



深圳市深粮控股股份有限公司
SHENZHEN CEREALS HOLDINGS CO.,LTD.
ANNUAL REPORT 2020

April 2021

Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of SHENZHEN CEREALS HOLDINGS CO.,LTD. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Chairman of the Company Zhu Junming, General Manager Hu Xianghai, Head of Accounting Jin Zhenyuan and Head of Accounting Institution (Accounting Supervisors) Wen Jieyu hereby confirm that the Financial Report of Annual Report 2020 is authentic, accurate and complete.

All Directors are attended the Board Meeting for deliberation of this Report.

Concerning the forward-looking statements with future planning involved in the annual report, they do not constitute a substantial commitment for investors, *Securities Times, China Securities Journal, Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the media appointed by the Company for information disclosure, all information of the Company disclosed in the above mentioned media should prevail. Investors are advised to exercise caution of investment risks.

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report, investors are advised to pay attention to read “Prospect for future development of the Company” in the report of Section IV-Discussion and Analysis of the Operation. This report has been prepared in Chinese and English version respectively. In the event of difference in interpretation between the two versions, Chinese report shall prevail.

The profit distribution plan deliberated and approved by the Board Meeting was: distributed cash bonus of 2 yuan (tax included) for every 10 shares held by whole shareholders based on the 1,152,535,254, zero share(tax included) for bonus and no transfer of public reserves into share capital either.

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Interpretation

Items	Refers to	Contents
SZCH/Listed Company /the Company/	Refers to	Shenzhen Cereals Holdings Co., Ltd.
Shenshenbao/Shenbao Company	Refers to	Shenzhen Shenbao Industrial Co., Ltd.
SZCG	Refers to	Shenzhen Cereals Group Co., Ltd
Doximi	Refers to	Shenliang Doximi Business Co., Ltd.
Flour Company, Flour Factory	Refers to	Shenzhen Flour Co., Ltd
Shenliang Quality Inspection	Refers to	Shenliang Quality Inspection Co., Ltd.
Dongguan Logistics	Refers to	Dongguan Shenliang Logistics Co., Ltd.
Dongguan Food Industrial Park	Refers to	Dongguan International Food Industrial Park Development Co., Ltd.
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd.
Food Materials Group	Refers to	Shenzhen Food Materials Group Co., Ltd
Fude Capital	Refers to	Shenzhen Fude State Capital Operation Co., Ltd.
Agricultural Products	Refers to	Shenzhen Agricultural Products Group Co., Ltd
SIHC	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
BDO CPAs	Refers to	BDO China Shu Lun Pan Certified Public Accountant LLP
Article of Association	Refers to	Article of Association of Shenzhen Cereals Holdings Co., Ltd.
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company Profile and Main Financial Indexes

I. Company information

Short form for share	SZCH, Shenliang B	Stock code	000019, 200019
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深粮控股股份有限公司		
Abbr. of Chinese name of the Company	深粮控股		
English name of the Company(if applicable)	SHENZHEN CEREALS HOLDINGS CO.,LTD		
Legal Representative	Zhu Junming		
Registrations add.	8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen		
Code for registrations add	518057		
Offices add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen		
Codes for office add.	518033		
Company's Internet Web Site	www.slkg1949.com		
E-mail	szch@slkg1949.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Chen Xiaohua	Chen Kaiyue, Liu Muya
Contact add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen
Tel.	0755-83778690	0755-83778690
Fax.	0755-83778311	0755-83778311
E-mail	chenxh@slkg1949.com	chenky@slkg1949.com, liumy@slkg1949.com

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	<i>Securities Times; China Securities Journal and Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	Juchao Website: www.cninfo.com.cn

Preparation place for annual report	Office of the Board of Directors
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IV. Registration changes of the Company

Organization code	91440300192180754J
Changes of main business since listing (if applicable)	On February 18, 2019, the company completed the registration procedures of changes in industry and commerce for business scope and other matters. The main business has newly increased the modern food supply chain services as grain & oil trading, processing, storage and logistics.
Previous changes for controlling shareholders (if applicable)	<p>On 10 September 1999, Shenzhen Investment Management Co., Ltd. entered into the “Equity Transfer Agreement of Shenzhen Shenbao Industrial Co., Ltd.” with Agricultural Products for 58,347,695 shares of the Company (35% in total shares of the Company) transfer to Agricultural Products with price of RMB 1.95 per share. Agricultural Products comes to the first majority shareholder of the Company after transfer and procedures for the above equity transfer has completed in June 2003.</p> <p>On April 3, 2018, Shenzhen Investment Holdings Co., Ltd. completed the transfer of all of its 79,484,302 shares of A shares in the company to Food Materials Group. After the completion of the equity transfer, Food Materials Group directly holds 79,484,302 shares of A shares in the company (accounting for 16% of the company’s original total share capital) and controls 19.09% shares of the company through Agricultural Products, becoming the controlling shareholder of the company.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	BDO China Shu Lun Pan Certified Public Accountant LLP
Offices add. for CPA	BDO CPAs, 5/F, No.11 Building, Phase II q-plex, No. 4080, Qiaoxiang Rd., Nanshan District,
Signing Accountants	Qi Tao, Tao Guoheng

