidies is not specified in government documents, the subsidies shall be divided into income-related government subsidies and assets-related government subsidies in the following ways: (1) If the government document clarifies the specific project for which the subsidy 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 subsidy 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 subsidy shall be regarded as a government subsidy related to the income. Where a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidies 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 subsidies measured in nominal amounts shall be recognized directly in current profits and losses.

The Company usually confirms and measures the government subsidy 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 subsidies 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 subsidy 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 subsidies.

Government subsidies 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 subsidies 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 subsidies 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 subsidies 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 subsidies 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 (the government subsidies related to assets which are deducted from the book value of relevant assets at the time of initial confirmation); 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

Financial 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 financial leases are operating leases.

(1) The Company records and operates the leasing 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 and operates the leasing 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 financial leasing 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 financial leasing 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 business operations refers to those components which have been disposed of or classified by the Company as holding for sale and which can be separately distinguished in the operation and preparation of financial statements if one of the following conditions is satisfied: a.) The component represents an independent major business or a major business area; b.) The component is part of a disposal plan for an independent major business or a major business area; c.) The component is a subsidiary company acquired solely for resale.

(2) Hedging Accounting

In order to avoid commodity price risk in spot operation, the company designates commodity futures contracts as hedging tools to meet the prescribed conditions of commodity futures hedging. Since January 1, 2016, the company adopts the following hedging accounting methods stipulated in “Interim Provisions on the Accounting Treatment of Commodity Futures Hedging Business” (CaiKuai [2015] No. 18) to deal with such business, and the aforementioned hedge accounting methods are no longer applied to such businesses.

The hedging of the Company is fair value hedging.

At the beginning of the hedging, the Company specifies the hedging relationship in writing, including records: The relationship between hedging tools and hedged items, as well as risk management objectives and hedging strategies; the nature and quantity of hedged items; the nature and quantity of hedging instruments; the nature and identification of hedged risks; Hedging type (fair value hedging or cash flow hedging); The evaluation of hedging effectiveness includes the analysis of the economic relationship between hedged items and hedging instruments, the hedging ratio and the source of hedging inefficiency. Start specifying the date of the hedging relationship, etc.. In addition, when significant changes occur on the balance sheet date or related circumstances will affect the requirement of hedging effectiveness, the company will evaluate the existing hedging relationship to determine whether the hedging relationship should be terminated or whether the number of designated hedged items or hedging instruments should be adjusted to maintain the hedging ratio (i.e. rebalancing) that meets the requirement of hedging effectiveness.

If due to the change of risk management objectives, the company can no longer specify the established hedging relationship, or the hedging tool is closed or delivered at maturity, or the risk exposure of the hedging project disappears, or if the hedging relationship no longer meets the application conditions of hedging accounting after considering rebalancing, the hedging relationship will be terminated.

a.) Fair Value Hedging

For fair value hedging, during the duration of the hedging relationship, the Company takes into account the profits or losses resulting from the changes in the fair value of hedging instruments in the current profits and losses. If the hedged item is in stock, during the duration of the hedging relationship, the Company will include the changes in the fair value of the hedged item in the current profits and losses, and adjust the book value of the hedged item. If the hedged item is a definite commitment, the accumulated fair value change of the hedged item after the hedging relationship is designated shall be recognized as an asset or liability, and shall be included in the profits and losses of each relevant period.

When the hedging relationship terminates, if the hedged item is in stock, the company transfers the book value of the hedged item into the cost of sale when the inventory is sold; if the hedged item is a definite commitment to purchase commodities, the company will transfer the assets or liabilities formed by the change of the accumulated fair value of the hedged item into the initial cost of inventory when confirming the relevant inventory; If the hedged item is the definite commitment of the selling commodity, the company will transfer the assets or liabilities formed by the change of the accumulated fair value of the hedged item into the sales revenue when the sale is realized.

30. Changes in Important Accounting Policies and Accounting Estimates

(1) Changes of Accounting Policy

Contents and Causes of Accounting Policy Change	procedures for examination and approval	Remarks
Due to the implementation of “ Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises” (Cai Kuai[2018] No.15), the format of enterprise financial statements was revised, the format of financial statements was changed accordingly, and the comparative data during the comparable period was adjusted.	——	The items affected in the 2017 financial statements are detailed in other notes.

Notes:

The Company adopts the retrospective adjustment method to the accounting policy change, which has the following main impact on the financial statement presentation items in 2017:

Presentation Items in 2017 Financial Statement	Amount	Presentation Items in 2018 Financial Statement	Amount
Notes Receivable			
Accounts Receivable	75,165,127.11	Notes Receivable and Accounts Receivable	75,165,127.11
Interest Receivable	2,657,591.11		
Dividend Receivable		Notes Receivable and Accounts Receivable	75,722,139.87
Other Receivables	73,064,548.76		
Fixed Assets	1,333,410,146.38	Fixed Assets	1,333,410,146.38
Liquidation of Fixed Assets			
Construction in Progress	12,737,673.01	Construction in Progress	12,737,673.01
Engineering Materials			
Notes Payable	83,154,229.20	Notes Payable and Accounts Payable	400,693,157.47
Accounts Payable	317,538,928.27		
Interest Payable	86,064,211.31		
Dividends Payable	3,397,317.01	Other Accounts Payable	541,399,822.67
Other Accounts Payable	451,938,294.35		
Long-Term Accounts Payable	801,625.20	Long-term Accounts Payable	801,625.20
Special Accounts Payable			
Management Cost	236,344,350.73	Management Cost	232,950,762.23
		R&D Expenses	3,393,588.50

(2) Changes in accounting estimates

The company has no changes in accounting estimates this year.

31. Major Accounting Judgment and Estimation

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 past experience of the company's management and are based on other relevant factors. These judgments, estimates and assumptions affect the reported amounts of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the uncertainties in these estimates may lead to actual results that are different from the current estimates of the company's management, which may lead to significant adjustments in the book value of future assets or liabilities affected.

The company periodically reviews the foregoing judgments, estimates and assumptions on the basis of continuous operation, and the changes in accounting estimates only affect the current period of change, and the number of impacts will be confirmed in the current period of change. If the changes affect both the current period and the future periods, the number of impacts will be confirmed in the current and future periods of change.

On the balance sheet date, the important areas in which the company needs to judge, estimate and assume the amounts of items in the financial statements are as follows:

(1) Reserve for Inventory Depreciation

In accordance with the inventory accounting policy, the Company calculates according to the lower of cost and net realizable value, and calculates the reserve for depreciation of inventory price for the old and unsalable inventory whose cost is higher than net realizable value. Inventory impairment to net realizable value is based on assessing the salability of inventory and its net realizable value. Appraisal of inventory impairment requires management to make judgments and estimates on the basis of obtaining conclusive evidence, taking into account the purpose of holding inventory and the impact of events after the balance sheet date. The discrepancy between the actual results and the original estimates will affect the book value of the inventory and the provision for inventory depreciation or reversal during the estimated period of change.

(2) Fair Value of Financial Instruments

For financial instruments that do not have active trading markets, the Company determines their fair value through various valuation methods. These valuation methods include discounted cash flow model analysis and so on. When valuating, the Company needs to estimate future cash flow, credit risk, market volatility and correlation, and select appropriate discount rate. These assumptions are uncertain, and their changes will affect the fair value of financial instruments.

(3) Depreciation and Amortization

After considering the residual value of investment real estate, fixed assets and intangible assets, the Company shall depreciate and amortize them in a straight line method during their service life. The company regularly reviews the service life to determine the amount of depreciation and amortization charges included in each reporting period. The service life of the company is determined on the basis of previous experience of similar assets and combined with anticipated technological updates. If significant changes in

previous estimates occur, depreciation and amortization costs will be adjusted in the future.

(4) Deferred Income Tax Assets

Within the limit where there is likely to be sufficient taxable profits to offset 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 strategy, to determine the amount of deferred income tax assets that should be recognized.

(5) Income Tax

In our normal business activities, there are some uncertainties in the final tax treatment and calculation of some transactions. Whether some projects can be paid before tax needs the approval of the competent tax authorities. If there is a difference between the final result of these tax items and the initial estimated amount, the difference will affect the current income tax and deferred income tax in the final period.

(6) Fair Value Measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. The board of directors of the Company has established a Valuation Committee (which is headed by the chief financial officer of the Company) to determine appropriate valuation techniques and input values for fair value measurement. When estimating the fair value of an asset or liability, the Company uses available observable market data. If the input value of the first level is not available, the Company will employ a third-party qualified evaluator to carry out the evaluation. The Valuation Committee works closely with qualified external evaluators to determine appropriate valuation techniques and input values for relevant models. The CFO reports quarterly to the board of directors the findings of the Valuation Committee to explain the reasons for the fluctuations in the fair value of the assets and liabilities involved. Information on valuation techniques and input values used in determining the fair value of various assets and liabilities is disclosed in Note X.

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%、10%、11%、13%、16%、17%
Urban Maintenance & Construction Tax	According to the actual value-added tax	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	2%
Business Income Taxes	According to taxable income	10%、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%

Types	Tax Basis	Tax Rate
Land Value Increment Tax	According to Real Estates Income ; According to the transfer of real estate amount of simple levy levy	1.5%、 5%

Notes on tax payers of different enterprise income tax rates:

Tax Payers	Income Tax Rate
Linan ChunManYuan Agricultural Development Co., Ltd.	10%
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.

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 [2016] no. 74 "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, 2016, solstice, and December 31, 2018.

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.

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, 2018 at the beginning of the year, December 31, 2018 at the end of the period, 2018 at the current period and 2017 at the last period, unless otherwise specified.

1. Monetary funds

Items	Ending Balance	Beginning Balance
Cash in Treasury	46,418.17	119,766.22
Bank Deposits	794,705,225.28	937,214,125.42
Other Currency Funds	130,118,373.33	77,104,771.79
Total	924,870,016.78	1,014,438,663.43
Among them: the total amount of money deposited abroad		

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	
Total	57,000,000.00	

Note: The limited money fund at the end of the period is 57,000,000.00 yuan, see Section 6, 52 for details.

2. Derivative Financial Assets

Items	Ending Balance	Beginning Balance
Futures Contracts	71,260,414.60	176,699,298.60
Total	71,260,414.60	176,699,298.60

Note:

(1) In order to avoid commodity price risk in spot operation, the Company designates commodity futures contracts as hedging instruments to meet the prescribed conditions. Since January 1, 2016, the Company has adopted the hedging accounting method stipulated in the Interim Provisions for Accounting Processing of Commodity Futures Hedging Business (Cai Kuai [2015] No.18).

(2) The company's derivative financial assets are soybean oil, palm oil, vegetable oil and soybean meal futures contracts purchased by subsidiaries of the third and fourth tier.

3. Notes Receivable and Accounts Receivable

Items	Ending Balance	Beginning Balance
Notes Receivable		
Accounts Receivable	97,775,710.11	75,165,127.11
Total	97,775,710.11	75,165,127.11

(1) Accounts Receivable

a.) Classified Disclosure of Accounts Receivable

Type(s)	Ending 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	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

(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	72,814,580.29		482,408.18		72,332,172.11
Portfolio 2 - Related Party Accounts Receivable	2,832,955.00				2,832,955.00
Portfolio Total	75,647,535.29	99.45	482,408.18	0.64	75,165,127.11
Receivables with minor amounts but separate provision for bad debts	420,575.29	0.55	420,575.29	100.00	
Total	76,068,110.58	100.00	902,983.47	—	75,165,127.11

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 the credit period	82,537,774.17		0
Credit Period - 1 year (including 1 year)	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	—

(Continued)

Aging	Beginning Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Within 1 Year			
Among them: within the credit period	63,757,518.38		0
Credit Period - 1 year (including 1 year)	8,010,976.05	160,219.52	2
1 to 2 years	534,198.10	26,709.91	5
2 to 3 years	167,345.26	33,469.05	20
3 to 4 years	107,802.00	53,901.00	50
4 to 5 years	143,159.00	114,527.20	80
More than 5 years	93,581.50	93,581.50	100
Total	72,814,580.29	482,408.18	—

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

Portfolio Name(s)	Ending Balance		
	Accounts Receivable	Bad Debt Provision	Provision Ratio(%)
Beijing Jingliang E-Commerce Co., Ltd.	146,333.80		
Beijing Zhujun Grain and Oil Supply Co., Ltd.	1,394,180.00		
Beijing Jingliang Oriental Grain and Oil Trade Co., Ltd.	1,067,408.00		
Beijing Haidian Xijiao Grain and Oil Supply Station Co., Ltd.	436,300.00		
Beijing Guchuan Food Co., Ltd.	370,505.00		
Jingliang (Tianjin) E-commerce Co., Ltd.	4,074.00		
Beijing Lianguan Grain and Oil Supply Station	37,200.00		
Total	3,456,000.80		

Note: The above accounts receivable for the provision for bad debts by other methods are all those that occurred before the related

parties within the group.

