

Stock Code: 000505, 200505

Stock Name: JLKG, JL-B

Announcement No.: 2018-021

HAINAN JINGLIANG HOLDINGS CO., LTD.

ANNUAL REPORT 2017 (ABSTRACT)

Part I Important Notes

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

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

All the Company’s Directors have attended in person the Board meeting for the review of this Report.

No-standard auditor’s modified opinion:

☐ Applicable ☒ Not applicable

Proposal on cash and/or share dividend, and capital reserve transferred into share capital for common shareholders for the Reporting Period, which has been considered and approved by the Board:

☐ Applicable ☒ Not applicable

The Company plans not to distribute cash or share dividend and transfer capital reserve into share capital for the Reporting Period.

Proposal on cash and/or share dividend for preferred shareholders for the Reporting Period, which has been considered and approved by the Board:

☐ Applicable ☒ Not applicable

Part II Company Profile

1. Stock Profile

Stock name	JLKG, JL-B	Stock symbol	000505, 200505
Stock exchange	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Zhao Yinhu		
Office address	Jing Liang Building, No. 16 East Third Ring		

	Middle Road, Chaoyang District, Beijing	
Fax	010-51672010	
Tel.	010-51672029	
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2. Brief Introduction to Main Business Scope or Products in Reporting Period

During the Reporting Period, the Company completed a significant asset restructuring, and its main business scope has changed from real estate development, resort hotel operation and property management to vegetable oil processing, food production and land restoration. 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 “Xiaowangzi”, “MS Dong”, “Jianqiang De Tudou” and “Gu Chuan”, among others, with the main products being potato chips, cakes and pastries and bread.

In 2017, under a market environment that oil and oilseed prices fell sharply in the first half of the year and fluctuated low in the second half of the year, in its oils and oilseeds business division, the Company made innovation in operation mode, optimization in product structure and enhancement in fine management. A total of 1.6777 million tons of oils and oilseeds were sold during the Reporting Period, generating revenue of RMB6.587 billion (a 29.78% year-over-year increase) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB80.55 million (a 21.64% year-over-year increase). Firstly, new breakthroughs in oil processing were achieved. In terms of oil processing, the Company focused on lean management by means of 6s, comprehensive budget management, risk prevention and control system construction to comprehensively enhance the operation level, keep improving quality and efficiency. The annual processing volume exceeded 1 million tons with an operation rate of 83.33%, being at the forefront of the industry. Secondly, brand product structure was gradually optimized. The series of brands including “Gu Chuan”, “Lv Bao”, “Gu Bi”, “Huo Niao” and “Tian Yi” focusing on high value-added products promote continuous optimization of product structure.. The Company increased produce R&D, gathered marketing resources and strengthened assessment incentives, and thus achieved substantial growth in sales of high value-added products such as sesame oil, rapeseed oil and flax seed oil, etc., of which sales of sesame oil increased by 23.18% year-on-year. Thirdly, steady progress had been made in the trade reserve. In terms of oil and oilseeds trade, the Company adhered to the sales model of combination of futures trading and actual transactions strengthened market judgment, made innovation in operation and prevented business risks, thus achieved an annual trade volume of oils and oilseeds amounted to 424,000 tons, an increase of 59.81% year-over-year, covering more than 12 varieties such as soybean, rapeseed oil and flaxseed. Regarding oil reserve, the Company adhered strictly to the rules and regulations and strengthened the standardized management. There were no accidents throughout the year, and 60,000 tons of storage was successfully completed in-out-stock.

In 2017, facing the adverse conditions of fierce competition in the end market and rising price on raw and auxiliary materials in its food processing business, the Company got over both internal and external difficulties,