Sponsor engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

Financial consultant engaged by the Company for performing continuous supervision duties in reporting period

Applicable Not applicable

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

	2020	2019	Changes over last year	2018
Operating revenue (RMB)	11,884,527,506.34	11,059,984,335.92	7.46%	10,758,782,838.14
Net profit attributable to shareholders of the listed	405,088,385.54	363,501,809.52	11.44%	308,331,032.44

Company(RMB)				
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses(RMB)	374,210,363.49	350,898,272.66	6.64%	-70,825,168.94
Net cash flow arising from operating activities(RMB)	286,528,222.27	190,053,823.97	50.76%	299,103,635.58
Basic earnings per share (RMB/Share)	0.3515	0.3154	11.45%	0.2675
Diluted earnings per share (RMB/Share)	0.3515	0.3154	11.45%	0.2675
Weighted average ROE	8.99%	8.46%	0.53%	7.70%
	Year-end of 2020	Year-end of 2019	Changes over end of last year	Year-end of 2018
Total assets(RMB)	7,309,384,147.93	6,775,067,275.86	7.89%	6,468,951,793.87
Net assets attributable to shareholder of listed Company(RMB)	4,595,331,999.76	4,420,751,187.57	3.95%	4,172,502,535.11

The cause of the accounting policy change and accounting error correction

The lower one of net profit before and after deducting the non-recurring gains/losses in the last three fiscal years is negative, and the audit report of last year shows that the ability to continue operating is uncertain

Yes No

The lower one of net profit before and after deducting the non-recurring gains/losses is negative

Yes No

VII. Difference of the accounting data under accounting rules in and out of China

1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

In RMB

	Net profit attributable to shareholders of the listed Company		Net assets attributable to shareholder of listed Company	
	Current period	Last period	Ending amount	Opening amount
Chinese GAAP	405,088,385.54	363,501,809.52	4,595,331,999.76	4,420,751,187.57
Items and amount adjusted by IAS				
Adjustment for other payable			1,067,000.00	1,067,000.00

fund of stock market regulation				
IAS	405,088,385.54	363,501,809.52	4,596,398,999.76	4,421,818,187.57

2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

Applicable Not applicable

The Company has no above mentioned condition occurred in the period

3. Explanation on differences of the data under accounting standards in and out of China

Applicable Not applicable

VIII. Main financial index disclosed by quarter

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating revenue	1,694,255,989.17	3,046,172,232.93	3,197,418,867.63	3,946,680,416.61
Net profit attributable to shareholders of the listed Company	82,984,830.90	127,753,855.22	99,704,522.49	94,645,176.93
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	80,664,162.33	116,095,919.47	94,713,417.78	82,736,863.91
Net cash flow arising from operating activities	297,500,751.24	-287,890,390.09	381,727,535.16	-104,809,674.04

Whether there are significant differences between the above-mentioned financial index or its total number and the relevant financial index disclosed in the Company's quarterly report and semi-annual report

Yes No

IX. Items and amounts of extraordinary profit (gains)/loss

Applicable Not applicable

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,072,531.42	-43,069.03	1,207,842.88	

Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	18,503,372.31	12,297,924.24	8,311,158.51	
Fund possession cost reckoned in current gain/loss charged from non-financial enterprise		436,664.31	490,289.86	
Profit and loss of assets delegation on others' investment or management	12,655,258.64	6,299,093.96	1,984,446.92	
Net gains/losses of the current period from beginning of the period to date of consolidation for those subsidiary arising from enterprise combined under the same control			374,880,023.05	
Gains and losses from change of fair values of held-for-transaction financial assets, derivative financial assets, held-for-transaction financial liability and derivative financial liability except for the effective hedge business related to normal business of the Company, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability, derivative financial liability and other debt investment.	-151,852.20	41,281.76	-474,740.24	
Switch-back of provision of impairment of account receivable and contract assets which are treated with separate depreciation test	1,236,198.70	1,035,149.32		
Other non-operating income and expenditure except for the aforementioned items	2,423,255.86	-4,544,601.53	-4,434,126.83	
Other gains/losses items that conform to the definition of non-recurring gains/losses	496,383.61		450,000.00	
Less: impact on income tax	5,591,230.45	2,149,564.84	3,210,576.33	
Impact on minority shareholders' equity (after-tax)	765,895.84	769,341.33	48,116.44	
Total	30,878,022.05	12,603,536.86	379,156,201.38	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

Section III Summary of Company Business

I. Main businesses of the Company in the reporting period

During the reporting period, the company further promoted the business integration and coordinated development, the main business includes the wholesale and retail business, food processing and manufacturing business, leasing and commerce service business.