C、Ending Receivables with minor amounts but separate provision for bad debts

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 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.	243,283.89	243,283.89	100.00	expected unrecoverable
Total	420,575.29	420,575.29	—	—

b.) Bad debts accrued, recovered or reversed in the current period

Provision for bad debts in the current period - 33,415.47 yuan.

c.) Accounts receivable actually written off in the current period

Item(s)	Write-off Amount
Accounts Receivable actually Written Off	2,690.00

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

The total amount of the top 5 accounts receivable collected by debtors in the current period is 66,879,860.65 yuan, accounting for 67.80% of the total balance of accounts receivable at the end of the period, and the corresponding sum of bad debts at the end of the period is 309,552.10 yuan.

Debtors	total ending balance of accounts receivable	Ratio of the total ending balance of accounts receivable (%)	Ending Balance of Bad Debt Provision
Beijing YanGu grain and oil sales company	42,673,218.40	43.26	
Beijing Wumei Supermarket Co., Ltd.	10,584,568.96	10.73	46,913.98
Missme Catering Management (Tianjin) Co., Ltd.	6,145,386.37	6.23	262,638.12
Shanghai Laiyifen Co., Ltd.	4,040,917.20	4.10	
Beijing KFC Co., Ltd.	3,435,769.72	3.48	
Total	66,879,860.65	67.80	309,552.10

4. Advanced Payment

(1) Advances are presented by age

Aging	Ending Balance		Beginning Balance	
	Amount	Ratio(%)	Amount	Ratio(%)

Within 1 Years	119,883,849.19	99.75	912,778,989.71	99.99
1 to 2 years	297,593.70	0.25	64,499.99	0.01
2 to 3 years				
More than 3 years				
Total	120,181,442.89	100.00	912,843,489.70	100.00

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

The summary of the top five prepayments of the company's final balances based on prepaid objects is 96,327,652.64 yuan, accounting for 80.15% of the total balance of prepayments at the end of the period.

Company Name	Ending Balance	Ratio of the total ending balance of prepayments (%)
China Grain Reserve Rizhao Storage Co., Ltd.	37,497,973.88	31.20
China Grain Reserve Songyuan Depot Co., Ltd.	35,871,982.62	29.85
China Grain Reserve Zhenlai Depot Co., Ltd.	14,391,240.00	11.97
Sinograin Oils Corporation	5,134,856.14	4.27
ILTA Grain Inc	3,431,600.00	2.86
Total	96,327,652.64	80.15

(3) Status of prepaid accounts reversal in the current period

Item(s)	Reversal Amount
Xia MiaoJie	80,000.00

5. Other Receivables

Item(s)	Ending Balance	Beginning Balance
Other Receivables	15,855,636.42	73,064,548.76
Interest Receivable	2,400,877.51	2,657,591.11
Dividend Receivable		
Total	18,256,513.93	75,722,139.87

(1) Other Receivables

a.) Classified Disclosure of Other Receivables

Type(s)	Ending Balance				
	Book Balance		Bad Debt Provision		Book Value
	Amount	Ratio(%)	Amount	Provision Ratio(%)	
Other Receivables with significant individual amounts and separate provision for bad debts					
Other Accounts Receivable for Bad Debt Provision Based on Credit Risk Characteristic Portfolio					
Portfolio 1 - Age-based Other Receivables	16,152,562.64		296,926.22		15,855,636.42
Portfolio 2 - Related Party Other Receivables					
Portfolio Total	16,152,562.64	99.88	296,926.22	1.84	15,855,636.42
Other Receivables with minor amounts but separate provision for bad debts	20,000.00	0.12	20,000.00	100.00	
Total	16,172,562.64	100.00	316,926.22	—	15,855,636.42

(Continue)

Categories	Balance at Beginning of Year				
	Book Balance		Bad Debt Reserves		Book Value
	Amount	Percentage (%)	Amount	Accrued Proportion (%)	
Other receivables with significant single amount and bad debt reserves counted and drawn individually					
Other receivables with bad debt reserves counted and drawn according to credit risk feature portfolio					
Portfolio No.1-Other receivables analyzed according to aging	75,440,422.35		3,271,112.88		72,169,309.47
Portfolio No.2-Other receivables of related parties	200.00				200.00
Portfolio in total	75,440,622.35	98.80	3,271,112.88	4.34	72,169,509.47
Other receivables with single amount not being significant but bad debt reserves counted and drawn individually	919,039.29	1.20	24,000.00	2.61	895,039.29
In total	76,359,661.64	100.00	3,295,112.88	—	73,064,548.76

A Other receivables with bad debt reserves counted and drawn according to aging analysis method

Aging	Balance at End of Period		
	Other Receivables	Bad Debt Reserves	Accrued Proportion (%)
Within one year			
Among them: within credit period	9,060,501.22		0
Credit period-1 year (including 1 year)	4,385,505.15	87,710.10	2

Aging	Balance at End of Period		
	Other Receivables	Bad Debt Reserves	Accrued Proportion (%)
1 to 2 years	2,480,634.27	124,031.72	5
2 to 3 years	175,922.00	35,184.40	20
3 to 4 years			50
4 to 5 years			80
Over 5 years	50,000.00	50,000.00	100
In total	16,152,562.64	296,926.22	—

(Continue)

Aging	Balance at Beginning of Year		
	Other Receivables	Bad Debt Reserves	Accrued Proportion (%)
Within 1 year			
Among them: within credit period	7,649,440.63		0
Credit period-1 year(including 1 year)	5,371,206.90	107,424.14	2
1 to 2 years	62,361,774.82	3,118,088.74	5
2 to 3 years	3,000.00	600.00	20
3 to 4 years			50
4 to 5 years	50,000.00	40,000.00	80
Over 5 years	5,000.00	5,000.00	100
In total	75,440,422.35	3,271,112.88	—

B Other receivables with single amount not being significant but bad debt reserves counted and drawn individually

Other Receivables (By Unit)	Balance at End of Period			
	Other Receivables	Bad Debt Reserves	Accrued Proportion	Reason of Accrual
Beijing Wumart Business Group Co., Ltd.	20,000.00	20,000.00	100.00	Estimated to be Uncollectible
In total	20,000.00	20,000.00	—	—

②Bad debt reserves counted and drawn, collected or recovered in the current period

Bad debt reserve accounts drawn in the current period: -2,978,186.66 Yuan

③ Classification of other receivables by nature of funds

Nature of Funds	Book Balance at End of Period	Book Balance at Beginning of Year
Intercourse Funds of Related Parties		200.00
Petty Cash (Employee and Department)	233,548.14	214,904.46
Guaranteed Deposit and Deposit	2,011,122.17	1,777,074.61
Intercourse Funds of Units	12,213,774.63	72,031,790.95
Personal Intercourse Funds		53,306.67
Employee Receivables	418,634.62	380,963.06
Tax Refund Receivables	1,169,522.00	1,901,402.00
Other Receivables	125,961.08	19.89
In total	16,172,562.64	76,359,661.64

④ 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
Missme Food and Beverage (Tianjin) Co., Ltd.	Intercourse Funds of Units	5,079,631.73	Within 1 year	31.41	159,969.72
Beijing Yangu Grain and Oil Trading Co., Ltd.	Intercourse Funds of Units	4,759,731.67	Within 3 months	29.43	
State Taxation Administration of Linan District, Hangzhou, Zhejiang Province	Tax Refund Receivables	993,600.00	Within 3 months	6.14	
Office of Finance of Zhennan Street of Linan District, Hangzhou	Guaranteed Deposit and Deposit	420,401.00	1 to 2 years	2.60	
Tianjin Lingang Port Group Co., Ltd.	Intercourse Funds of Units	358,128.01	Within 3 months	2.21	
In total	—	11,611,492.41	—	71.79	159,969.72

(2) Interest Receivable

① Classification of Interest Receivable

Items	Balance at End of Period	Balance at Beginning of Year
Fixed Deposit Interest	2,400,877.51	2,657,591.11
In total	2,400,877.51	2,657,591.11

6. Inventory

(1) Inventory Category

Items	Balance at End of Period		
	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
Finished 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
Reserve Oil	248,197,500.00		248,197,500.00
Development Cost	7,043,775.28		7,043,775.28
In total	1,241,219,874.60	17,032,911.53	1,224,186,963.07

(Continue)

Items	Balance at Beginning of Year		
	Book Balance	Falling Price Reserves	Book Value
Raw Materials	368,354,117.16	173,907.66	368,180,209.50
Revolving Materials	3,027,491.97		3,027,491.97
Finished Goods	632,073,799.20	3,065,580.89	629,008,218.31
Develop Products	16,497,730.12	11,673,694.67	4,824,035.45
Materials in Transit	140,113,625.93		140,113,625.93
Manufacturing Consignment	615,202.96	7,520.05	607,682.91
Reserve Oil	248,197,500.00		248,197,500.00
In total	1,408,879,467.34	14,920,703.27	1,393,958,764.07

(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	173,907.66	67,131.25		173,907.66		67,131.25
Finished Goods	3,065,580.89	4,403,217.09		2,176,712.37		5,292,085.61
Manufacturing Consignment	7,520.05			7,520.05		
Develop Products	11,673,694.67					11,673,694.67
In total	14,920,703.27	4,470,348.34		2,358,140.08		17,032,911.53

(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	Market Quotes on the Website of Cofeed		Sales Completed
Finished Goods	Market Quotes on the Website of Cofeed		Sales Completed
consigned processing	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 52.

7. Non-current Assets Due within one year

Items	Balance at End of Period	Balance at Beginning of Year
Financial Products Due within One Year		51,000,000.00
In total		51,000,000.00

8. Other Current Assets

Items	Balance at End of Period	Balance at Beginning of Year
Financial Products	223,300,000.00	106,000,000.00
Pre-paid Taxes and Fees	6,207,985.16	455,289.48
Pending Deduct VAT Input Tax	59,155,031.47	59,411,949.22
Fair Value Changes of Items Trapped at Hedging	158,800.00	
In total	288,821,816.63	165,867,238.70

9. Available-for-sale Financial Assets

(1) Available-for-sale Assets Situation

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	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	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	30,500,000.00	10,500,000.00	20,000,000.00

(2) Available-for-sale Financial Assets Calculated at Cost at End of Period

Invested Unit	Book Balance			
	At Beginning of Year	Increase in the Current Period	Decrease in the Current Period	At End of Period
Federation of Trade Unions of Hainan Province	500,000.00			500,000.00

Invested Unit	Book Balance			
	At Beginning of Year	Increase in the Current Period	Decrease in the Current Period	At End of Period
ChinaNet Science and Technology Investment Co., Ltd.	10,000,000.00			10,000,000.00
HTTS Construction Management Co., Ltd. Beijing (Note ①)				
Chongqing Longkin Network Technology Co., Ltd.	20,000,000.00			20,000,000.00
In total	30,500,000.00			30,500,000.00

(Continue)

Invested Unit	Impairment Reserves				Shareholding Ratio in Invested Unit (%)	Cash Dividend in the Current Period
	At Beginning of Year	Increase in the Current Period	Decrease in the Current Period	At End of Period		
Federation of Trade Unions of Hainan Province	500,000.00			500,000.00	6.67	
ChinaNet Science and Technology Investment Co., Ltd.	10,000,000.00			10,000,000.00	10.00	
HTTS Construction Management Co., Ltd. Beijing					20.00	
Chongqing Longkin Network Technology Co., Ltd.					10.96	
In total	10,500,000.00			10,500,000.00	—	

Note: ① Up to this financial reporting day, HTTS Construction Management Co., Ltd. Beijing hasn't run business.

10. Long-term Equity Investment

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	58,936,076.18			6,824,826.10	-421,278.00	
Sub-total	58,936,076.18			6,824,826.10	-421,278.00	
Two Joint Venture						
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.	115,653,625.56			1,505,296.36		328,679.91
Sub-total	115,653,625.56			1,505,296.36		328,679.91
In total	174,589,701.74			8,330,122.46	-421,278.00	328,679.91

(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				65,339,624.28	
Sub-total				65,339,624.28	
Two Joint Venture					

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		
China Grain Reserves (Tianjin) Warehouse Logistics Co., Ltd.				117,487,601.83	
Sub-total				117,487,601.83	
In total				182,827,226.11	

11. 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	7,171,923.29			7,171,923.29
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	8,785,674.23			8,785,674.23
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	33,395,101.68			33,395,101.68
2. Book Value at Beginning of Year	35,008,852.62			35,008,852.62

(2) Amount of Investment Real Estate without Certificate of Title and Corresponding Reasons

Items	Book Value	Reasons of Not Transacting Certificate of Title
Buildings	299,056.53	Property ownership certificate for outbuildings fails to be obtained.