achieving sales revenue of RMB829 million for the year (a year-over-year increase of 5.73%) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB70.6663 million (a 50.08% year-over-year increase). Firstly, the snack food business maintained a rapid growth. In terms of snack food business, the Company adhered to the development model of “Differentiated Asymmetric Competitive Strategy” and “Professional Manufacturing + Cultural Innovation + Internet Gene”, focusing on the three major categories of potato, puffed food and pastry. This business division centered on product R&D, intensified fine management and laid stress on channel expansion, and thus achieved annual sales revenue of RMB771 million, an increase of 5.47% year-over-year. The Company owned 1,470 clients with a reasonable layout including comprehensive channels, terminal channels, circulation channels and special channels to sell products to all regions in the country. The sales revenue of main products “MS Dong” and “Jianqiang De Tudou” accounted for 32.7% of the total sales revenue, playing a significant role in strategic driving effect. The newly introduced “Dai Bu’Er”, “12 Constellations” and “Daily Walnut” also won a good market response with a sales revenue accounting for 29% of the total, playing an important role in stimulating the market. Secondly, the bread processing business was ready for expansion. The Company actively expanded the retail market of bread business and enriched the product structure to reversed the downward trend in previous years, and sales in KFC and retail channels increased by 8.5% and 44% respectively, building a base for the next step, that is, on the one hand, the cooperation with the Wumart Group in capital level entered the substantive stage. The two parties had signed a strategic cooperation agreement, and the bread products would be available for sale in the 350 stores of Wumart in Beijing. On the other hand, the expansion of the baking industry would be carried out in an orderly manner, and stores would be opened in Tianjin and Beijing. Moreover, the ERP system and institutional mechanisms would be established for standardization.

On December 13, 2017, the Board of Directors of the Company convened the 22nd meeting of the 8th session to discuss and approve the “Proposal on Signing Project Cooperative Agreements and Launching Projects for Land Rehabilitation and Agricultural Industrialization”, and the Company began to get involved in the field of land restoration. In 2017, the Central No. 1 Document “The Central Committee of the Communist Party of China and the State Council’s Opinions on Deepening the Structural Supply Side Reform on Agriculture and Accelerating the New Development of Agriculture and Rural Area” clearly clarified that “the increased cultivated land by land remediation is allowed to be adjusted within the province as an indicator of compensatory balance for supplementing cultivated land, and the gains from the adjustment of the targets can be obtained according to regulations or contracts”. The Company cooperates with the government and professional land remediation companies to start with compensatory balance indicators, which can guarantee stable profits and rapid entry into the field of land restoration, building a base for the next step in the expansion of the land restoration industry chain.

3. Key Financial Information

(1) Key Financial Information of Past Three Years

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

√ Yes □ No

Reasons for retrospective restatements:

Business merger under the same control.

Unit: RMB

	2017	2016		2017-over-2016 change	2015	
		Before	Restated		Before	Restated
Sales revenue	7,917,639,044.13	969,140,915.32	8,723,491,657.31	-9.24%	267,068,750.88	13,959,307,849.28
Net income attributable to shareholders of the listed company	129,603,167.36	73,300,570.54	197,319,239.01	-34.32%	-107,573,743.92	-20,028,834.34
Net income attributable to shareholders of the listed company before nonrecurring gains and losses	63,818,849.21	-134,994,571.34	-72,109,287.22	225.52%	-237,953,658.00	-236,415,787.81
Net cash flows from operating activities	-1,379,507,779.66	257,914,814.62	948,330,160.14	-245.47%	259,599,625.38	1,052,914,971.80
Basic earnings per share (RMB/share)	0.2	0.17	0.31	-35.48%	-0.25	-0.03
Diluted earnings per share (RMB/share)	0.2	0.17	0.31	-35.48%	-0.25	-0.03
Weighted average return on equity (%)	5.01%	0.00%	6.96%	-1.95%	0.00%	0.00%
	December 31, 2017	December 31, 2016		Change of December 31, 2017 over December 31, 2016	December 31, 2015	
		Before	Restated		Before	Restated
Total assets	6,082,383,851.23	1,385,469,635.17	5,007,343,324.00	21.47%	1,714,444,000.65	6,921,922,664.53
Equity attributable to shareholders of the listed company	2,101,342,683.37	65,088,302.88	1,383,081,876.55	51.93%	-217,136,869.15	984,066,397.14

Notes: ① Sales revenue of 2016 is higher than that of 2017 primarily because the sales revenue of January-May 2016 includes revenue of RMB1.865 billion from the grain trading business (transferred at the end of May 2016) and there was no such business in the current period.