The wholesale and retail business are mainly rice, wheat, rice in the husk, corn, sorghum, cooking oil and other varieties of grain and oil as well as the sales of fine tea, beverage and condiment. According to the market conditions and the needs of upstream and downstream enterprises, the products purchased are independently traded. The unprocessed grain such as wheat, rice in the husk, corn, barley and sorghum are mainly supply to the customers such as large traders, feed and flour processing enterprises in the industry; the rice, flour, edible oil, fine tea and beverage etc. are mainly supply to demanding units and community residents etc.

Food processing and manufacturing business are mainly the processing the technology research in aspect of flour, rice, cooking oil, tea and natural plant extracts, beverage and condiments etc. The company's flour brands and products include “Jinchangman”, “Yingshanhong” and “Hongli” series bread flour; “Clivia” and “Canna” series tailored flour for cakes and steamed bun; “Sunflower” high-gluten tailored flour and biscuit tailored flour etc.; Rice products include “Shenliang Duoxi”, “Guzhixiang”, “Jinjiaxi”, “Runxiangliangpin”, “Hexiang” and “Taitai Fukou” etc. Cooking oil products include brands such as “Shenliang Fuxi”, “Shenliang Jinxi” and “Youtian” etc. “Shenliang Yushuiqing” has formed a brand serial of rice, noodles, oil and miscellaneous grains. Tea brands mainly include “Jufangyong” series original leaf tea; “Yichong” fresh extract, “Jindiao” instant tea powder and other tea deep-processed products, as well as “Shenbao” chrysanthemum tea, lemon tea, and “Cha Mi Xiang Qi” and other series of tea drinks. Condiments are mainly “Sanjing” oyster sauce and sauces. During the reporting period, the company launched new products such as Yueqiu Tea Wine and “Black-faced Spoonbill” Bama Spring Drinking Water.

The leasing and business service refers to providing the professional import & export trade, warehousing & storage, logistic & distribution, quality inspection & information technology services, property leasing and management, business operation management services for all kinds of clients in the upstream and downstream of the industrial chain, by using the advantage of brand reputation, operation service capacity and facility technology that accumulated in field of grain and oil market. Its Dongguan smart gain logistics complex is a comprehensive grain distribution service body integrating five major functions: grain & oil terminal, transit reserve, testing & distribution, processing & production and market trading; The Shenliang Quality Inspection was awarded as “Guangdong Shenzhen National Grain Quality Monitoring Station”. the subsidiary Shenliang Cold Chain provides cold chain of food storage and distribution services to the customers, and Shengliang Property is a professional assets management platform enterprise.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major Change
Fixed assets	Part of the construction in progress from Shenliang Dongguan Grain Logistic Nodes was completed and transferred to fixed assets

Intangible assets	No major Change
Construction in progress	Project of the Shenliang Dongguan Grain Logistic Nodes was recognized as “construction in progress” according to its progress, and part of the projects was completed and transferred to fixed assets

2. Main overseas assets

Applicable Not applicable

III. Core Competitiveness Analysis

The company closely follows the new requirements of food safety and the development of the grain, oil and food industry under the new situation, and strives to extend the industrial chain, enhance the value chain, improve the supply chain, strengthen and optimize the main business of grain, oil and food, and walks out a sustainable and high-quality development path that is different from traditional grain companies, and grows into a "ten billion" backbone grain enterprise with great competitiveness, innovation and influence in the domestic grain industry.

1. Operation mechanism

The core management team of the company has rich experience, and has a strong strategic vision and pragmatic spirit. It has formed a set of effective system to promote the quality and efficiency of enterprise operation and development and preservation and appreciation of the state-owned assets. The company vigorously promotes the innovation and transformation of business models, and actively promotes the transition from “trade-oriented enterprises” to “service-oriented enterprises”, and from “operational management and control” to “strategic management and control”. In the business management and control, give full play to the characteristics and advantages of Shenzhen’s dynamic reserve mechanism of “dynamic rotation” and “constantly stocked & replenished”, the company builds a “six-in-one” management and control model that the “business operations and fund management, inventory management, quality management, contract management and information system management” relatively separate and check and balance each other, at the same time, it strengthens risk management, budget management, plan management, contract management, customer management and brand management and other measures to effectively reduce the operation risks while fully participating in market competition, realizing the deep integration of “ensuring food security” and “promoting development”. Through innovative talent development mechanism, the company has established an open talent team to meet the long-term development of enterprises and reserve intelligence for the enterprise upgrading and development. The company has innovated and implemented the EVA performance appraisal mechanism and established a result-oriented incentive and restraint assessment mechanism which effectively built the performance culture and stimulated the viability within the enterprise. The company insists on cultivating and advocating the corporate culture with “people-oriented, performance first, excellent quality, and harmony” as the core values, combines the personal development goals of employees with the corporate vision, and enhances the cohesiveness and centripetal force of the enterprise.