(3) Instructions of Investment Real Estate

Book value of investment real estate used for mortgage at end of period is 5,778,794.3 Yuan, seeing Six 52.

12. Fixed Assets

Items	Balance at End of Period	Balance at Beginning of Year
Fixed Assets	1,271,803,080.56	1,333,410,146.38
Disposal of Fixed Assets		
In total	1,271,803,080.56	1,333,410,146.38

(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	1,071,025,127.22	342,486,447.66	23,979,379.20	12,290,410.35	1,999,003.92	362,817,865.15	1,814,598,233.50
2. Increased Amounts in the Current Period	10,262,771.03	19,676,326.66	1,048,873.50	1,618,684.33	223,661.52	5,044,426.38	37,874,743.42
(1) Purchase	9,272,221.22	12,676,315.05	1,048,873.50	1,618,684.33	223,661.52	4,526,852.86	29,366,608.48
(2) Roll-in of Project under Construction	990,549.81	7,000,011.61				517,573.52	8,508,134.94
(3) Other Roll-ins							
3. Decreased Amounts in the Current Period	3,898,021.16	10,559,506.71	2,776,967.64	243,205.12	18,803.42	53,526.36	17,550,030.41
(1) Disposal or Scrap	865,331.60	9,881,664.25	2,776,967.64	243,205.12	18,803.42	53,526.36	13,839,498.39
(2) Other Roll-outs	3,032,689.56	677,842.46					3,710,532.02
4. Balance at End of Period	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
Three Accumulated Impairment							
1. Balance at Beginning of Year	224,812,333.11	107,634,684.03	16,779,833.88	7,674,067.81	976,268.21	114,459,916.24	472,337,103.28
2. Increased Amounts in the Current Period	38,439,038.72	27,193,461.06	1,342,177.03	2,084,051.36	346,365.87	24,021,449.97	93,426,544.01
(1) Accrual	38,439,038.72	27,193,461.06	1,342,177.03	2,084,051.36	346,365.87	24,021,449.97	93,426,544.01
3. Decreased Amounts in the Current Period	1,282,827.79	6,960,995.01	2,317,600.34	197,470.64	53,663.08	114,647.00	10,927,203.86
(1) Disposal or Scrap	519,972.04	6,935,339.45	2,317,600.34	197,470.64	53,663.08	114,647.00	10,138,692.55
(2) Other Roll-outs	762,855.75	25,655.56					788,511.31
4. Balance at End of Period	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
Three Impairment Reserves							
1. Balance at Beginning of Year	7,590,384.72	1,260,599.12					8,850,983.84
2. Increased Amounts in the Current Period							
3. Decreased Amounts in the Current Period	91,088.80	476,472.52					567,561.32
4. Balance at End of Period	7,499,295.92	784,126.60					8,283,422.52
Four Book Value							
1. Book Value at End of Period	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. Book Value at Beginning of Year	838,622,409.39	233,591,164.51	7,199,545.32	4,616,342.54	1,022,735.71	248,357,948.91	1,333,410,146.38

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	2,124,189.04	1,242,774.50	775,205.08	106,209.46	
In total	2,171,897.04	1,279,175.58	784,126.60	108,594.86	

③ Situation of Fixed Assets without Transacting Certificate of Title

Items	Book Value	Reasons of Not Transacting Certificate of Title
Buildings	11,491,413.86	In Process Now
Buildings	1,585,685.65	Certificate of title for outbuildings hasn't been transacted.
In total	13,077,099.51	—

④ Other Instructions of Fixed Assets

(1) Book value of fixed assets used for mortgage at end of period is 3,983,893.20 Yuan, seeing Six 52.

(2) Original value of fixed assets that are fully depreciated but continue to use is 22,061,546.94 Yuan.

13. Project under Construction

(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	36,034,188.98		36,034,188.98	12,436,003.53		12,436,003.53
Technical Transformation Type	1,335,568.80		1,335,568.80	301,669.48		301,669.48
In total	37,369,757.78		37,369,757.78	12,737,673.01		12,737,673.01

(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	1,484,243.56	8,441,884.48	517,573.52		9,408,554.52
Plant No.2 Walnut Cake Production Line	4,300,657.45	3,539,697.07	168,000.00		7,672,354.52
Molding Equipment	980,000.00		980,000.00		
Oven	2,350,000.00		2,350,000.00		
Cuisine Pipeline	881,000.00		881,000.00		
Plant No.2 Baked Sweet Potato Production Line	1,102,715.52	95,255.88	431,235.62		766,735.78
Leisure Plant No.2 Non-fried Potato Chips Production Line		9,760,300.00			9,760,300.00
Squeezed and Baked Corn Flakes Production Line		2,691,598.53			2,691,598.53
4D Overlaid Corn Flakes Production Line		1,830,000.00			1,830,000.00
Small Fried Potato Chips Production Line		1,798,382.97			1,798,382.97
One More Steamed Dried Cake Production Line		1,227,344.82			1,227,344.82
In total	11,098,616.53	29,384,463.75	5,327,809.14		35,155,271.14

14. 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	3,409,534.38	318,161,901.57	154,841,200.00	662,400.00	477,075,035.95
2. Increased Amounts in the Current Period	205,283.02	22,177,167.52			22,382,450.54
(1) Purchase	205,283.02	2,348,687.22			2,553,970.24
(3) Others		19,828,480.30			19,828,480.30
3. Decreased Amounts in the Current Period		23,271,853.11			23,271,853.11
(1) Disposal		2,722,786.97			2,722,786.97
(2) Others		20,549,066.14			20,549,066.14
4. Balance at End of Period	3,614,817.40	317,067,215.98	154,841,200.00	662,400.00	476,185,633.38
Two Accumulated Amortization					

Items	Software	Land Use Right	Trademark Right	Others	In total
1. Balance at Beginning of Year	2,345,889.44	42,329,120.31	32,893,594.13		77,568,603.88
2. Increased Amounts in the Current Period	533,126.11	10,431,643.88	7,713,925.84		18,678,695.83
(1) Accrual	533,126.11	10,431,643.88	7,713,925.84		18,678,695.83
(2) Others					
3. Decreased Amounts in the Current Period		4,106,594.01			4,106,594.01
(1) Disposal		494,749.71			494,749.71
(2) Others		3,611,844.30			3,611,844.30
4. Balance at End of Period	2,879,015.55	48,654,170.18	40,607,519.97		92,140,705.70
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

(2) Use Right Situation of Land without Transacting Certificate of Title

Items	Book Value	Reason of Not Transacting Certificate of Title
Land Use Right	4,073,145.20	Certificate of title has been obtained in January 2019.
Land Use Right	17,105,693.33	Certificate of title has been obtained in January 2019.

15. 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

Notes: 1) Goodwill of the Company is mainly formed by acquiring stock shares of Zhejiang Xiaowangzi Food Co., Ltd..

2) Impairment testing procedure, parameters and impairment loss confirmation method of goodwill

The Company confirms all assets of Zhejiang Xiaowangzi Food Co., Ltd. as an asset group of which its recoverable amount is based on cash-flow forecast in the near five years and calculated according to present value of expected cash-flow of asset group in the future. In the process of impairment test, core data such as expected product price, sales volume cost and other related expenses used by cash-flow forecast is confirmed by corporate historical experience and market development forecast. Discount rate used in cash-flow forecast is confirmed with reference to time value of currency in current market and related specific risks of asset group. The recoverable amount test of above goodwill made by the Company shows that the situation of impairment loss hasn't occurred in goodwill.

16. 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	16,858,945.99		676,613.16		16,182,332.83
House Renovation Expense	238,787.59		59,039.64		179,747.95

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
Woodland Rental Expense	5,309,496.00		112,968.00		5,196,528.00
Suzhou Gongfujia Animation Production Expense	8,737,864.10	3,883,495.16	2,559,576.36		10,061,782.90
BHG Mall Store Decoration Expense	395,961.97		84,848.99		311,112.98
Macao Center Store Decoration Expense	435,232.36	33,361.00	98,268.26		370,325.10
Heping Joy-City Decoration Expense	1,234,029.63	250,230.39	311,827.96		1,172,432.06
Longde Plaza Store Fire Engineering Funds	37,277.64	34,498.00	14,355.13		57,420.51
Longde Store No.2 Decoration Expense		868,962.56	169,380.19		699,582.37
Taikoo Li Store Decoration Expense		323,669.90	64,733.98		258,935.92
Information Disclosure Expense		188,679.24	7,861.64		180,817.60
In total	33,247,595.28	5,582,896.25	4,159,473.31		34,671,018.22

17. 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	Deferred Income Tax Assets	Deductible Difference	Deferred Income Tax Assets
Asset Impairment Reserves	5,975,793.94	1,493,058.58	5,601,872.74	1,400,468.18
Deductible Loss	2,378,893.29	594,723.33	4,693,778.62	1,173,444.66
Valuation of Financial Instruments and Derivative Financial Instruments	11,652,792.92	2,913,198.23	18,363,036.93	4,590,759.23
Deferred Income	1,350,000.00	337,500.00	1,800,000.00	450,000.00
Employee Pay Payable	39,970,000.00	9,992,500.00	26,257,600.00	6,564,400.00
Anticipated Loss				
In total	61,327,480.15	15,330,980.14	56,716,288.29	14,179,072.07

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

Items	Balance at End of Period		Balance at Beginning of Year	
	Taxable Temporary Difference	Deferred Income Tax Liabilities	Taxable Temporary Difference	Deferred Income Tax Liabilities
Valuation of Financial Instruments and Derivative Financial Instruments	407,589.76	101,897.44	16,734,404.50	4,183,601.13
Difference between fair value of identifiable net asset by acquiree confirmed by enterprise merger and its book value of net asset	198,067,768.12	49,516,942.03	208,008,300.08	52,002,075.02
In total	198,475,357.88	49,618,839.47	224,742,704.58	56,185,676.15

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

Items	Balance at End of Period	Balance at Beginning of Year
Deductible Loss	35,403,914.26	14,294,910.78
Deductible temporary differences	-2,714,794.81	33,984,154.44

Items	Balance at End of Period	Balance at Beginning of Year
In total	32,689,119.45	48,279,065.22

(4) 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
2018			
2019			
2020	6,473,030.05	5,769,102.97	
2021	4,504,020.42	4,504,020.42	
2022	4,021,787.39	4,021,787.39	
2023	20,405,076.40		
合计	35,403,914.26	14,294,910.78	

18. Other Non-current Assets

Items	Balance at End of Period	Balance at Beginning of Year
Equipment and Project Funds	1,622,003.59	3,277,634.07
In total	1,622,003.59	3,277,634.07

19. Short-term Borrowings

(1) Classification of Short-term Borrowings

Items	Balance at End of Period	Balance at Beginning of Year
Guaranteed Loan	370,000,000.00	795,671,362.73
Fiduciary Loan	1,067,715,080.91	1,211,500,000.00
In total	1,437,715,080.91	2,007,171,362.73

20. Notes and Accounts Payable

Type	Balance at End of Period	Balance at Beginning of Year
Notes Payable		83,154,229.20
Accounts Payable	140,564,713.11	317,538,928.27
In total	140,564,713.11	400,693,157.47

(1) Notes Payable

Type	Balance at End of Period	Balance at Beginning of Year
Bankers' Acceptance Bill		83,154,229.20
In total		83,154,229.20

(2) Accounts Payable

Accounts Payable Listed by Nature of Funds

Items	Balance at End of Period	Balance at Beginning of Year
Material Funds Payable	121,681,815.91	300,676,736.60
Project Funds Payable	289,019.48	941,089.67
Equipment Funds Payable	15,527,703.10	6,461,633.94
Loan Deposit	583,301.20	4,242,759.55
Others	2,482,873.42	5,216,708.51
In total	140,564,713.11	317,538,928.27

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

21. 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	143,857,900.77	211,148,248.97
Collect rent in advance	769,003.41	975,898.41
Collect the equipment payment in advance	690,160.00	
In total	145,317,064.18	212,124,147.38

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

22. 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	28,869,807.85	266,883,310.17	265,815,058.87	29,938,059.15
Two After-service Welfare-Stated Drawings Plan	1,645,436.22	27,857,038.48	28,100,077.26	1,402,397.44
Three Dismissal Welfare	246,787.46	2,867,140.01	2,959,816.01	154,111.46
In total	30,762,031.53	297,607,488.66	296,874,952.14	31,494,568.05

(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	23,623,803.03	220,412,503.59	218,369,287.64	25,667,018.98
2. Welfare Expense of Employee		8,533,525.88	8,283,037.78	250,488.10
3. Social Insurance Expense	1,173,235.12	15,498,489.85	15,761,705.14	910,019.83
Among them: Medical Insurance Premiums	487,861.28	11,893,875.45	12,041,294.72	340,442.01
Industrial Injury Insurance Premiums	243,854.07	1,738,117.90	1,850,704.95	131,267.02
Birth Insurance Premiums	48,976.63	1,040,601.95	1,043,810.92	45,767.66
Others	392,543.14	825,894.55	825,894.55	392,543.14
4. Housing Provident Funds	360,036.42	9,516,068.50	9,686,463.92	189,641.00
5. Labor Union Expense and Personnel Education Fund	3,706,067.66	4,481,506.36	5,273,348.40	2,914,225.62
6. Short-term Compensated Absences	6,665.62	8,441,215.99	8,441,215.99	6,665.62
In total	28,869,807.85	266,883,310.17	265,815,058.87	29,938,059.15

(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	1,537,935.17	25,867,530.70	26,074,331.29	1,331,134.58
2. Unemployment Insurance Expense	55,433.85	876,428.79	880,483.42	51,379.22
3. Enterprise Annuity Charges	52,067.20	1,112,473.99	1,144,657.55	19,883.64
Others	1,645,436.22	27,857,038.48	28,100,077.26	1,402,397.44

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% and 18% 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.

