

Stock Code: 000505, 200505

Stock Name: JLKG, JL-B

Announcement No. 2020-065

HAINAN JINGLIANG HOLDINGS CO., LTD.

THIRD QUARTERLY REPORT 2020 (SUMMARY)

Part I Important Notes

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Hainan Jingliang Holdings Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report and its summary are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.

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

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

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

Part II Key Corporate Information

I Key Financial Information

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

☐ Yes ☒ No

	30 September 2020	31 December 2019	Change (%)	
Total assets (RMB)	6,057,365,761.06	5,231,266,600.19	15.79%	
Equity attributable to the listed company's shareholders (RMB)	2,645,832,412.43	2,406,039,283.87	9.97%	
	Q3 2020	YoY change (%)	Q1-Q3 2020	YoY change (%)
Operating revenue (RMB)	1,928,342,701.75	5.67%	5,679,115,769.38	11.18%
Net profit attributable to the listed company's shareholders (RMB)	40,894,930.95	20.84%	114,657,826.14	34.34%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	32,040,014.29	13.31%	100,035,204.24	44.00%
Net cash generated from/used in operating activities (RMB)	-273,955,632.37	-221.14%	-86,859,811.61	-119.44%
Basic earnings per share (RMB/share)	0.06	20.00%	0.16	33.33%
Diluted earnings per share (RMB/share)	0.06	20.00%	0.16	33.33%
Weighted average return on equity (%)	1.56%	5.41%	4.65%	26.02%

Exceptional gains and losses:

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Q1-Q3 2020	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-30,020.88	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	7,543,633.15	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's	13,538,448.19	

ordinary course of business)		
Non-operating income and expense other than the above	-727,186.58	
Less: Income tax effects	5,293,637.02	
Non-controlling interests effects (net of tax)	408,614.96	
Total	14,622,621.90	--

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

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

II Total Number of Shareholders and Holdings of Top 10 of Them as at the End of the Reporting Period

1. Numbers of Ordinary Shareholders and Preference Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders		79,532	Number of preference shareholders with resumed voting rights (if any)		0	
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Shares in pledge or frozen	
					Status	Shares
BEIJING GRAIN GROUP CO., LTD.	State-owned corporation	39.68%	288,439,561	164,877,598		
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT CENTER	State-owned corporation	6.67%	48,510,460	48,510,460		
WANG YUECHENG	Domestic individual	5.66%	41,159,887	41,159,887		
LI SHERYN ZHAN MING	Foreign individual	1.23%	8,941,300	0		
CHINA DEVELOPMENT BANK CAPITAL CO., LTD.	State-owned corporation	0.94%	6,849,384	0		
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Other	0.51%	3,684,503	0		
MEI JIANYING	Domestic	0.36%	2,604,203	0		

	individual					
ZHANG XIAOXIA	Domestic individual	0.27%	1,949,250	0		
WANG XIAOXING	Domestic individual	0.24%	1,748,400	0		
ZHU PENG	Domestic individual	0.22%	1,577,900	0		
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted ordinary shares held			Shares by class		
				Class	Shares	
BEIJING GRAIN GROUP CO., LTD.	123,561,963			RMB-denominated ordinary share	123,561,963	
LI SHERYN ZHAN MING	8,941,300			Domestically listed foreign share	8,941,300	
CHINA DEVELOPMENT BANK CAPITAL CO., LTD.	6,849,384			RMB-denominated ordinary share	6,849,384	
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND MANAGEMENT CO., LTD.—GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	3,684,503			RMB-denominated ordinary share	3,684,503	
MEI JIANYING	2,604,203			RMB-denominated ordinary share	2,604,203	
ZHANG XIAOXIA	1,949,250			Domestically listed foreign share	1,949,250	
WANG XIAOXING	1,748,400			RMB-denominated ordinary share	1,748,400	
ZHU PENG	1,577,900			RMB-denominated ordinary share	1,577,900	
ORIENT SECURITIES (HONG KONG) LIMITED	1,354,500			Domestically listed foreign share	1,354,500	
FOSHAN SHUNDE XIHUA ELECTRONICS CO., LTD.	1,144,000			RMB-denominated ordinary share	1,144,000	
Related or acting-in-concert parties among the shareholders above	① Beijing State-Owned Capital Operation and Management Center owns 100% of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is the controlling shareholder of the Company (a 39.68% holding). ② Wang Yuecheng is a Deputy General Manager of the Company. Apart from the aforesaid, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.					
Top 10 shareholders engaged in securities	① Shareholder Wang Xiaoxing held 1,748,400 shares in the Company through his					

margin trading (if any)	account of collateral securities for margin trading in Soochow Securities Co., Ltd. ② Shareholder Zhu Peng held 1,315,200 shares in the Company through his account of collateral securities for margin trading in China Merchants Securities Co., Ltd.
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Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yes ☒ No