② Net income attributable to shareholders of the listed company of 2017 is lower than that of 2016 primarily because the Company earned net income of RMB152.85 million in 2016 from disposal of its equity investments in Heilongjiang Longshi Pearl River Media Co., Ltd. and Days Hotel & Suites Sanya Resort as well as three villas in Sanya City, Hainan Province.

③ Cash used in operating activities is of a large amount because in the oil and oilseed business, the Company purchased a large quantity of soybeans in the international market at the end of 2017 according to its production and operation plan for 2018, which had been made upon careful analyses on the international and domestic markets.

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Sales revenue	1,545,437,876.41	1,737,124,400.52	2,232,700,520.70	2,402,376,246.50
Net income attributable to shareholders of the listed company	29,668,391.83	30,000,740.02	42,164,080.63	27,769,954.88
Net income attributable to shareholders of the listed company before nonrecurring gains and losses	13,757,116.56	18,420,025.56	10,579,084.33	21,062,622.76
Net cash flows from operating activities	-124,811,091.49	-564,681,487.32	-305,046,738.32	-384,968,462.53

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

☐ Yes ☒ No

4. Share Capital and Shareholder Information

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

Unit: share

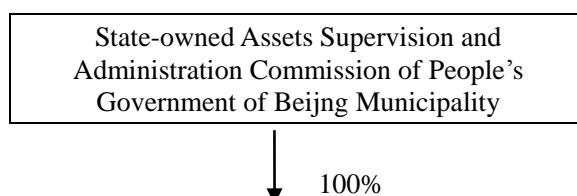
Common shareholders at period-end	30,241	Common shareholders at month-end prior to disclosure of this Report	33,650	Preferred shareholders with resumed voting rights at period-end	0	Preferred shareholders with resumed voting rights at month-end prior to disclosure of this Report	0
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage at period-end (%)	Shares	Restricted shares	Pledged or frozen shares		
					Status	Shares	
BEIJING GRAIN GROUP CO., LTD.	State-owned juridical person	42.06%	288,439,561	164,877,598			

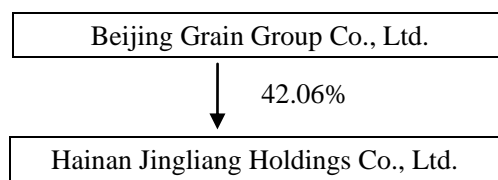
BEIJING STATE-OWNED CAPITAL OPERATION AND MANAGEMENT CENTER	State-owned juridical person	7.07%	48,510,460	48,510,460		
CHINA DEVELOPMENT BANK CAPITAL CO., LTD.	State-owned juridical person	3.33%	22,828,451	22,828,451		
GOLD BUFFALO RUNYING (TIANJIN) EQUITY INVESTMENT FUND (L.P.)	Domestic non-state-owned juridical person	3.33%	22,828,451	22,828,451		
LI SHERYN ZHAN MING	Foreign natural person	3.30%	22,620,168	0		
MEI JIANYING	Domestic natural person	0.38%	2,597,803	0		
XU ZHEN	Domestic natural person	0.37%	2,518,300	0	Frozen	1,550,000
ZHANG XIAOXIA	Domestic natural person	0.28%	1,949,250	0		
WANG XIAOXING	Domestic natural person	0.27%	1,836,500	0		
ZHONG YI	Domestic natural person	0.25%	1,730,083	0		
Related or acting-in-concert parties among shareholders above	Beijing State-Owned Capital Operation And Management Center owns 100% of Beijing Grain Group Co., Ltd., and Beijing Grain Group Co., Ltd. is a shareholder of the Company (a 42.06% holding). Apart from that, the Company does not know whether there are any other related parties or acting-in-concert parties among the top 10 shareholders.					
Shareholders conducting securities margin trading (if any)	1. Shareholder Wang Xiaoxing holds 1,836,500 shares in the Company through his account of collateral securities for margin trading in Soochow Securities Co., Ltd. 2. Shareholder Zhong Yi holds 1,730,083 shares in the Company through his account of collateral securities for margin trading in Fortune Securities Co., Ltd.					