23. Taxes and Fees Payable

Items	Balance at End of Period	Balance at Beginning of Year
VAT	5,633,418.89	5,589,806.18

Items	Balance at End of Period	Balance at Beginning of Year
Urban Maintenance and Construction Tax	495,841.40	487,700.32
Corporate Income Tax	26,772,270.05	26,488,177.73
House Property Tax	1,447,610.40	1,509,296.48
Land Use Tax	276,169.59	73,972.59
Individual Income Tax	482,771.95	1,440,170.29
Educational Surtax	174,446.12	194,075.05
Local Educational Surtax	168,441.14	160,997.53
Stamp Tax	317,916.69	727,764.60
Resources Tax	11,532.00	
Others	3,401.61	183,178.41
In total	35,783,819.84	36,855,139.18

24. Other Accounts Payable

Items	Balance at End of Period	Balance at Beginning of Year
Other Accounts Payable	73,118,565.08	451,938,294.35
Interest Payable	26,972,826.90	86,064,211.31
Dividends Payable	11,197,317.01	3,397,317.01
In total	111,288,708.99	541,399,822.67

(1) 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	30,376,545.69	47,777,345.69
Intercourse Funds of Related Parties	817,333.26	189,160,957.19
Intercourse Funds between Units	20,356,775.13	98,020,263.84
Personal Intercourse Funds	776,050.31	131,535.46
Various Insurances of Employee	797,312.51	547,454.06
Employee Loan Payable	91,986.85	495,579.02
Guaranteed Deposit and Deposit	15,199,146.39	104,307,068.72
Warehouse and Storage Charges	2,568,894.01	
Others	2,134,520.93	11,498,090.37
In total	73,118,565.08	451,938,294.35

(2) Interest Payable

Items	Balance at End of Period	Balance at Beginning of Year
Loan Interest between Enterprises	21,082,795.47	71,842,734.54
Entrust Loans Interest		10,449,888.49
Bank Loan Interest	5,890,031.43	3,771,588.28
In total	26,972,826.90	86,064,211.31

(3) Dividends Payable

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

25. 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	90,215,292.43
In total	11,100,915.25	90,215,292.43

26. Long-term Accounts Payable

Items	Balance at End of Period	Balance at Beginning of Year
Network Service Expense Payable		801,625.20
In total		801,625.20

27. Long-term Wage Payable

(1) List of Long-term Wage Payable

Items	Balance at End of Period	Balance at Beginning of Year
One After-service Welfare-Stated Drawings Plan Net Liabilities		
Two Dismission Welfare	275,406.52	533,609.91
Three Other Long-term Welfare	39,970,000.00	26,257,600.00
In total	40,245,406.52	26,791,209.91

28. 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	78,961,972.67		4,008,587.16	74,953,385.51	
In total	78,961,972.67		4,008,587.16	74,953,385.51	—

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	5,386,693.42			384,763.82			5,001,929.60
Special Subsidy for Technical Renovation of Production Line	Financial Allocation	1,800,000.00			450,000.00			1,350,000.00
Special Subsidy for Infrastructure Input	Financial Allocation	13,022,562.99			908,691.98			12,113,871.01
Enterprise Supporting Infrastructure at Construction Stage of “Tianjin Harbor Industrial Park Administrative Committee”	Financial Allocation	53,761,636.09			1,277,504.16			52,484,131.93
Tianjin Binhai New District’ s Industrially Technical Renovation and Park Construction Funds as well as Expenditures for Science and Technology	Financial Allocation	2,759,259.17			222,222.24			2,537,036.93
Fixed Assets Specially Formed by Science and Technology Commission of Guchuan Edible Oil	Financial Allocation	1,011,904.76			77,838.84			934,065.92
Appropriation for Oil Tank’ s Electric Heating System	Financial Allocation	232,780.16			58,195.08			174,585.08

Cooking Oil Green and Cleaning Production Equipment, Technical Study as well as Science and Technology Demonstration	Financial Allocation	417,136.08		59,371.04		357,765.04
Maintenance Funds for Dangerous and Old Warehouse	Financial Allocation	570,000.00	570,000.00			
In total		78,961,972.67	570,000.00	3,438,587.16		74,953,385.51

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	236,216,509.00				-22,828,451.00	-22,828,451.00	213,388,058.00
(3) Other Domestic Capital Shareholding	24,127,951.00				-22,828,451.00	-22,828,451.00	1,299,500.00
Including:							
Domestic Legal-person Shareholding	24,127,951.00				-22,828,451.00	-22,828,451.00	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	260,344,460.00				-45,656,902.00	-45,656,902.00	214,687,558.00
2. Tradable Shares without Restricted Conditions							
(1) RMB Ordinary Shares	360,470,904.00				45,656,902.00	45,656,902.00	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	425,445,904.00				45,656,902.00	45,656,902.00	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			1,243,771,440.74
Capital Reserves Roll-in Under Original System	112,316,357.36			112,316,357.36

Items	Balance at Beginning of Year	Increase in the Current Period	Decrease in the Current Period	Balance at End of Period
Other Capital Reserves	236,453,784.63	3,170,222.58		239,624,007.21
In total	1,592,541,582.73	3,170,222.58		1,595,711,805.31

Note: The changes of the company's capital reserve are as follows: (1) The capital reserve formed by the risk mortgage of senior executives exempted from the current debt of the company amounts to 2,841,542.67 yuan; (2) The company's calculation of other changes in the owner's rights and interests of the grain storage (Tianjin) Logistics Limited company in the invested units belongs to the company, amounting to 328,679.91 yuan.

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							
Including: value variation of newly calculated and defined benefits plan							
Other comprehensive incomes whose profit and loss can't be rolled in or out at equity law							
Two Other comprehensive incomes that will be classified into profit and loss		438.33					438.33
Including: other comprehensive income whose profit and loss can be rolled in or out at equity law							
Changes in fair value through profit and loss for available-for-sale financial assets		-421,278.00					-421,278.00
Held-to-maturity investment is reclassified into available-for-sale financial assets profit and loss							
Effective part of cash-flow hedging profit and loss							
Converted difference between foreign currency financial statements		421,716.33					421,716.33
In total		438.33					438.33

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

33. Undistributed Profit

Items	Amounts in the Current Period	Amounts in the Prior Period
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Items	Amounts in the Current Period	Amounts in the Prior Period
Adjustment on undistributed profit at end of last year	-299,111,700.34	-547,123,017.26
Adjustment on total number of undistributed profit at beginning of period (increase+ and decrease-)		
Adjusted undistributed profit at beginning of period	-299,111,700.34	-547,123,017.26
Add: net profit attributable to parent company in the current period	167,956,581.15	129,603,167.36
Less: withdrawal legal surplus reserves		
Withdrawal free surplus reserves		
Withdrawal general risk reserves		
Ordinary stock dividends payable		
Ordinary stock dividends transferred to capital		
Add: cover company losses using surplus reserves		
Others (formed by the merge of enterprises and retroactive adjustments under the same control)		118,408,149.56
Undistributed profit at end of period	-131,155,119.19	-299,111,700.34

34. Minority Interest

Items	Balance at End of Period	Balance at Beginning of Period
Sinograin Oils Corporation	241,504,003.06	242,434,948.56
Wang Yuecheng and other minority shareholders of Zhejiang Xiaowangzi Food Co., Ltd.	233,004,494.15	207,753,849.43
Missme Food and Beverage (Tianjin) Co., Ltd.	8,860,128.93	9,687,021.60
Chaoxuntong (Tianjin) Commercial and Trading Co., Ltd.	6,236,324.41	5,559,049.55
Hebei Provincial Oil Pool Co., Ltd.	36,378,427.45	33,644,861.40
Tangshan Caofeidian Agricultural Development Group Co., Ltd.	24,343,101.44	
Xinyi Yaowan Tourism Industrial Park Development Co., Ltd.	8,874,594.32	
Beijing Grain Xinniu Runying Equity Investment Fund (Limited Partnership)	1,479,099.05	
ShiZhu Tujia Autonomous County Yujin Zhu Agricultural Partnership Enterprise (General Partnership)	5,916,396.21	
In total	566,596,569.02	499,079,730.54

35. Operation Revenue and Operation Cost

Items	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Prime Business	7,362,877,190.25	6,732,130,680.87	7,867,860,792.55	7,167,956,134.14
Other Business	46,247,113.16	13,184,527.25	49,778,251.58	13,372,318.44
In total	7,409,124,303.41	6,745,315,208.12	7,917,639,044.13	7,181,328,452.58

Note: operation revenue and operation cost of the Company are based on information of industry and regional analysis, seeing Appendix Fifteen 2.

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

Name of Industry (or Business)	Amounts in the Current Period	Amounts in the Prior Period
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	Revenue	Cost	Revenue	Cost
Oil and Oil Seeds	6,261,524,286.20	5,948,914,989.47	6,533,461,558.85	6,242,894,698.91
Food Manufacturing Industry	890,987,143.21	612,079,134.38	829,093,442.40	581,010,692.16
Entrusted Processing	40,032,627.87	45,729,804.67	11,932,194.08	15,831,580.89
Oil Reserves Rotation	162,393,266.25	124,332,375.00	35,563,203.00	
Transfer	7,939,866.72	1,074,377.35	6,487,277.74	2,695,225.67
Real Estate Development			267,712,458.14	155,065,841.68
Property Management Service			176,661,210.91	167,272,900.48
Tourist Hotel Service			6,949,447.43	3,185,194.35
In total	7,362,877,190.25	6,732,130,680.87	7,867,860,792.55	7,167,956,134.14

(2) Prime Business (Product-classified)

Name of Product	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Oil	6,471,890,047.04	6,120,051,546.49	6,587,444,233.67	6,261,421,505.47
Food Processing	890,987,143.21	612,079,134.38	829,093,442.40	581,010,692.16
Real Estate			451,323,116.48	325,523,936.51
In total	7,362,877,190.25	6,732,130,680.87	7,867,860,792.55	7,167,956,134.14

(3) Prime Business (Region-classified)

Name of Region	Amounts in the Current Period		Amounts in the Prior Period	
	Revenue	Cost	Revenue	Cost
Beijing	2,225,706,282.90	1,925,744,737.19	2,284,362,571.64	2,016,441,282.38
Tianjin	4,123,641,322.51	4,154,852,781.92	4,303,392,217.59	4,225,251,929.43
Zhejiang	640,002,204.15	429,029,230.87	601,713,674.15	409,141,409.64
Shandong	49,311,118.34	41,662,829.01	51,895,234.78	45,885,054.28
Liaoning	124,495,099.54	93,556,390.71	114,647,176.24	88,324,952.20
Hebei	199,721,162.81	87,284,711.17	60,526,801.67	56,656,928.52
Hainan			174,290,871.50	166,745,067.76
Heilongjiang			6,949,447.43	3,185,194.35
Hubei			268,027,180.78	155,208,349.16
Shanghai			2,055,616.77	1,115,966.42
In total	7,362,877,190.25	6,732,130,680.87	7,867,860,792.55	7,167,956,134.14

36. Tariff And Annex

Items	Amounts in the Current Period	Amounts in the Prior Period
Business Tax		32,013.47
Urban Maintenance and Construction Tax	5,842,393.58	6,630,671.72
Educational Surtax	2,582,618.40	3,104,569.54
Local Educational Surtax	1,721,744.55	1,525,118.90