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

Part III Significant Events

I Changes in Key Financial Statement Line Items and Explanation of why

☒ Applicable ☐ Not applicable

1. Derivative financial assets increased primarily driven by an increase in deposits for futures contracts in the current period.
2. Prepayments increased primarily driven by an increase in prepayments to suppliers due to new soy bean purchases for the oils and oilseeds business in the current period.
3. Other non-current assets increased primarily driven by new bank deposits with a term of over one year in the current period.
4. Short-term borrowings increased primarily driven by bank loan raised for new soy bean purchases for the oils and oilseeds business in the current period.
5. R&D expense increased primarily driven by the reclassification of certain R&D personnel's salaries from administrative expense to R&D expense in the current period.
6. Return on investment increased primarily driven by increases in return on joint venture investments and in wealth management income.
7. Gain on fair value changes decreased primarily driven by changes in the value of futures contracts.
8. Net profit increased primarily driven by year-on-year increases in both production and sales volume in the oils pressing business due to a strong market in the current period, boosting revenue and gross profit.
9. Net cash generated from operating activities decreased primarily driven by a year-on-year increase in soy bean purchases for the oils pressing business in the current period.
10. Net cash generated from financing activities increased primarily driven by bank loan raised for new soy bean purchases for the oils and oilseeds business in the current period.

II Progress, Influence and Solutions in respect of Significant Events

☐ Applicable ☒ Not applicable

Progress of any share repurchase:

☐ Applicable ☒ Not applicable

Progress of any reduction of the repurchased shares through centralized bidding:

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

IV Financial Investments

1. Securities Investments

☒ Applicable ☐ Not applicable

Unit: RMB

Type of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement method	Opening carrying amount	Gain/loss on fair-value changes in the current period	Cumulative fair-value changes through equity	Purchased in the current period	Sold in the current period	Gain/loss in the current period	Closing carrying amount	Accounting title	Funding source
Other	204001	GC001		Cost method				289,900,000.00	289,900,000.00	30,767.16	0.00	Other	Self-funded
Other	204003	GC003		Cost method				40,000,000.00	40,000,000.00	34,619.73	0.00	Other	Self-funded
Other	204007	GC007		Cost method				50,000,000.00	0.00	0.00	50,000,000.00	Other	Self-funded
Total			0.00	--	0.00	0.00	0.00	379,900,000.00	329,900,000.00	65,386.89	50,000,000.00	--	--
Disclosure date of the announcement on the Board's approval of securities investments			7 March 2020										
Disclosure date of the announcement on the general meeting's approval of securities investments (if													

any)	
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2. Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Type of derivative financial instrument	Start date	End date	Closing investment amount	Closing investment amount as % of the Company's closing net assets	Actual gain/loss in the current period
Agricultural commodity futures	1 January 2020	30 September 2020	27,395.28	10.35%	2,756.59
Forex forwards	1 January 2020	30 September 2020	42,364.52	16.01%	-1,922.48
Forex forwards	14 September 2020	30 November 2020	802.8	0.30%	0
Forex forwards	16 September 2020	31 December 2020	858	0.32%	0
Forex forwards	17 September 2020	31 December 2020	132	0.05%	0
Forex forwards	25 September 2020	31 December 2020	896.4	0.34%	0
Total	--	--	72,449	27.37%	834.11
Funding source	Self-funded				
Legal matters involved (if applicable)	N/A				
Disclosure date of the announcement on the Board's approval of investments in derivative financial instruments (if any)	7 March 2020 28 March 2020				
Disclosure date of the announcement on the general meeting's approval of investments in derivative financial instruments (if any)	18 April 2020				
Risk analysis and control measures in respect of derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk,	The Company's conduction of hedging business is not aimed at speculation, but mainly to effectively avoid the impact of raw material price fluctuation on the Company. However, there will be certain risks: 1. Price fluctuation risk: price fluctuation risk may be generated when the futures market changes greatly, resulting in transaction losses; 2. Capital risk: capital risk may be correspondingly brought because the futures trading adopts margin and marking-to-market system; 3. Internal control risk: there may be risks due to imperfect internal control system for the high expertise and complexity of futures trading; 4. Technical risk: there may be technical risks due to incomplete computer systems. The Company adopts following risk control measures: 1. Matching				