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

No preferred shareholders in the Reporting Period.

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





5. Corporate Bonds

The Company has no corporate bonds publicly offered and listed on the stock exchange, which were undue before the date of this Report's approval or were due but could not be redeemed in full.

Part III Company Performance Discussion and Analysis

1. Business Review for Reporting Period

(1) Overall Performance

In face of the increasingly unfavorable market and industry environments, the Company pursued progress amid stability. For 2017, the Company recorded sales revenue of RMB7.918 billion, with net income attributable to its shareholders being RMB129.6 million and earnings per share RMB0.20. By operating division, the oils division generated sales revenue of RMB6.587 billion (a 29.78% year-over-year increase) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB80.55 million (a 21.64% year-over-year increase); and the food processing division generated sales revenue of RMB829 million (a year-over-year increases of 5.73%) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB70.6663 million (a 50.08% year-over-year increase).

Beijing Jingliang Food Co., Ltd., a swapped-in asset of the Company, registered sales revenue of RMB7.453 billion and net income attributable to the Company (as the parent company) before non-recurring gains and losses of RMB0.157 billion, over-fulfilling its 2017 annual income commitment of RMB0.13 billion.

(2) Major Work Done

① Successful completion of reorganization

After the hard work of the reorganized parties, the reorganization of the Company and Beijing Grain Group was completed successfully. On July 31, 2017, the Company received the "Approval of Permitting Hainan Pearl River Holdings Co., Ltd. to Purchase Assets of Beijing Grain Group Co., Ltd. and Raise Supporting Funds by Issuing Shares" (CSRC Approval [2017] No. 1391). On September 30, 2017, major asset swaps were completed, in which 100% of purchased assets were placed into listed companies and 93.46% of the sales of assets were completed. On November 15, 2017, the issuance of shares for asset purchase and supporting funds raise were completed.

② Steady growth of oils and oilseeds business

Under a market environment that oil and oilseed prices fell sharply in the first half of the year and fluctuated low

in the second half of the year, in its oils and oilseeds business division, the Company made innovation in operation mode, optimization in product structure and enhancement in fine management. A total of 1.6777 million tons of oils and oilseeds were sold during the Reporting Period, generating revenue of RMB6.587 billion (a 29.78% year-over-year increase) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB80.55 million (a 21.64% year-over-year increase). Firstly, new breakthroughs in oil processing were achieved. In terms of oil processing, the Company focused on lean management by means of 6s, comprehensive budget management, risk prevention and control system construction to comprehensively enhance the operation level, keep improving quality and efficiency. The annual processing volume exceeded 1 million tons with an operation rate of 83.33%, being at the forefront of the industry. Secondly, brand product structure was gradually optimized. The series of brands including “Gu Chuan”, “Lv Bao”, “Gu Bi”, “Huo Niao” and “Tian Yi” increased product R&D focusing on high value-added products. The Company gathered marketing resources and strengthened assessment incentives to promote continuous optimization of product structure, and thus achieved substantial growth in sales of high value-added products such as sesame oil, rapeseed oil and flaxseed oil, etc., of which sales of sesame oil increased by 23.18% year-over-year. Thirdly, steady progress had been made in the trade reserve. In terms of oil and oilseed trade, the Company adhered to the sales model of combination of futures trading and actual transactions strengthened market judgment, made innovation in operation and prevented business risks, thus achieved an annual trade volume of oils and oilseeds amounted to 424,000 tons, an increase of 59.81% year-over-year, covering more than 12 varieties such as soybean, rapeseed oil and flaxseed. Regarding oil reserve, the Company adhered strictly to the rules and regulations and strengthened the standardized management. There were no accidents throughout the year, and 60,000 tons of storage was successfully completed in-out-stock.