Items	Amounts in the Current Period	Amounts in the Prior Period
Increment Tax on Land Value	197,624.76	22,375,467.16
House Property tax	7,701,037.94	7,311,758.86
Land Use Tax	1,617,228.36	1,374,665.53
Vehicle and Vessel Use Tax	50,229.02	51,081.96
Stamp Tax	3,873,868.49	4,519,040.11
Resources Tax	120,234.70	
Other Taxes and Fees	206,043.68	1,405,472.06
In total	23,913,023.48	48,329,859.31

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)	61,214,787.72	57,011,007.00
Advertising Expenses	3,789,513.48	5,947,655.16
Repair Costs	1,173,945.20	1,358,366.74
Packing Expenses	935,608.04	559,123.41
Transportation Fees	22,687,770.57	20,381,939.96
Terminal Charges	1,260,068.80	820,634.48
Water and Electricity Fees	1,980,862.22	2,338,735.74
Vehicle Fees	1,346,716.81	1,623,972.05
Warehousing Fees	13,148,592.18	8,413,479.41
Test and Detection Fees	335,007.92	398,037.44
Commercial Insurance Expenses	94,070.40	547,189.06
Sales Promotion Expenses	32,313,861.58	35,441,585.31
Business Entertainment Expenses	529,236.42	742,942.10
Labor Protection Fees	183,948.99	218,584.27
Commodity Wastage	1,942,588.74	744,458.02
Sample and Product Losses	8,034,152.45	6,062,673.85
Sales and Service Fees	256,459.94	4,910,000.00
Impairment Costs	16,234,000.42	16,056,593.33
Travel Expenses	7,760,499.91	7,494,585.28
Operation Expenses	14,979,675.83	9,528,015.06
Lease fee	2,998,804.40	2,605,001.39
Other Expenses	540,960.11	1,489,590.52
In total	193,741,132.13	184,694,169.58

38. Administration Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
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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)	112,048,014.99	125,337,409.57
Workers Insurance Expenses	760,974.77	670,625.85
Company Expenses	4,951,764.79	4,145,001.66
Commercial Insurance Expenses	694,285.64	1,174,261.82
Vehicle Fees	3,974,066.28	4,245,679.03
Impairment Costs	16,928,883.60	24,139,281.64
Repair Costs	3,408,236.67	2,259,750.04
Taxes in Expenses	474,740.91	320,300.97
Amortization of Assets	16,673,765.43	17,020,197.51
Material Consumption	750,510.31	772,549.15
Fees of Employing Agent	12,852,608.04	25,389,014.63
Information Network Fees	2,243,950.07	1,132,559.52
Labor Protection Fees	642,947.95	614,848.07
Environmental Protection Fees	784,709.59	770,534.92
Security Protection Fees	864,173.31	495,870.77
Conference Expenses	1,440,724.47	665,576.07
Business Entertainment Expenses	1,613,099.59	3,408,439.70
Travel Expenses	1,364,003.13	2,755,755.78
Office Expenses	1,837,034.04	1,882,855.50
Lease Fees	4,331,135.37	9,498,782.54
Consultation Service Fees	151,569.02	2,042,800.68
Other Expenses	1,371,119.43	4,208,666.81
In total	190,162,317.40	232,950,762.23

39. Research and Development Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Cost of Scientific Research	2,742,564.22	3,393,588.50
In total	2,742,564.22	3,393,588.50

40. Financial Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period
Interest Expenses	78,514,993.77	60,010,600.72
Less: Interest Income	11,149,346.83	24,528,341.57
Exchange Profit and Loss	-19,437,870.30	-5,917,601.92
Service Charges	560,042.66	2,148,312.68
Others		305,829.37
In total	48,487,819.30	32,018,799.28

41. Loss from Asset Devaluation

Items	Amounts in the Current Period	Amounts in the Prior Period
Loss on Bad Debts	-3,091,602.13	2,496,907.58
Loss on Inventory Price Drop	4,470,348.34	7,470,679.20
Loss from Project-under-construction Devaluation		583,333.33
Loss from Fixed Assets Devaluation		51,187.38
In total	1,378,746.21	10,602,107.49

42. 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	16,475,771.21	15,139,922.81	3,535,244.81
Return of Service Charges of Withholding Individual Income Tax	72,743.16		72,743.16
In total	16,548,514.37	15,139,922.81	3,607,987.97

Including: details of government subsidy are as follows:

Items Receiving Subsidy	Amounts in the Current Period	Amounts in the Prior Period	Related to Assets/Profits
Relocation Compensation	384,763.82	384,763.82	Related to Assets
Special Subsidy for Technical Renovation of Production Line	450,000.00	450,000.00	Related to Assets
Special Subsidy for Infrastructure Input	908,691.98	908,691.99	Related to Assets
Enterprise Supporting Infrastructure at Construction Stage of “Tianjin Harbor Industrial Park Administrative Committee”	1,277,504.16	1,277,504.16	Related to Assets
Tianjin Binhai New District’s Industrially Technical Renovation and Park Construction Funds as well as Expenditures for Science and Technology	222,222.24	222,222.24	Related to Assets
Fixed Assets Specially Formed by Science and Technology Commission of Guchuan Edible Oil	77,838.84	77,838.84	Related to Assets
appropriation for Oil Tank’s Electric Heating System	58,195.08	58,195.08	Related to Assets
Cooking Oil Green and Cleaning Production Equipment, Technical Study as well as Science and Technology Demonstration	59,371.04	56,000.04	Related to Assets
Subsidy for Financially Obsolete Boiler		120,000.00	Related to Profits
Subsidy for Technical Renovation of Linan District Bureau of Economic and Information		483,600.00	Related to Profits
Subsidy for Boiler Renovation of Zhennan Office of Finance of Linan District		450,000.00	Related to Profits
Financial Subsidy for Food Security	30,000.00	30,000.00	Related to Profits
Subsidy for Boiler Renovation		570,000.00	Related to Profits
Land Tax Exemption	63,803.00	256,000.00	Related to Profits
Fund Subsidy for Projects of Technical Renovation		181,600.00	Related to Profits
Stable Post Subsidy	66,000.00	29,946.64	Related to Profits
Return of Income by VAT	11,440,800.00	9,583,560.00	Related to Profits
Funds for Promoting Industrial Development of Tianjin Dongjiang Free Trade Port Zone Administration Committee	353,981.05		Related to Profits
Industry and Information Financial Funds of Linan District	621,600.00		Related to Profits
Award for Enterprises Obtaining Famous-brand Products and Standard Setting (Revision) of Linan District	90,000.00		Related to Profits
Award Subsidy for Water-saving Enterprises	1,000.00		Related to Profits
Award Funds for Cleaning Production	20,000.00		Related to Profits

Items Receiving Subsidy	Amounts in the Current Period	Amounts in the Prior Period	Related to Assets/Profits
Subsidy for Fees of Perfecting Supporting Infrastructure	350,000.00		Related to Profits
In total	16,475,771.21	15,139,922.81	

43. Investment Income

Items	Amounts in the Current Period	Amounts in the Prior Period
Long-term equity investment income accounted with equity method	8,330,122.46	12,343,020.80
Investment income generated from disposing long-term equity investment		203,943.97
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	-1,294,068.24
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	9,842,560.10
Investment income of disposing financial products	15,846,716.82	4,488,253.49
In total	30,981,211.92	25,583,710.12

44. 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	2,009,952.25	12,934,641.69
Including: income with changes in fair value generated by derivative financial instruments	2,009,952.25	12,934,641.69
In total	2,009,952.25	12,934,641.69

45. Assets Disposal Income

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
Total Income of Non-current Assets Disposal	-367,796.13	-6,770.67	-367,796.13
Including: income of fixed assets disposal	-367,796.13	-6,770.67	-367,796.13
In total	-367,796.13	-6,770.67	-367,796.13

46. 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		69,818.00	
Asset Inventory Surplus Gains	38,528.20	8.26	38,528.20
Donation Gains		35,800.00	
Demand Compensation Income	4,382,340.61	230,078.50	4,382,340.61
Tax Rebate		67,445.03	
Relocation Compensation	12,233,443.22	22,523,945.85	12,233,443.22
Payables that aren't able to pay	16,679,043.74		16,679,043.74
Other Gains	2,572,582.46	2,791,149.54	2,572,582.46
In total	35,905,938.23	25,718,245.18	35,905,938.23

Including: details of government subsidy are as follows:

Items Receiving Subsidy	Amounts in the Current Period	Amounts in the Prior Period	Related to Assets/Profits
Financial Incentives to Super-proportional Placement of		26,020.00	

Items Receiving Subsidy	Amounts in the Current Period	Amounts in the Prior Period	Related to Assets/Profits
Disable Persons of Linan District's Finance Bureau			
Food Emergency Subsidy		18,000.00	
Export Bounty of Business Committee		25,798.00	
In total		69,818.00	

47. Non-operating Expenses

Items	Amounts in the Current Period	Amounts in the Prior Period	Amounts Charged to Non-recurring Profit and Loss
External Donation Expenses	20,000.00	38,500.00	20,000.00
Assets Damage and Abandonment Loss	1,441,925.72	278,048.34	1,441,925.72
Amercement Outlay	1,187.98	29,126.42	1,187.98
Compensation and Default Money	5,471,466.18	928,136.64	5,471,466.18
Relocation Loss	3,198,119.25	15,749,062.93	3,198,119.25
Others	1,018,783.92	2,017,718.48	1,018,783.92
In total	11,151,483.05	19,040,592.81	11,151,483.05

48. 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	71,816,277.87	91,667,682.68
Deferred Income Tax Expenses	-5,632,570.27	-15,776,517.61
Others		63,005.65

(2) Accounting Profit and Income Tax Expense Adjustment Process

Items	Amounts in the Prior Period
Total Profits	277,309,830.14
Income tax expenses calculated by statutory/applicable tax rate	68,888,490.76
Effect of subsidiary corporations being applicable to different tax rates	-438,966.78
Adjustment on effect of income tax in the prior period	740,785.99
Effect of Non-taxable Incomes	-23,965,306.96
Effect of Non-deductible cost, expense and loss	18,910,673.63
Effect of deductible loss on usage of unconfirmed deferred income tax assets in the prior period	-3,053,323.81
Effect of deductible temporary difference or deductible loss on unconfirmed deferred income tax in the current period	5,101,354.77
Others	
Income Tax Expenses	66,183,707.60

49. Other Comprehensive Incomes

See details of Appendix Six, 31.

50. 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	12,321,015.31	14,986,715.05

Items	Amounts in the Current Period	Amounts in the Prior Period
Intercourse Funds of Other Units	427,638,129.62	143,896,782.01
Non-operating Income	3,162,922.28	3,197,686.55
Interest Income	12,714,538.74	5,153,293.07
Future Guarantee	857,189,447.41	964,620,970.77
Cash Flow of Allocated Assets		45,578,965.01
Others	7,844,959.19	4,204,891.67
In total	1,320,871,012.55	1,181,639,304.13

(2) Other Cash Payment Related to Operation Activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Intercourse Funds of Related Parties	8,419,687.72	11,325,588.70
Intercourse Funds of Other Units	150,418,240.65	468,947,062.03
Payment for Administration Expenses	42,455,842.36	56,096,248.89
Payment for Operating Expenses	48,583,417.88	47,688,580.85
Non-operating Expenses	539,765.49	18,324,573.33
Petty Cash Paid	1,559,803.65	1,117,033.00
Bank Charges	590,054.94	1,399,464.20
Future Guarantee	787,350,321.68	612,100,000.00
Cash Flow of Allocated Assets		112,176,278.67
Others	14,426,119.22	16,530,438.64
In total	1,054,343,253.59	1,345,705,268.31

(3) Receiving other cash related to investment activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Cash Flow of Allocated Assets		49,136.10
In total		49,136.10

(4) Other Cash Payment Related to Financing Activities

Items	Amounts in the Current Period	Amounts in the Prior Period
Loan Interest of Related Parties Paid		1,720,000.00
Others		259,044.96
In total		1,979,044.96

51. 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	211,126,122.54	208,696,290.76
Add: Assets Impairment Reserves	1,378,746.21	10,602,107.49
Fixed Assets Depreciation, Oil-and-gas Assets Depreciation and Productive Biological Assets Depreciation	95,040,294.95	100,488,015.47
Amortization of Intangible Assets	18,678,695.83	14,763,115.24