legal risk, etc.)	the hedging business with the Company's production and operation so as to maximally reduce the price fluctuation risk; 2. The Company will reasonably dispatch its own funds for hedging business, strictly control the hedging fund scale and reasonably plan and use margins; 3. <i>Management System for Commodity Futures Trading</i> is formulated based on actual situation of the Company and pursuant to governing stipulations of <i>Guidelines for Standard Operation of Companies Listed in Shenzhen Stock Exchange</i> which have made clearly stipulations about the amount, variety scope, approval authority, internal approval procedures, responsible departments and persons, information isolation measures, internal risk report and related solution process, information disclosure, etc. regarding hedging business. The Company will strictly control all sectors in accordance with <i>Management System for Commodity Futures Trading</i> ; 4. Establishing qualified systems for transaction, communication and information services so as to guarantee the normal operation of the transaction system and smooth proceeding of transactions. When a wrong order occurs, corresponding measures should be timely taken to reduce losses.
Changes in market prices or fair value of derivative investments in the Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	The value of the Company's future contracts changed according to the contract prices declared by the future exchange, which were broadly representative. And the fair value of the Company's future contracts was executed in strict compliance with the future exchange's settlement methods.
Significant changes in accounting policies and specific accounting principles adopted for derivative investments in the Reporting Period compared to the last reporting period	None
Opinion of independent directors on derivative investments and risk control	1. Opinion of independent directors on the Proposal on 2020 Futures Hedging Plan of Jingliang (Tianjin) Grain and Oil Industry Co., Ltd. and Beijing Jingliang Oils Co., Ltd.: after check, the Company carried out the business of futures hedging based on normal production and management, relying on specific business. Under the premise of ensuring normal production and management, the Company used futures hedging tools to avoid the adverse impacts on the Company's operation from the large price fluctuation of raw materials and products, which is not detrimental to the interests of the Company and all other shareholders, especially minority shareholders. At the same time, the Company formulated relevant systems, and specific operating instructions for the business of futures hedging through strengthening internal control and implementing risk prevention measures. It is agreed that the Company and its subsidiaries will continue to conduct futures hedging business according to the relevant regulations. 2. Opinion of independent directors on the Proposal on Conducting Foreign Exchange Derivatives Trading Business by the Company and Majority-owned Subsidiaries: after check, the relevant decision-making procedures for the Company and its majority-owned subsidiaries to conduct foreign exchange derivatives trading business are in compliance with relevant national laws, regulations and the governing provisions of the <i>Articles of Association</i> after verification. Based on

	normal production and operation, the Company uses foreign exchange derivatives instruments to reduce exchange rate risks and finance costs, and control business risks. There is no harm to the interests of the Company and all other shareholders, especially minority shareholders. It is agreed that the Company and its majority-owned subsidiaries will conduct foreign exchange derivative trading business within the consideration amount, and submit to the general meeting for deliberation.
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V Progress of Projects Financed with Raised Funds

☒ Applicable ☐ Not applicable

The Company's projects financed with raised funds are the intermediary agency fee and transaction tax and fee project, the technological R&D centre project, and the channel and brand development project. The intermediary agency fee and transaction tax and fee project has been completed, while the other two projects are in a stage of adjustment.

VI 2020 Annual Operating Performance Forecast

Warning of a forecast loss on or a forecast significant year-on-year change in the 2020 annual net profit, as well as explanation of why:

☐ Applicable ☒ Not applicable

VII Significant Contracts Arising from the Company's Ordinary Course of Business

☐ Applicable ☒ Not applicable

VIII Cash Entrusted for Wealth Management

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's wealth management product	Self-funded	35,330	8,830	0
Broker's wealth management product	Idle raised funds	38,700	28,000	0
Total		74,030	36,830	0

High-risk wealth management transactions with a significant single amount, or with low security, low liquidity or

no principal protection:

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Trustee	Type of trustee	Type of wealth management product	Principal	Funding source	Start date	End date	Investment with principal	Way of payback	Reference annualized rate of return	Expected return (if any)	Actual gain/loss in the Reporting Period	Recovery of the gain/loss in the Reporting Period	Impairment allowance (if any)	Through prescribed procedures or not	Any plan for further transactions	Summary and index to more information (if any)
China Securities Co., Ltd.	Broker	Income certificate	28,000	Idle raised funds	19 August 2020	22 February 2020	As contractually agreed	Payback of principal with interest upon maturity	2.95%	0	0	Unredeemed		Yes	Yes	Announcement No. 2020-049 on www.cninfo.com.cn
Total			28,000	--	--	--	--	--	--	0	0	--		--	--	--

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

☐ Applicable ☒ Not applicable

IX Irregularities in the Provision of Guarantees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

XI Communications with the Investment Community such as Researches, Inquiries and Interviews Received during the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Hainan Jingliang Holdings Co., Ltd.

24 October 2020