③ Rapid development of food processing business

Facing the adverse conditions of fierce competition in the end market and rising raw and auxiliary materials in its food processing business, the Company got over both internal and external difficulties, achieving sales revenue of RMB829 million for the year (a year-over-year increases of 5.73%) with net income attributable to the Company (as the parent company) before non-recurring gains and losses being RMB70.6663million (a 50.08% year-over-year increase). Firstly, the snack food business maintained a rapid growth. In terms of snack food business, the Company adhered to the development model of “Differentiated Asymmetric Competitive Strategy” and “Professional Manufacturing + Cultural Innovation + Internet Gene”, focusing on the three major categories of potato, puffed food and pastry. This business division centered on product R&D, intensified fine management and laid stress on channel expansion, and thus achieved annual sales revenue of RMB771 million, an increase of 5.47% year-over-year. The Company owned 1,470 clients with a reasonable layout including comprehensive channels, terminal channels, circulation channels and special channels to sell products to all regions in the country. The sales revenue of main products “MS Dong” and “Jianqiang De Tudou” accounted for 32.7% of the total sales revenue, playing a significant role in strategic driving effect. The newly introduced “Dai Bu’Er”, “12 Constellations” and “Daily Walnut” also won a good market response with a sales revenue accounting for 29% of the total, playing an important role in stimulating the market. Secondly, the bread processing business was ready for expansion. The Company actively expanded the retail market of bread business and enriched the product

structure to reversed the downward trend in previous years, and sales in KFC and retail channels increased by 8.5% and 44% respectively, building a base for the next step, that is, on the one hand, the cooperation with the Wumart Group in capital level entered the substantive stage. The two parties had signed a strategic cooperation agreement, and the bread products would be available for sale in the 350 stores of Wumart in Beijing. On the other hand, the expansion of the baking industry would be carried out in an orderly manner, and stores would be opened in Tianjin and Beijing. Moreover, the ERP system and institutional mechanisms would be established for standardization.

④ Increase of corporate influence

The influence of the Company in the industry keeps increasing with economic efficiency, business expansion and publicity and promotion. The "Gu Chuan" brand owned by the Company won the honor of most influential brand in Beijing. Zhejiang Xiaowangzi Food Share Co., Ltd., a subsidiary of the Company, was assessed the "National Leading Food Enterprise of the Food Industry for 2016-2017" by the China Food Industry Association. Firstly, the Company got involved in the field of land restoration. In accordance with development strategy, the Company established cooperation with Tangshan Caofeidian Agricultural Development Group and the government of Yaowan Town, Xinyi City, Jiangsu Province to set up Beijing Grain (Caofeidian) Agricultural Development Co., Ltd. and Beijing Grains Lands Construction and Operation (Xinyi) Co., Ltd. respectively to gain stable profits through land restoration following up the land increase/decrease linking policy, and built a good base for the company profit growth in the next step. Secondly, the Company keeps expanding the business area. In terms of oil business, with the help of coordinated development of Beijing, Tianjin and Hebei, the Company cooperated with Hebei Grain Industry Group Co., Ltd. to establish Beijing Grain (Hebei) Oil Co., Ltd., which became an important fulcrum for the brand products layout of the Company in the Shijiazhuang market. At present, the marketing layout of oil business is basically formed in Beijing, Tianjin and Shijiazhuang, radiating to the whole region of Beijing, Tianjin and Hebei. With regards to snack food business, the Company had held six large-scale marketing and promotion conferences in Chuntang of Chengdu, Emeishan, Xi'an, Dalian, Huangshan and Chongqing, as well as more than 60,000 sales terminal promotion activities, further deepening the marketing channels covering the whole country. Thirdly, the Company kept improving the brand image. Relying on the excellent performance of the grain and oil products in the Beijing market and the recognition of consumers, the Gu Chuan brand won the honor of most influential brand in the 8th Beijing Influence Evaluation among the tens of thousands of participants. The two super IPs of snack foods have achieved initial success: "MS Dong" has become a hot product by internet communications such as WeChat, micro-blog, microfilm and Internet novels, while the "Jianqiang De Tudou" brand targeted young consumers. The products will be given cultural connotation by series of animations and related preparations have already been started. The improvement of brand image has further enhanced the promotion of product marketing.

2. Material Change in Main Business Scope in Reporting Period

☒ Yes ☐ No

During the Reporting Period, the Company completed a significant asset restructuring, and its main business

scope has changed from real estate development, resort hotel operation and property management to vegetable oil processing, food production and land restoration.