Supplementary Materials	Amounts in the Current Period	Amounts in the Prior Period
Amortization of Long-term Deferred Expenses	4,159,473.31	5,992,729.57
Losses on Disposal of Fixed Assets, Intangible Assets and Other Long-term Assets (Fill in profit with symbol “—”)	367,796.13	6,770.67
Losses on Retirement of Fixed Assets (Fill in profit with symbol “—”)	1,416,491.75	273,173.63
Losses on Changes in Fair Value (Fill in profit with symbol “—”)	-2,009,952.25	-12,934,641.69
Financial Expenses (Fill in profit with symbol “—”)	59,077,123.47	51,387,508.31
Investment Losses (Fill in profit with symbol “—”)	-30,981,211.92	-25,583,710.12
Decrease in Deferred Income Tax Assets (Fill in increase with symbol “—”)	-1,151,908.07	-2,616,915.14
Increase in Deferred Income Tax Reliabilities (Fill in decrease with symbol “—”)	-6,566,836.68	-10,832,755.26
Decrease in Inventory (Fill in increase with symbol “—”)	167,659,592.74	-751,498,235.77
Decrease in Items of Operating Receivables (Fill in increase with symbol “—”)	217,514,117.22	-239,599,506.90
Increase in Items of Operating Receivables (Fill in decrease with symbol “—”)	114,459,006.01	-728,651,725.92
Others		
Net Cash Flows from Operating Activities	850,167,551.24	-1,379,507,779.66
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	867,870,016.78	1,014,438,663.43
Less: cash balance at beginning of period	1,014,438,663.43	505,477,847.81
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	-146,568,646.65	508,960,815.62

(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	39,000,000.00
Including: Beijing Grain Garden Complex Construction and Operation (Xinyi) Co., Ltd.	13,500,000.00
Beijing Grain (Caofeidian) Agricultural Development Co., Ltd.	25,500,000.00
Receiving net cash paid by subsidiary corporation	39,000,000.00

(3) Composition of cash and cash equivalents

Items	Balance at End of Period	Balance at Beginning of Period
One Cash	867,870,016.78	1,014,438,663.43
Including: cash in stock	46,418.17	119,766.22
Bank deposit available for payment at any time	737,705,225.28	937,214,125.42
Other currency funds available for payment at any time	130,118,373.33	77,104,771.79

Items	Balance at End of Period	Balance at Beginning of Period
Two Cash Equivalents		
Including: bond investment maturing within three months		
Three Balance of Cash and Cash Equivalents at End of Period	867,870,016.78	1,014,438,663.43
Including: restricted cash and cash equivalents used by parent company or intra-group affiliates		

52. Assets with restricted ownership or right to use

Items	Book Value at End of Period	Reasons being Restricted
Currency Funds	57,000,000.00	Estimated held-to-maturity fixed deposit receipt of management
Inventory	4,824,035.45	Loan Mortgage
Investment Real Estate	5,778,794.33	Loan Mortgage
Fixed Assets	3,983,893.20	Loan Mortgage
In total	71,586,722.98	

53. 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	1,098,485.64	6.8632	7,539,126.64
Including: US Dollars	1,098,485.64	6.8632	7,539,126.64
Short-term Loan	4,227,995.82	6.8632	29,017,580.91
Including: US Dollars	4,227,995.82	6.8632	29,017,580.91
Notes and Accounts Payable	5,163,539.2	6.8632	35,438,402.24
Including: US Dollars	5,163,539.2	6.8632	35,438,402.24

(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.

54. Hedging

Please refer to 2 Derivative Financial Assets under Section VI of the Notes.

55. Government Subsidies**1. Basic information of government subsidies initially recognized for the current period**

Item	Amount	Relating to Assets		Relating to Income			Has It Been Actually Received ?
		Deferred Income	Write Down the Book Value of Assets	Deferred Income	Other Income	Non-operating Income	
Income from VAT Refunds	11,440,800.00				11,440,800.00		No
Financial Fund for Industry and Information Technology in Linan District	621,600.00				621,600.00		Yes
Industrial Development Promotion Fund from Management Committee of Dongjiang Free Trade Port Zone of Tianjin	353,981.05				353,981.05		Yes
Subsidy for Costs for Improving Infrastructure Facilities	350,000.00				350,000.00		Yes

Award for Enterprises with Famous Brand Products and Standard Establishment (Revision) in Linan District	90,000.00				90,000.00		Yes
Subsidy for Stable Posts	66,000.00				66,000.00		Yes
Land Tax Relief	63,803.00				63,803.00		Yes
Financial Subsidy for Food Security	30,000.00				30,000.00		Yes
Subsidy Fund Cleaner Production Award	20,000.00				20,000.00		Yes
Subsidy for Water-saving Enterprise Award	1,000.00				1,000.00		Yes
Total	13,037,184.05				13,037,184.05		—

Note: The VAT refunds included in the current other income of Lin'an Xiaotianshi Food Co., Ltd., a level 4 subsidiary of the Company, are 11,440,800.00 yuan. Among them, the VAT refunds that have not been actually received amount to 993,600.00 yuan, which have been recorded in other receivables.

2. Government subsidies included in the current profits and losses

Item	Category	Included in the Other Income	Included in the Non-Operating Income	Write Down the Cost Expenses
Relocation Compensation	Government Subsidies	384,763.82		
Special Subsidy for Technical Renovation of Production Lines	Government Subsidies	450,000.00		
Special Subsidy for Infrastructure Investment	Government Subsidies	908,691.98		
Enterprise Infrastructure of Management Committee of Tianjin Harbor Industrial Park in the Construction Stage	Government Subsidies	1,277,504.16		
Industrial Technical Renovation and Construction Funds and Expenditures for Science and Technology of Binhai New Area of Tianjin	Government Subsidies	222,222.24		
Fixed Assets Specially Formed by Guchuan Edible Oil Science and Technology Commission	Government Subsidies	77,838.84		
Allocation for Electric Heating Systems of Oil Tanks	Government Subsidies	58,195.08		
Research and Technology Demonstration of Green & Cleaner Production Equipment and Technology for Edible Oil	Government Subsidies	59,371.04		
Financial Subsidy for Food Security	Government Subsidies	30,000.00		
Land Tax Relief	Government Subsidies	63,803.00		
Subsidy for Stable Posts	Government Subsidies	66,000.00		
Income from VAT Refunds	Government Subsidies	11,440,800.00		
Industrial Development Promotion Fund from Management Committee of Dongjiang Free Trade Port Zone of Tianjin	Government Subsidies	353,981.05		
Financial Fund for Industry and Information Technology in Linan District in 2017	Government Subsidies	621,600.00		

Item	Category	Included in the Other Income	Included in the Non-Operating Income	Write Down the Cost Expenses
Award for Enterprises with Famous Brand Products and Standard Establishment (Revision) in Linan District in 2017	Government Subsidies	90,000.00		
Subsidy for Water-saving Enterprise Award	Government Subsidies	1,000.00		
Subsidy Fund for 2018 Cleaner Production Award	Government Subsidies	20,000.00		
Subsidy for Costs for Improving Infrastructure Facilities	Government Subsidies	350,000.00		
Total	—	16,475,771.21		

VII. Change in Consolidation Scope

1. Change in Consolidation Scope for Other Reasons

(1) In January 2018, the Company invested 13.5 million yuan in currency to establish Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd. The paid-in amount of contribution accounted for 45% of the paid-in capital of the invested unit, thus making it become the first majority shareholder.

(2) In November 2017, the Company invested to establish Jingliang (Caofeidian) Agricultural Development Co., Ltd. and invested 25.5 million yuan in currency in May 2018. The paid-in amount of contribution accounted for 51% of the paid-in capital of the invested unit, making it become the first majority shareholder.

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
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	45		Establishment by investment
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	Tangshan	Tangshan	Plantation	51		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	6,869,054.50	7,800,000.00	241,504,003.06
Zhejiang Xiao Wang Zi Food Co., Ltd.	30.2284	33,098,847.63	7,848,202.91	233,004,494.15
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	49	-826,892.67		8,860,128.93
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	49	677,274.86		6,236,324.41
Jingliang (Hebei) Oil Industry Co., Ltd.	49	3,738,066.05	1,004,500.00	36,378,427.45
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	55	-229,910.42		16,270,089.58
Jingliang (Caofeidian) Agricultural Development Co., Ltd.	49	-156,898.56		24,343,101.44

(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.	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
Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.	29,196,334.50	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	Beginning balance					
	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-current Liabilities	Total Liabilities
Jingliang (Tianjin) Grain and Oil Industry Co., Ltd.	1,299,787,374.38	896,524,016.17	2,196,311,390.55	1,327,490,398.97	60,704,496.39	1,388,194,895.36
Zhejiang Xiao Wang Zi Food Co., Ltd.	309,304,989.70	373,675,587.60	682,980,577.30	106,103,249.25	46,466,856.41	152,570,105.66
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	16,058,445.83	4,270,567.41	20,329,013.24	559,581.40		559,581.40
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	81,900,543.34	750,679.10	82,651,222.44	71,301,496.27		71,301,496.27
Jingliang (Hebei) Oil Industry Co., Ltd.	282,694,214.41	95,147,791.73	377,842,006.14	307,807,398.50	1,371,625.20	309,179,023.70

(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.	3,688,456,961.35	46,716,146.85	46,716,146.85	-363,764,675.67
Zhejiang Xiao Wang Zi Food Co., Ltd.	771,331,947.29	103,851,312.21	103,851,312.21	82,659,601.58
Jingliang Missme Catering Management (Tianjin) Co., Ltd.	6,576,016.95	-230,568.16	-230,568.16	-11,677,455.73
Jingliang Xinchuang (Tianjin) Business Management Co., Ltd.	787,720,715.22	1,549,726.17	1,549,726.17	5,871,703.41
Jingliang (Hebei) Oil Industry Co., Ltd.	64,100,717.77	3,662,982.44	3,662,982.44	-267,609,945.18

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
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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

(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	53,128,106.97	65,265,065.01
Including: cash and cash equivalents	4,164,426.47	7,741,319.43
Non-current assets	166,435,292.09	112,237,685.88
Total assets	219,563,399.06	177,502,750.89
Current liabilities	95,250,888.23	67,305,652.33
Non-current liabilities		
Total liabilities	95,250,888.23	67,305,652.33
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	124,312,510.83	110,197,098.56
Share of net assets based on shareholding ratio	62,156,255.42	55,098,549.28
Adjustments		
-- Goodwill		
-- Unrealized profits from internal transactions		
-- Other		
Book value of equity investment in joint ventures	65,339,624.28	58,936,076.18
Fair value of equity investment in joint ventures with open offers		
Operating income	412,682,400.89	396,853,669.74
Financial costs	-2,079,697.84	-1,423,338.05
Income tax expense	5,510,663.98	7,952,866.41
Net profit	16,057,882.06	23,115,278.24
Net profit from discontinued operations		
Other comprehensive income	-489,060.00	150,150.00
Total comprehensive income	15,568,822.06	23,265,428.24
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	120,310,983.11	76,297,906.27
Non-current assets	349,183,791.13	328,865,777.91
Total assets	469,494,774.24	405,163,684.18
Current liabilities	19,419,434.80	4,526,369.09
Non-current liabilities	58,450,000.00	15,125,229.88
Total liabilities	77,869,434.80	19,651,598.97
Minority shareholder's equity		
Shareholders' equity attributable to the parent company	391,625,339.44	385,512,085.21
Share of net assets based on shareholding ratio	117,487,601.83	115,653,625.56
Adjustments		
-- Goodwill		
-- Unrealized profits from internal transactions		
-- Other		
Book value of equity investment in affiliates	117,487,601.83	115,653,625.56
Fair value of equity investment in affiliates with open offers		
Operating income	20,533,721.00	33,461,596.58
Net profit	5,017,654.54	6,777,975.68
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	5,017,654.54	6,777,975.68
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 based 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
Cash and cash equivalents	7,539,126.64	11,009,343.09
Notes payable and accounts payable	35,438,402.24	83,154,229.20
Other payables		200.00
Short-term loans	29,017,580.91	417,473,862.73

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 based 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	-2,845,842.82	-2,845,842.82
All foreign currencies	Depreciate by 5% against RMB	2,845,842.82	2,845,842.82

2. Credit Risk

On December 31, 2018, 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, 2018, the amount of bank loans that have not been used by the Company was RMB 2.88 billion.