2. Business model

The company deeply engages in segmenting the target market, provides diversified product supply services for customers in different areas of the industry chain, establishes a multi-level product supply network covering online and offline, and realizes the transformation of product supply to "remoteness, intelligentization, and self-service". In terms of grain and oil trading services, the bulk commodity trading platform www.zglsjy.com.cn created by its subsidiary Hualian Company efficiently integrates business flow, logistics, and information flow, improves circulation efficiency, and provides spot listings, one-way bidding, basis price, financing, logistics, quality inspection, information and other services for internal business units, suppliers and customers. In terms of e-commerce, SZCH duoximi actively promotes the development of new grain retail formats such as "Internet + Grain" and

"Community Automatic Grain Sales Stations", it has a B2C grain and oil online direct sales platform "duoximi.com", and has opened channels on e-commerce platforms such as Tmall and Jingdong Mall so as to promote the deep integration of online and offline e-commerce platforms. In terms of group meal supply, its subsidiary SZCH Beige has established a one-stop distribution service platform serving large end customers, providing high-quality and safe smart group meal food services for group users such as enterprises, schools, and government institutions. In terms of comprehensive tea drinking services, its subsidiary Shenbao Investment has launched a micro-complex "Cha Mi Xiang Qi" with a combination of "light drinks", "light food" and "light retail" functions.

3. Information technology

The company attaches great importance to the transformation and upgrading of traditional industries with modern technological means, and actively introduces new-generation information technologies such as the Internet of Things, cloud computing, big data, and mobile Internet into grain management, forming an information system that can cover the entire industrial chain of the grain industry, and promoting the "Internet + Grain" industry development. The company's informatization construction capability is at the leading level in the grain reserves industry, taking the lead in building the warehouse management of "standardization, mechanization, informatization, and harmlessness" in the industry, the self-developed "Grain Logistics Information System (SZCG GLS)" has built a framework for the construction of grain informatization work, innovated the grain management model, led the development direction of the grain industry, and became a benchmark for the national grain industry. The project was awarded the "National IoT Major Application Demonstration Project" by the National Development and Reform Commission and the Ministry of Finance. During the reporting period, as the country's first and only enterprise in the grain industry, it was selected as the "National Quality Benchmark in 2020" and was shortlisted as one of the top ten application of grain digitization technology in China. The company has undertaken a number of national-level research projects, the results of a number of informatization projects have won national, provincial and municipal awards, and more than 30 information systems have been developed and are operating normally.

4. R&D capabilities

The company has strong research and development capabilities in the field of food and beverage, gathers leading technological advantages and equipment systems, has Jiangxi provincial enterprise technology center, Shenzhen municipal research and development center (technology center) and Shenzhen plant deep processing technology engineering laboratory. Its subsidiaries, Shenbao Huacheng and Wuyuan County Jufangyong Tea Co., Ltd., have obtained national high-tech enterprise certification. Shenbao Huacheng has independently researched and developed more than 50 patented technologies for tea powder, tea concentrated juice and plant extraction, published more than 30 scientific papers, and won a number of awards such as Science and Technology Progress Award of the Ministry of Agriculture, Zhejiang Science and Technology Award, Science and Technology Award of Chinese Academy of Agricultural Sciences, Jiangxi Science and Technology Progress Award, Science and Technology Award of China National Light Industry Council, etc., presided over the preparation of the national standards "GBT 21733-2008 Tea Drinks" and two industry standards, i.e. "Tea Concentrated Juice for Food Industry - Light Industry Standard QB-T 4068- 2010" and "Instant Tea Powder for Food Industry - Light Industry Standard QB-T 4067-2010" .

5. Quality control

The company implements grain and oil quality standards that are higher than national standards. The subordinate SZCG Quality Inspection has the leading grain and oil quality inspection technology and equipment in the domestic grain industry, and is included in the national grain quality supervision and inspection system. It was awarded the "Guangdong Shenzhen National Grain Quality Monitoring Station" by the State Administration of Grain and obtained the assessment certificate of agricultural product quality and safety inspection agency (CATL) and the qualification certificate of inspection agency (CMA) and other testing capabilities totaled 756 items. SZCG Quality Inspection takes the lead in listing pesticide residues, heavy metal pollutants, mycotoxins and other hygiene indicators as well as food taste indicators in the daily inspection indicators. It has the ability to detect four types of indicators of generic quality, storage quality, sanitation and edible quality of grain, the detection capability can meet the relevant quality detection requirements of grain and oil products, and can accurately analyze the nutritional composition and hygienic indicators of the grain and determine its storage and edible quality. It has initiated the "digital laboratory" in the grain industry, and achieved 100%

coverage for product inspection and 100% pass rate for outgoing product quality through real-time monitoring of the entire process of sampling, testing, and distribution and by relying on the functions of the collaborative platform to save, retrieve, integrate, analyze, and share. Its subsidiary Shenbao Huacheng has established a quality control system recognized by large international food and beverage companies, and has successfully passed the quality certification of global suppliers of Coca-Cola, Lipton, Kraft, Suntory, and Nestlé