3. Product Categories Contributing over 10% of Main Business Revenue or Income

☒ Applicable ☐ Not applicable

Unit: RMB

Product category	Sales revenue	Operating income	Gross margin percentage	YoY change in sales revenue	YoY change in operating income	YoY change in gross margin percentage
Oils and oilseeds	6,587,444,233.67	326,022,728.20	4.95%	29.78%	12.07%	-0.78%
Food processing	829,093,442.40	248,082,750.24	29.92%	5.73%	7.82%	0.58%

4. Business Seasonality to which Special Attention should Be Paid

☐ Yes ☒ No

5. Material YoY Changes in Sales Revenue, Cost of Sales and Net Income Attributable to Common Shareholders or Their Composition

☒ Applicable ☐ Not applicable

(1) Sales revenue and cost of sales decrease primarily because the sales revenue and cost of sales of January-May 2016 include revenue and cost of 14 grain trading subsidiaries (all transferred at the end of May 2016) and there was no such business in the current period. (2) Net income attributable to shareholders of the listed company decreases primarily because the Company earned net income of RMB152.85 million in 2016 from disposal of its equity investments in Heilongjiang Longshi Pearl River Media Co., Ltd. and Days Hotel & Suites Sanya Resort as well as three villas in Sanya City, Hainan Province.

6. Possibility of Listing Suspension or Termination

☐ Applicable ☒ Not applicable

7. Matters Related to Financial Reporting

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

☒ Applicable ☐ Not applicable

The Company's asset and business structures have changed significantly upon the completion of a significant asset restructuring. In order to provide a more objective, truer and fairer reflection of its financial condition and operating results, based on its business size and features, and referring to the corresponding accounting estimates

of comparable listed companies in the same industry, the Company has adjusted its accounting estimates regarding the allowance ratios on doubtful receivable accounts, as well as the depreciable lives and yearly depreciation rates of property, plant and equipment. For further information, see the Announcement on Changes to Allowance Ratios on Doubtful Receivable Accounts, as well as Depreciable Lives and Yearly Depreciation Rates of Property, Plant and Equipment on www.cninfo.com.cn.

As the Ministry of Finance issued during the Reporting Period the Accounting Standard No. 42 for Business Enterprises—Non-Current Assets and Disposal Groups Classified as Held for Sale and Discontinued Operations, the revised Accounting Standard No. 16 for Business Enterprises—Government Subsidies, and the Notice on Revising and Issuing Format of Financial Statements of General Enterprises, the adoption of these new regulations by the Company has incurred changes to its accounting policies. For further information, see the Announcement on Accounting Policy Changes on www.cninfo.com.cn.

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

☐ Applicable ☒ Not applicable

No such cases.

(3) YoY Changes in Scope of Consolidated Financial Statements

☒ Applicable ☐ Not applicable

Material changes have occurred to the scope of the Company's consolidated financial statements of the Reporting Period due to a significant asset restructuring. 18 new entities are included and 16 former entities are excluded compared to 2016. This is because the swapped-in assets were accounted for as business mergers under the same control, and the financial statements of 2016 were retrospectively adjusted accordingly. On May 31, 2016, in order to eradicate the horizontal competition between Jingliang Food's 14 trading subsidiaries and Beijing Grain Group, as approved by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, Jingliang Food transferred its holdings in the 14 trading companies (Beijing Jingliang Xingye Trading Co., Ltd., Beijing Jingliang Jinfeng Grain and Oil Trading Co., Ltd., etc.) to Beijing Grain Group. As such, the Company's consolidated financial statements included the aforesaid 14 trading companies for January-May 2016. July 31, 2017 was the settlement day for the Company's mater asset restructuring. According to the relevant restructuring agreements, since the settlement day, certain of the Company's former subsidiaries (Shanghai Real Estate, Jiubo Culture, Mudanjiang Group, Pearl River Property Management, Hubei Real Estate, Hebei Real Estate, etc.) would no longer be included in the Company's consolidated financial statements. As for equity investments swapped out, they would no longer be consolidated since the settlement day and the opening amounts of the balance sheets would not be adjusted.

Hainan Jingliang Holdings Co., Ltd.

April 13, 2018