As of December 31, 2018, 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	924,870,016.78	924,870,016.78	924,870,016.78			
Notes payable and receivables	97,775,710.11	98,642,588.11	98,642,588.11			
Other receivables	18,256,513.93	18,573,440.15	18,573,440.15			
Available-for-sale financial assets	20,000,000.00	30,500,000.00	30,500,000.00			
Subtotal	1,060,902,240.82	1,072,586,045.04	1,072,586,045.04			
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			
Long-term loans						
Subtotal	1,689,568,503.01	1,689,568,503.01	1,689,568,503.01			

(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	1,014,438,663.43	1,014,438,663.43	1,014,438,663.43			
Notes payable and receivables	75,165,127.11	76,068,110.58	76,068,110.58			
Other receivables	75,722,139.87	79,017,252.75	79,017,252.75			
Non-current assets due within one year	51,000,000.00	51,000,000.00	51,000,000.00			
Available-for-sale financial assets	20,000,000.00	30,500,000.00	30,500,000.00			
Subtotal	1,236,325,930.41	1,251,024,026.76	1,251,024,026.76			
Short-term loans	2,007,171,362.73	2,007,171,362.73	2,007,171,362.73			
Notes payable and accounts payable	400,693,157.47	400,693,157.47	400,693,157.47			
Other payables	541,399,822.67	541,399,822.67	541,399,822.67			
Subtotal	2,949,264,342.87	2,949,264,342.87	2,949,264,342.87			

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, 2018, the Company's interest-bearing liabilities under floating rate contracts denominated in RMB amounted to RMB 78.5 million, and those under fixed rate contracts denominated in RMB amounted to RMB 1,359,215,080.91.

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				
(I) Financial assets that are measured at fair value and whose changes are included in the current profits and losses	71,260,414.60			71,260,414.60
1. Trading financial assets	71,260,414.60			71,260,414.60
(1) Investment in debt Instruments				
(2) Investment in equity instruments				
(3) Derivative financial assets	71,260,414.60			71,260,414.60
Total assets continuously measured at fair value	71,260,414.60			71,260,414.60

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.

XII. 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

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
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

Name of Other Related Party	Relationship with the Company
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 Northwest 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
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 and acceptance of labor services

Related Party	Related-party Transaction	Current Amount	Last Term Amount
Beijing Guchuan Food Co., Ltd.	Purchase of goods	17,173,511.19	16,826,139.99
Beijing Guchuan Rice Industry Co., Ltd.	Purchase of goods	2,537,794.80	369,821.34
Beijing Jingliang E-commerce Co., Ltd.	Purchase of goods	2,615,077.63	
Shandong Fukuan Bioengineering Co., Ltd.	Purchase of goods	1,287,901.32	978,017.54
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Purchase of goods	221,825.63	230,892.20
Beijing Grain Group Co. Ltd.	Purchase of goods	32,075.47	

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
Beijing Jingliang Dacang Grain and Oil Trade Co., Ltd.	Sale of goods	20,288.29	378.38
Beijing Pinggu Grain and Oil Industry and Trade Co., Ltd.	Sale of goods	6,486.48	945.95
Beijing Tiangu Grain and Oil Trade Co., Ltd.	Sale of goods		1,690.27
Beijing Northwest Suburb Grain Warehouse	Sale of goods		6,477.88
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Sale of goods	6,365,528.55	6,210,157.05
Beijing Guchuan Food Co., Ltd.	Sale of goods	2,568,946.46	5,415,514.73
Jingliang (Tianjin) E-commerce Co., Ltd.	Sale of goods	112,739.62	86,230.93
Beijing Guchuan Rice Industry Co., Ltd.	Sale of goods	617,148.71	1,699,989.56
Beijing South Suburb Grain Purchasing & Storage Warehouse	Sale of goods		4,729.73
Beijing Northwest Suburb Grain Purchasing & Storage Warehouse	Sale of goods		22,685.84
Beijing Jingliang E-commerce Co., Ltd.	Sale of goods	6,553,286.58	28,818,146.97
Beijing Jingliang E-commerce Co., Ltd.	Provision of labor services		12,309.25
Beijing Jingliang Logistics Co., Ltd.	Sale of goods	1,351.35	1,679.75
Beijing Haidian West Suburb Grain and Oil Supply Station	Sale of goods	11,131,081.79	8,829,177.86
Beijing Assistant Rations Supply Station	Sale of goods	5,968,090.31	6,120,835.80
Beijing Army Grain and Oil Supply Station	Sale of goods	4,051,022.07	4,164,074.71
Beijing Longqing Xiadu Rations Supply Station	Sale of goods	589,538.05	669,425.63
Beijing Maliandao Grain and Oil Special Supply Station	Sale of goods	3,181,286.36	2,090,831.28
Beijing Jingliang Real Estate Co., Ltd.	Sale of goods	39,835.13	38,044.38
Supply Station of Beijing Tongzhou Grain and Oil Trading Company	Sale of goods		751,542.68
Beijing Nanyuan Vegetable Oil Plant	Sale of goods	12,793.80	3,410.61

Beijing Jingliang Gurun Trade Co., Ltd.	Sale of goods		906.19
Beijing Grain Group Finance Co., Ltd.	Sale of goods	2,068.97	19,666.44
Beijing Niannian Haohe Rations Supply Station	Sale of goods		875,593.22
Beijing Institute of Food Science	Sale of goods	7,884.24	144,945.40
Beijing Xingshishang Trade Center	Sale of goods	6,837.84	6,964.84
Beijing Yuanjishun Rations Supply Station	Sale of goods	66,666.67	685,368.72
Beijing Southeast Suburb Grain Warehouse	Sale of goods		5,892.38
Beijing Jingliang Yunhe Grain and Oil Trade Co., Ltd.	Sale of goods	254,714.16	168,394.31
Beijing Longde Business Management Co., Ltd.	Sale of goods	19,819.20	29,248.18
Beijing Sesame Oil Plant	Sale of goods		685.44
Beijing Hongyuanli Rations Supply Station	Sale of goods	900,599.52	770,810.81
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	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	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	1,980.35	
Beijing Sanyuan Seed Technology Co., Ltd. Feed Branch	Sale of goods	6,115,726.92	
Beijing Jingcheng Auto Driving Technical School	Sale of goods	5,189.66	
Beijing Liangguan Grain and Oil Supply Station	Sale of goods		
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	791,985.23	
Beijing Shounong Animal Husbandry Development Co., Ltd.	Sale of goods	12,883.33	
Beijing Capital Agribusiness Group Co., Ltd.	Sale of goods	909.09	
Beijing Wuhuan Shuntong Supply Chain Management Co., Ltd.	Sale of goods	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	3,531.53	
Hebei Shounong Modern Agricultural Technology Co., Ltd.	Sale of goods	7,127,624.97	
China Integrated Research Center for Meat Products	Sale of goods	6,605.64	

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	18,839.83	21,760.00

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	2,141,034.06	3,733,554.40
Beijing Dahongmen Grain Purchasing & Storage Warehouse	Vehicles, housing	1,584,230.78	1,444,600.00
Beijing Daxing National Grain Purchasing & Storage Warehouse	Oil tank and office leasing	1,918,363.64	2,110,200.00
Beijing Dahongmen Oil Plant	Rent	320,754.72	
Jingliang (Tianjin) Trade Development Co., Ltd.	House leasing	36,942.10	

(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
Beijing Jingliang Oil and Fat Co., Ltd.	200,000,000.00	June 1, 2017	Maturity date of financing: September 30, 2019 The period of guarantee shall be 2 years from the date of expiration of the period in which the principal creditor's right occurs	No
Beijing Jingliang Oil and Fat Co., Ltd.	100,000,000.00	September 6, 2017	No guaranteed loan The period of guarantee shall be 2 years from the date of expiration of the period in which the principal creditor's right occurs	No
Beijing Jingliang Oil and Fat Co., Ltd.	88,000,000.00	December 18, 2017	Maturity date: January 31, 2019 The period of guarantee shall be 2 years from the date of expiration of the period in which the principal creditor's right occurs	No
Beijing Jingliang Oil and Fat Co., Ltd. Jingliang (Tianjin) Grain and Oil Industry Co., Ltd. Jingliang (Singapore) International Trade Co., Ltd.	1,655,000,000.00	May 29, 2018	Maturity date of financing: January 18, 2019, February 1, 2019, February 11, 2019, March 17, 2019, February 19, 2019 and March 21, 2019	No
Jingliang (Hebei) Oil Industry Co., Ltd.	80,000,000.00	April 2, 2018	The loan has been paid off; The period of guarantee shall be 2 years from the date of expiration of the period in which the principal creditor's right occurs	Yes

(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	13,192,806.89

Beijing Nanyuan Vegetable Oil Plant	Income from compensation for demolition	9,090,908.89	9,522,943.45
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(6) Remuneration for key management staff

Unit: ten thousand yuan

Item	Current Amount	Last Term Amount
Remuneration for Key Management Staff	473.98	317.81

(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	31,530.33	70,095.28
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	Income from trademark royalties	11,722.64	11,407.08
Beijing Dahongmen Grain Purchasing & Storage Warehouse Co., Ltd.	Power charge, telephone bill, etc.	88,985.50	
Beijing Guchuan Food Co., Ltd.	Income from trademark royalties	3,331,153.31	2,904,815.66
Beijing Guchuan Rice Industry Co., Ltd.	Income from trademark royalties	370,863.21	422,670.75
Jingliang Huayuan (Beijing) Agricultural High-tech Co., Ltd.	Property fee		78,000.00
Beijing Capital Agribusiness Group Co., Ltd.	Cost of transportation	18,867.92	
Beijing Guchuan Food Co., Ltd.	Service charge	66,742.77	
Beijing Grain Group Co. Ltd.	Interest expense	6,427,421.40	
Beijing Grain Group Finance Co., Ltd.	Interest expense	6,337,413.77	
Beijing Grain Group Co. Ltd.	Corporate publicity expenses	16,037.74	

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.	98,494,825.91			
Total	98,494,825.91			
Receivables:				
Beijing Guchuan Food Co., Ltd.	370,505.00		256,270.00	
Beijing Jingliang E-commerce Co., Ltd.	146,333.80		265,224.00	
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	1,067,408.00		1,025,540.00	
Beijing Haidian West Suburb Grain and Oil Supply Station	436,300.00		294,009.00	
Beijing Assistant Rations Supply Station	1,394,180.00		991,912.00	
Beijing Liangguan Grain and Oil Supply Station	37,200.00		74,400.00	
Jingliang (Tianjin) E-commerce Co., Ltd.	4,074.00			
Total	3,456,000.80		2,907,355.00	
Prepayments:				
Beijing Dahongmen Grain Purchasing & Storage Warehouse			1,679,284.63	
Beijing Dahongmen Oil Plant			340,000.00	
Total			2,019,284.63	

Other receivables:			
Jingliang (Hong Kong) International Trade Co., Ltd.			200.00
Total			200.00

Item	Ending Balance	Beginning balance
Short-term loans:		
Beijing Grain Group Finance Co., Ltd.	280,000,000.00	
Total	280,000,000.00	
Payables:		
Beijing Guchuan Food Co., Ltd.	211,309.09	531,374.78
Beijing Jingliang Dongfang Grain and Oil Trade Co., Ltd.	127.27	
Shandong Fukuan Bioengineering Co., Ltd.	56,187.93	
Total	267,624.29	531,374.78
Advance receipts:		
Beijing Guchuan Rice Industry Co., Ltd.	11,988.00	
Beijing Sanyuan Seed Technology Co., Ltd. Feed Branch	0.01	
Total	11,988.01	
Other payables:		
Beijing Grain Group Co. Ltd.	561,790.30	187,162,049.99
Beijing Jingliang E-commerce Co., Ltd.	169,728.00	195,187.20
Jingliang Huayuan (Beijing) Agricultural High-tech Co., Ltd.		78,000.00
Beijing Dahongmen Oil Plant	47,025.76	
Jingliang (Tianjin) Trade Development Co., Ltd.	38,789.20	
Total	817,333.26	187,435,237.19

(2) Payables

7. Related-party Commitments

The Company has no related-party commitments this year.

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 25.2284% 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 95% 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, the acquisition is in progress.

(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 December 31, 2018, it paid animation production fee of RMB 13 million (including tax). This animation project was started in January 2017 and completed on July 18, 2018. The first 26 episodes were licensed on June 21, 2018, and the last 26 episodes were licensed on July 26, 2018. On August 7, 2018, it was first broadcasted on YMKT TV at 17:10. As of December 31, 2018, it has been broadcasted on three platforms (YMKT TV, BTV KAKU Children Channel, www.jiajiakt.com), local TV stations and network platforms.

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.

3) On August 11, 2015, subsidiary Beijing Jingliang Food Co., Ltd. (hereinafter referred to as Jingliang Food Company) signed the *Framework Contract on Trading in Shares of Zhejiang Xiao Wang Zi Food Co., Ltd. and Related Transactions* with Mr. Wang Yuecheng and Zhejiang Xiao Wang Zi Food Co., Ltd. (hereinafter referred to as Zhejiang Xiao Wang Zi), stipulating that based on the audited net profit of RMB 60.7498 million in 2014, Wang Yuecheng should commit that Zhejiang Xiao Wang Zi Food Co., Ltd. will achieve a compound annual growth rate of not less than 10% and strive for 20% in the period of performance commitment (including additional performance guarantee period), i.e. in 2015, 2016, 2017 and 2018 for four consecutive years.