6. Brand effect

As the "first share of local large and medium-sized grain enterprises listed overall", the company was awarded the "Top 500 Service Enterprises in China", "China Top Ten Grain and Oil Groups", "China Top 100 Grain and Oil Enterprises", and "National Leading Enterprise Supporting Grain and Oil Industrialization", "National Outstanding Scientific and Technological Innovative Enterprise of Grain and Oil" and other honors, and has been evaluated as "Shenzhen Top 100 Industry Leaders", "Shenzhen Time-honored Brand", and "Shenzhen Well-known Brand", and it is a "rice bag" trusted by the public. The company owns many well-known brands and platforms such as "Shenzhen Flour", "SZCH Doxi", "SZCH Yushuiqing", "Beige Kitchen", "www.zglsjy.com.cn", "Shenbao Teabank", "Wuyuan Jufangyong" and other well-known brands and platforms, and has gradually built an industrial system with complete elements of "rice" + "tea". The company's SZCH Doximi Changxiangdao Daohuaxiang Rice was selected as the first batch of "China Good Cereals and Oils" by the State Administration of Grain. The company keeps abreast with the international first-class standards and builds high-quality urban food brands, its 29 products have obtained the "Zhen Pin" certification, and the company's corporate recognition, market reputation, and social recognition have continued to increase.

Section IV. Discussion and Analysis of the Operation

I. Introduction

In 2020, in the face of the global spread of the COVID-19 epidemic and the severe and complex international situation, China's economy gradually realized a good recovery trend after suffering a relatively great and short-term impact. SZCH thoroughly implemented General Secretary Xi Jinping's important speeches and important instructions on guarantee of food security, made every effort to do the "six stability" work, implemented the "six guarantees" tasks, and gave full play to the role of the "ballast stone" and "stabilizer" for economic and social development; made overall plans for epidemic prevention and control and resumed production and work and operation and management work, made every effort to stabilize grain prices and ensure supply, deeply implemented the high-quality grain projects, focused on enhancing the ability of food emergency support, and actively built a modern grain industry system.

1. Main business development

During the reporting period, the company based on its own advantages and industrial development, used information technology, innovated and opened up the grain and oil products supply channels and trading methods, created a new pattern for tea and food business industry, built a multi-group and multi-channel food supply chain and service network, expanded the effective supply of medium- and high-end grain, oil, and food, and strived to meet people's needs of "quality, diversity, nutrition, health, green, and convenience", and promoted the transformation of grain and oil products from "eat full" to "eat well". The company continues to focus on grain circulation services, and completes grain and oil supply services with quality and quantity by actively building supply chains, continuously extending the industrial chains, innovating business models, and upgrading the industrial value chains, the development of the main grain and oil business continues to improve.

End of 2020, total assets of SZCH amounting to 7309 million yuan, total liabilities counted as 2514 million yuan and net assets have 4795 million yuan in total; the asset-liability ratio was 34.40%, an increase of 2.64% from 31.76% at the beginning of the year; achieved an operating revenue of 11885 million yuan for the whole year, an increase of 825 million yuan from 11060 million yuan last year with 7.46% up; total profit for the year was 458 million yuan, an increase of 29 million yuan over last year's 429 million yuan, a growth of 6.76%.

2. Progress of key projects

The warehouse of the Northeast Grain Source Base project has been built, and the drying tower has been put into trial operation; the entire project has been fully put into normal operation, facing the local farmers to open warehouses to collect grain.

The Dongguan grain logistics node food deep processing project has been officially put into production. Berths No. 1 and No. 2 have completed a number of acceptance and commissioning work, and the project warehouses have been put into use in batches; while fully advancing the construction of projects under construction, the provincial and municipal reserves services have been completed with quality and quantity.

Completed the upgrade of quality inspection facilities and equipment, and the upgrading and transformation of the main body of the cold storage, the main body construction of the Shuguang warehouse, and the construction of warehousing facilities and equipment have been promoted in an orderly manner.

www.zglsjy.com.cn has been fully upgraded, and the annual total transaction volume and transaction value have steadily increased.

Deepened the advancement of a number of new high-quality grain, oil and food projects, and combined with the expansion of the grain, oil and food industry, and with the high-quality food security. Signed a cooperation framework agreement with Pingshan

District to build Pingshan Modern Smart Agricultural Industrial Park, and the "Tea Rice Fresh" community micro-complex has been officially opened. Shenzhen Shenliang Hongjun Catering Management Co., Ltd. was established and registered as a joint venture with Guangdong Hongjun to launch smart group meals. Vigorously promoted the layout of regional comprehensive parks and urban distribution center parks, and built Guanlan and Huizhou smart food supply chain industrial parks. The "Cha Mi Xiang Qi" micro-complex has established a production model, and 4 new stores have been opened during the year.