Zhejiang Xiao Wang Zi calculates the amount of performance compensation according to the following criteria:

① Net profit compensation: Mr. Wang Yuecheng should ensure that the average annual net profit of Zhejiang Xiao Wang Zi is not less than RMB 60.7498 million during the period of performance guarantee. If the sum of actual net profits for four years is less than RMB 242.9992 million, Mr. Wang Yuecheng should compensate Zhejiang Xiao Wang Zi in cash by doubling the difference between the sum of actual net profits for four years and RMB 242.9992 million.

② Compensation for growth: Mr. Wang Yuecheng should ensure that the sum of actual net profits of Zhejiang Xiao Wang Zi for four years is not less than RMB 310.1339 million during the performance guarantee period, that is, RMB 66.8248 million in 2015, 73.5073 million in 2016, RMB 80.858 million in 2017 and RMB 88.9438 million in 2018. If the sum of actual net profits for four years is less than RMB 310.1339 million, Mr. Wang Yuecheng should compensate Zhejiang Xiao Wang Zi in cash by the difference between the sum of actual net profits for four years and RMB 310.1339 million.

③ Performance incentives: Jingliang Food Company agrees that if the sum of audited net profits of Zhejiang Xiao Wang Zi for four years is more than 310.1339 million Yuan during the performance guarantee period, the performance-based award shall be calculated accumulatively according to the different situations listed in the following table:

Unit: ten thousand yuan

Situation	Compound Average Growth Rate: A	Sum of Actual Net Profits for Four Years: B	Performance-based Award: C
I.	$10\% \leq A < 15\%$	$31,013.39 \leq B < 34,884.84$	$C = (B - 31,013.39) \times 30\%$
II.	$15\% \leq A < 20\%$	$34,884.84 \leq B < 39,132.64$	$C = (B - 34,884.84) \times 40\% + 3,871.45 \times 30\%$
III.	$A \geq 20\%$	$B \geq 39,132.64$	$C = (B - 39,132.64) \times 50\% + 4,247.80 \times 40\% + 3,871.45 \times 30\%$

The above performance-based award should be given by Zhejiang Xiao Wang Zi to Mr. Wang Yuecheng and his management team.

According to *Framework Contract on Trading in Shares of Zhejiang Xiao Wang Zi Food Co., Ltd. and Related Transactions and Its Supplement* signed among Jingliang Food Company, Mr. Wang Yuecheng and Zhejiang Xiao Wang Zi on June 18, 2016, the three parties have agreed that the excess performance-based award when the performance commitment is fulfilled should be accrued by Zhejiang Xiao Wang Zi and included into the Company's annual expenses. The actual operating performance determined by the board of directors of Jingliang Food Company should be the sum of the net profit recognized by audit (after the excess performance-based award is accrued) and the amount of excess performance-based award accrued (amount of expenses included) by deduction of the deferred income tax assets that should be recognized on the amount of excess performance-based award. In addition, the actual operating performance should be considered as the consideration base and gambling completion base for Jingliang Food Company to calculate its acquisition of the remaining shares of Zhejiang Xiao Wang Zi in accordance with *Framework Contract on Trading in Shares of Zhejiang Xiao Wang Zi Food Co., Ltd.*

2. Contingencies

As of December 31, 2018, 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 28, 2019, the 33rd meeting of the 8th board of directors of the Company approved that no profit distribution should be made in 2018. The resolution still needs approval of the stockholders' meeting.

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. 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	890,987,143.21	6,710,036,021.83	54,839,940.19	-246,738,801.82	7,409,124,303.41
operating costs	612,079,134.38	6,356,277,626.57	12,564,164.32	-235,605,717.15	6,745,315,208.12
Operating profit	155,081,646.63	123,199,419.11	71,956,090.71	-97,681,781.49	252,555,374.96
Net profit attributable to parent company	120,963,155.45	92,690,147.06	89,081,020.29	-134,777,741.65	167,956,581.15
Total assets	914,206,851.82	2,834,354,132.55	5,401,447,974.63	-4,232,859,962.72	4,917,148,996.28
Total liabilities	204,450,269.30	1,599,891,547.43	1,063,824,011.22	-790,083,326.12	2,078,082,501.83

3. Other

(1) On December 13, 2017, the Company and Xinyiyao Tourism Industrial Park Development Co., Ltd., Yujinzhong Agricultural Partnership (general partnership) of Shizhu Tujia Autonomous County and Beijing Jingliang Xinniuranyi Equity Investment Fund (limited partnership) jointly signed a project partnership agreement to jointly develop and construct the Yaowan Town Garden Complex Project in Xinyi City and the land consolidation improvement project. On February 6, 2018, the Company paid an investment of RMB 13.5 million and the project is ongoing.

(2) The 30th meeting of the 8th board of directors of the Company held on November 27, 2018 considered and adopted *Proposal for Acquiring Part of Stock Rights of Subsidiary Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.*, stipulating that Company should acquire 6% of the equity of Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd. held by Shizhu Tujia Autonomous County Yujinzhong Agricultural Partnership (General Partnership). After the transfer of shares is completed, the Company should hold 51% of the equity of Jingliang Rural Complex Construction and Operations (Xinyi) Co., Ltd.

(3) As of this financial report date, due to the problem of staff resettlement, the formalities for transfer of equity in Hainan Zhujiang Property Hotel Management Co., Ltd. have not been completed. According to the Asset Delivery Agreement, all rights and obligations under the transferred assets shall be enjoyed and assumed by the undertaker without the influence from the formalities for transfer of property rights. Therefore, the Company judges that this event will not have a significant adverse impact on itself.

XVI. Notes to Main Financial Statement Items of Parent Company

1. Notes Payable and Receivables

Item	Ending Balance	Beginning Balance
Notes receivable		
Receivables	79,986.00	109,389.00

Total	79,986.00	109,389.00
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(1) Receivables

① Classification and disclosure of receivables

Category	Ending Balance				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Proportion (%)	Amount	Proportion of Provision (%)	
Receivables with individual significant amounts and individual provisions bad debts					
Receivables with provision for bad debts based on portfolios of credit risk characteristics					
Including: aging combination	126,420.00		46,434.00		79,986.00
Combined Total	126,420.00	100.00	46,434.00	36.73	79,986.00
Receivables with no individual significant amounts but with individual provisions bad debts					
Total	126,420.00	100.00	46,434.00	----	79,986.00

(Continued)

Category	Beginning Balance				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Proportion (%)	Amount	Proportion of Provision (%)	
Receivables with individual significant amounts and individual provisions bad debts					
Receivables with provision for bad debts based on portfolios of credit risk characteristics					
Including: aging combination	126,420.00		17,031.00		109,389.00
Combined Total	126,420.00	100.00	17,031.00	13.47	109,389.00
Receivables with no individual significant amounts but with individual provisions bad debts					
Total	126,420.00	100.00	17,031.00	----	109,389.00

A. Portfolio of receivables with provision for bad debts according to aging analysis method

Aging	Ending Balance		
	Receivables	Provision for Bad Debts	Proportion of Provision (%)
Within one year			
Including: within the credit period			0
Credit period to one year			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
Above five years			100
Total	126,420.00	46,434.00	----

(Continued)

Aging	Beginning Balance		
	Receivables	Provision for Bad Debts	Proportion of Provision (%)
Within one year			
Including: within the credit period			0
Credit period to one year	3,000.00	60.00	2
1 to 2 years	51,420.00	2,571.00	5

2 to 3 years	72,000.00	14,400.00	20
3 to 4 years			50
4 to 5 years			80
Above five years			100
Total	126,420.00	17,031.00	----

②Provision for bad debts accrued, recovered or reversed in the current period

The releasing provision for bad debts in the current period is RMB 29,403.00.

③Top five ending balances of the receivables classified by debtor

The sum of top five balances of the receivables classified by debtor was RMB 126,420.00, accounting for 100% of the total ending balance of the receivables, and the total ending balance of corresponding provision for bad debts was RMB 46,434.00.

Name of Debtor	Ending Balance of Receivables	Proportion of the Total Ending Balance of Receivables (%)	Ending Balance of Provision for Bad Debts
Hainan Zhujiang Pipe Co., Ltd.	126,420.00	100.00	46,434.00
Total	126,420.00	100.00	46,434.00

2. Other Receivables

Item	Ending Balance	Beginning Balance
Other receivables	227,353.10	60,576,292.62
Interest receivable		
Dividends receivable		
Total	227,353.10	60,576,292.62

(1) Other receivables

①Classification and disclosure of other receivables

Category	Ending Balance				
	Book Balance		Provision for Bad Debts		Book Value
	Amount	Proportion (%)	Amount	Proportion of Provision (%)	
Other receivables with individual significant amounts and individual provisions bad debts					
Other receivables with provision for bad debts based on portfolios of credit risk characteristics					
Including: aging combination	281,502.34		54,149.24		227,353.10
Combined Total	281,502.34	100.00	54,149.24	19.24	227,353.10
Receivables with no individual significant amounts but with individual provisions bad debts					
Total	281,502.34	100.00	54,149.24	----	227,353.10

(Continued)

Category	Beginning Balance				
	Book Balance		Provision for bad debts		Book Value
	Amount	Proportion (%)	Amount	Proportion of Provision (%)	
Other receivables with individual significant amounts and individual provisions bad debts					
Other receivables with provision for bad debts based on portfolios of credit risk characteristics					
Including: aging combination	63,754,181.75		3,177,889.13		60,576,292.62
Combined Total	63,754,181.75	100.00	3,177,889.13	4.98	60,576,292.62
Receivables with no individual significant amounts but with individual provisions bad debts					
Total	63,754,181.75	100.00	3,177,889.13	----	60,576,292.62

A. Portfolio of other receivables with provision for bad debts according to aging analysis method

Aging	Ending Balance		
	Other receivables	Provision for bad debts	Proportion of Provision (%)
Within one year			
Including: within the credit period	24,040.24	0.00	0
Credit period to one year	207,462.10	4,149.24	2
1 to 2 years			5
2 to 3 years			20
3 to 4 years			50
4 to 5 years			80
Above five years	50,000.00	50,000.00	100
Total	281,502.34	54,149.24	----

(Continued)

Aging	Beginning Balance		
	Other receivables	Provision for Bad Debts	Proportion of Provision (%)
Within one year			
Including: within the credit period	2,122.90		0
Credit period to one year	1,573,793.63	31,475.87	2
1 to 2 years	62,128,265.22	3,106,413.26	5
2 to 3 years			20
3 to 4 years			50
4 to 5 years	50,000.00	40,000.00	80
Above five years			100
Total	63,754,181.75	3,177,889.13	----

②Provision for bad debts accrued, recovered or reversed in the current period

The releasing provision for bad debts in the current period is RMB - 3,123,739.89.

③Classification of other receivables by nature of payment

Nature of Payment	Ending Book Balance	Beginning Book Balance
Pretty cash (for employees, departments)	207,462.10	182,904.46
Other accounts		63,517,970.62
Receivables for employees	24,040.24	3,306.67
Other accounts	50,000.00	50,000.00
Total	281,502.34	63,754,181.75

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	2,375,639,964.05		2,375,639,964.05	2,336,639,964.05		2,336,639,964.05
Investment in joint ventures and affiliates						
Total	2,375,639,964.05		2,375,639,964.05	2,336,639,964.05		2,336,639,964.05

(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 Co., Ltd. (Xinyi)		13,500,000.00		13,500,000.00		
Jingliang (Caoheidian) Agricultural Development Co., Ltd.		25,500,000.00		25,500,000.00		
Total	2,336,639,964.05	39,000,000.00		2,375,639,964.05		

4. Operating income and operating costs

Item	Current Amount		Last Term Amount	
	Income	Cost	Income	Cost
Other businesses			2,857.14	302,436.60
Total			2,857.14	302,436.60

5. Investment income

Item	Current Amount	Last Term Amount
Income from long-term equity investment accounted by the equity method		-1,070,860.45
Income from disposal of long-term equity investment		75,820,000.00
Total		74,749,139.55

XVII. Additional Information**1. Statement of Current Non-recurring Gains and Losses**

Item	Amount	Description
Profit and loss from disposal of non-current assets	-367,796.13	
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 national unified standard quota or fixed quantity)	3,607,987.97	
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.	22,651,089.46	
Other non-operating income and expenditure other than the above items	24,754,455.18	
Subtotal	50,645,736.48	
Change in income tax	-6,260,509.66	
Change in minority shareholder's equity (after tax)	-3,853,822.87	
Total	40,531,403.95	

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	7.69	0.24	0.24
Net profit attributable to common shareholders after deduction of non-recurring gains and losses	5.83	0.19	0.19

Hainan Jingliang Holdings Co., Ltd.

March 30, 2019