3. Sustainable innovation and development

During the reporting period, the company deepened the integration of new-generation information technologies such as the Internet of Things, cloud computing, big data, mobile Internet, and artificial intelligence with business operation and management by increasing the application of informatization innovation results; focused on the requirements for the intelligent upgrading and transformation of grain depots in the "Grain Security Project" of Guangdong Province, and took the intelligent upgrading of grain depots as an important starting point for upgrading grain storage facilities to further improve the intelligent level of grain depot management. Focused on innovative research and development of information technology projects, based on business needs, planned to implement more than ten key research and development projects such as EAS supply chain transformation and RFID system upgrade and transformation, accelerated the formation of key core technology tackling systems, and promoted the in-depth integration of information technology with the grain, oil and food supply chain. Up to now, the company has applied for and obtained 92 patents and has 24 software copyrights.

4. Other key tasks

(1) Built a "smart rice warehouse" and built a "Guanlan Prepared Food Supply Center"; piloted in multiple places to provide customers with customized warehouse and distribution integrated services, and actively promoted the implementation of the value-based charging model.

(2) Actively responded to the "Food Safety Strategic Project", kept abreast with international first-class standards, and created high-quality urban food brands. At present, 29 products have obtained the "Zhen Pin" certification;

(3) Extended the industrial chain, researched and developed Yueqiu tea wine and "Black-faced Spoonbill" Bama spring drinking water; researched and developed new products such as special flour, tea fresh extract, new series of chrysanthemum tea, cupped herbal jelly, etc.

(4) During the reporting period, the company continuously optimized the internal control environment, and ingeniously established a new business management and control system with "business operation and capital management, inventory management, and quality management" relatively separated and mutually checked and balanced, in which the grain and oil stocks are handed over to the SZCG Reserve Branch for unified management, while the funds are delivered to the company's fund settlement center to provide services and supervision in accordance with the internal bank model, the plans and assessments are delivered to the company's planning and financial management department for unified management, and the quality inspections are handed over to Shenliang Quality Inspection for unified management, while strengthening the company's standardized requirements to process and legal affairs, systematically strengthening risk management and control so as to escort the enterprise to achieve sustainable and healthy development.

(5) Attached importance to the construction of the talent team, built a "talent pyramid", established a categorized and hierarchical talent training model, and built a market-based selection and employment mechanism with "contract management as the core and job management as the basis"; checked the talent development work of the company in past ten years, and pointed out the direction for the company's innovative talent management in the next step.

(6) While resuming work and production in an all-round way and reaching production and achieving results as soon as possible, the company supervised and urged the implementation of the main responsibility for safe production. Regularly organized safety learning and convened safety situation analysis meetings by the month, conducted safety inspections, and carried out various education drills in epidemic prevention and safety production. Earnestly carry out special safety activities such as the implementation of epidemic prevention and control, work safety month, special protection period for National Day, 119 fire safety publicity month, and three-year special rectification of national work safety responsibility, and effectively ensured that the company completed the five "0" responsibility goals.

II. Main business analysis

1. Introduction

See the “I-Introduction” in “Discussion and Analysis of the Operation”

2. Revenue(Income) and cost

(1) Constitute of operating revenue

In RMB

	2020		2019		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operating revenue	Amount	Ratio in operating revenue	
Total operating revenue	11,884,527,506.34	100%	11,059,984,335.92	100%	7.46%
According to industries					
Manufacturing	590,011,338.95	4.96%	627,951,990.26	5.68%	-6.04%
Wholesale and retail	10,366,006,873.93	87.23%	9,581,032,153.83	86.63%	8.19%
Leasing and business services	928,509,293.46	7.81%	851,000,191.83	7.69%	9.11%
According to products					
Food, beverage and tea processing	198,163,247.35	1.67%	277,107,818.38	2.51%	-28.49%
Grain & oil trading and processing	10,759,070,663.03	90.53%	9,931,876,325.71	89.80%	8.33%
Grain & oil storage logistics and services	813,243,753.62	6.84%	735,929,556.24	6.65%	10.51%
Leasing and others	114,049,842.34	0.96%	115,070,635.59	1.04%	-0.89%
According to region					
Domestic market	11,849,028,935.33	99.70%	11,018,875,088.16	99.63%	7.53%
Exportation	35,498,571.01	0.30%	41,109,247.76	0.37%	-13.65%

(2) Industries, products or regions that account for more than 10% of the operating revenue or operating profit of the Company

√ Applicable □ Not applicable

In RMB

	Operating revenue	Operating cost	Gross profit	Increase/decrease of operating	Increase/decrease of operating	Increase/decrease of gross

			ratio	revenue y-o-y	cost y-o-y	profit ratio y-o-y
According to industries						
Wholesale and retail	10,366,006,873.93	9,892,157,934.22	4.57%	8.19%	8.32%	-0.12%
According to products						
Grain & oil trading and processing	10,759,070,663.03	10,290,555,898.97	4.35%	8.33%	8.24%	0.08%
According to region						
Domestic market	11,849,028,935.33	10,698,913,713.66	9.71%	7.53%	7.86%	-0.27%

Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

Applicable Not applicable

(3) Revenue from physical sales larger than revenue from labors

Yes No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y (+,-)
Wholesale and retail	Sales volume	Ton	4,197,687.87	3,989,774.55	5.21%
	Storage	Ton	1,255,984.40	1,164,854.73	7.82%

Reasons for y-o-y relevant data with over 30% changes

Applicable Not applicable

(4) Performance of the significant sales contracts entered into by the Company up to the current reporting period

Applicable Not applicable

(5) Constitute of operation cost

Classification of industries and products

In RMB

Industries	Item	2020		2019		Increase/ decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Wholesale and retail	Raw materials	9,892,157,934.22	92.23%	9,132,112,092.13	91.73%	8.32%

In RMB

Products	Item	2020		2019		Increase/ decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Grain & oil trading and processing	Raw materials	10,254,279,332.43	95.95%	9,483,295,218.23	95.26%	8.13%
Grain & oil trading and processing	Labor wage	6,188,358.99	0.06%	2,962,957.54	0.03%	108.86%
Grain & oil trading and processing	Cost of production	30,088,207.55	0.28%	21,043,827.50	0.21%	42.98%

Explanation

N/A

(6) Whether the changes in the scope of consolidation in Reporting Period

Yes No

During the reporting period, the Company newly established the Shenzhen Shenliang Hongjun Catering Management Co., Ltd., and canceled Shenzhen Shenbao Tea Co., Ltd and Dongguan Jinying Biotechnology Co., Ltd.

(7) Material changes or adjustment for products or services of the Company in reporting period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales of the Company

Total top five clients in sales (RMB)	4,239,947,026.87
Proportion in total annual sales volume for top five clients	35.68%
Proportion in total annual sales volume for related sales among top five clients	0.00%

Top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	1,809,782,782.42	15.23%
2	Client II	752,250,263.90	6.33%
3	Client III	662,273,752.69	5.57%
4	Client IV	616,554,678.45	5.19%
5	Client V	399,085,549.41	3.36%

Total	--	4,239,947,026.87	35.68%
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Other explanation on main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	4,270,402,050.43
Proportion in total annual purchase amount for top five suppliers	38.75%
Proportion in total annual purchase amount from related purchase among top five suppliers	0.00%

Top five suppliers of the Company

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase
1	Supplier I	1,197,618,225.24	10.87%
2	Supplier II	910,149,864.32	8.26%
3	Supplier III	896,867,163.93	8.14%
4	Supplier IV	822,328,157.87	7.46%
5	Supplier V	443,438,639.07	4.02%
Total	--	4,270,402,050.43	38.75%

Other explanation on main suppliers

Applicable Not applicable

3. Expenses

In RMB

	2020	2019	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expenses	201,304,842.30	250,657,691.24	-19.69%	According to the new revenue standards, the transportation costs are included in the operating costs in the year.
Administration expenses	285,083,453.91	260,693,015.60	9.36%	
Financial expenses	14,907,763.94	-636,614.92	-2,441.72%	Part of the Shenliang Dongguan Logistics project completed and the borrowing costing expenses increased
R&D expenses	16,617,944.25	13,599,526.83	22.20%	

4.R &D investment

Applicable Not applicable

During the reporting period, the company developed and implemented a total of 21 R&D projects such as information systems, which involved unified identity security authentication management platform, business intelligence (BI) system upgrade, RFID system upgrade and transformation, reserve grain purchase and sales plan management system, discipline inspection and supervision information reporting platform, EAS system supply chain transformation, official website PC terminal upgrade and official website mobile terminal development, S-HR information system (Phase III), Doximi integrated management platform, purchase and sales informatization (Phase I), flour informatization (Phase IV), cold chain supply chain management information system (Phase II and Phase III), land financial system docking, innovative construction of Hualian informatization, content intelligent management of grain trading networks (Phase I), upgrading and transformation of Huacheng informatization, Tri-well informatization (Phase I), research and application of key technologies for new-style tea drinking and high-quality tea soup, and research and development of supporting products for formula rice water, etc. Among them, the unified identity security authentication management platform of SZCH has effectively solved the problem of information islands between upstream HR and downstream business systems, realized the full life cycle management and single sign-on of all employee accounts of SZCH, and strengthened data governance on the basis of meeting the national network security level protection 2.0 standards, which has greatly improved the company's security audit efficiency and operation and maintenance capabilities.

R&D investment of the Company

	2020	2019	Change ratio(+,-)
Number of R&D (people)	93	88	5.68%
Ratio of number of R&D	7.46%	7.45%	0.01%
R&D investment (RMB)	46,739,359.46	38,855,259.05	20.29%
investment accounted for operation income	0.39%	0.35%	0.04%
R&D investment capitalization (RMB)	0.00	0.00	0.00%
Capitalization R&D investment accounted for R&D investment	0.00%	0.00%	0.00%

The reason of great changes in the proportion of total R&D investment accounted for operation income than last year

Applicable Not applicable

Reason for the great change in R&D investment capitalization rate and rational description

Applicable Not applicable

5. Cash flow

In RMB

Item	2020	2019	Increase/decrease y-o-y (+,-)
Subtotal of cash in-flow from operation activity	11,669,207,152.35	11,472,769,827.75	1.71%

Subtotal of cash out-flow from operation activity	11,382,678,930.08	11,282,716,003.78	0.89%
Net cash flow arising from operating activities	286,528,222.27	190,053,823.97	50.76%
Subtotal of cash in-flow from investment activity	887,924,327.47	526,554,118.48	68.63%
Subtotal of cash out-flow from investment activity	985,312,767.83	1,318,138,870.97	-25.25%
Net cash flow from investment activity	-97,388,440.36	-791,584,752.49	87.70%
Subtotal of cash in-flow from financing activity	1,252,948,640.66	437,425,075.72	186.44%
Subtotal of cash out-flow from financing activity	1,406,472,553.17	312,922,187.97	349.46%
Net cash flow arising from financing activity	-153,523,912.51	124,502,887.75	-223.31%
Net increased amount of cash and cash equivalent	35,539,468.09	-476,683,581.83	107.46%

Reasons for y-o-y relevant data with major changes

Applicable Not applicable

The reason for the year-on-year increase in net cash flow from operating activities: Mainly because the company responded to the national food security policy and increased its grain and oil reserves;

The reason for the year-on-year increase in net cash flow from investment activities: Mainly due to the completion of the company's Shenzhen Foodstuffs Dongguan Grain Logistics Node Project, which reduced cash flow expenditures for investment activities;

The reason for the year-on-year decrease in net cash flow from financing activities was mainly due to the increase in cash dividends distributed by the company to all shareholders in 2020, and the amount of borrowing decreased compared with last year.

Applicable Not applicable

III. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Description of formation	Whether be sustainable
Investment income	17,401,645.38	3.80%	Mainly Income from financial products	Unsustainable
Gains/losses of fair value variation	-544,403.21	-0.12%		Unsustainable
Asset impairment	-210,190,362.81	-45.91%	Provision for the decline in value of inventories	Unsustainable
Non-operating	3,925,937.84	0.86%		Unsustainable

income				
Non-operating expense	1,554,552.82	0.34%		Unsustainable

IV. Analysis of assets and liability

1. Major changes of assets composition

Implement the new revenue standards or new leasing standards for the first time since 2020 and adjust the relevant items of the financial statement at the beginning of the implementation year

Applicable

In RMB

	Year-end of 2020		Year-begin of 2020		Ratio change s	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	190,494,225.94	2.61%	154,954,757.85	2.29%	0.32%	
Account receivable	198,311,102.17	2.71%	338,687,766.68	5.00%	-2.29%	The main reason is that strengthen the controls on management of account receivable to reducing the operating risks
Inventory	3,418,328,974.27	46.77%	3,064,701,212.14	45.23%	1.54%	The main reason is that company increase the grain stocks based on the market judgment
Investment real estate	253,037,899.57	3.46%	269,704,937.17	3.98%	-0.52%	
Long-term equity investment	73,215,147.84	1.00%	73,361,312.10	1.08%	-0.08%	
Fix assets	1,122,692,490.55	15.36%	945,042,032.69	13.95%	1.41%	
Construction in progress	1,045,643,295.57	14.31%	771,971,469.43	11.39%	2.92%	Project of the Shenliang Dongguan Grain Logistic Nodes was recognized as “construction in progress” according to its progress, and part of the projects was completed and transferred to fixed assets
Short-term loans	110,318,727.12	1.51%	23,595,000.00	0.35%	1.16%	

Long-term loans	841,864,531.75	11.52%	835,912,556.41	12.34%	-0.82%	
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2. Assets and liability measured by fair value

Applicable Not applicable

In RMB

Item	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Amount in the end of period
Financial assets								
1.Tradable financial assets (excluding derivative financial assets)	1,166,209.72	-544,403.21	0.00	0.00	160,000,000.00	0.00	0.00	160,621,806.51
Other non-current financial assets	57,500.00							57,500.00
Aforementioned total	1,223,709.72	-544,403.21	0.00	0.00	160,000,000.00	0.00	0.00	160,679,306.51
Financial liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Other change

N/A

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

Yes No

3. The assets rights restricted till end of the period

Item	Book value at period-end	Reasons for restriction
Construction in progress	163,868,977.53	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10, Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou

		Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Fix assets	509,480,512.18	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10, Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Intangible assets	69,569,979.70	According to the loan contract Yue DG2017 NGDZ No. 006 signed by Dongguan Food Industrial Park, a subsidiary of the Company, with Bank of Communications Co., Ltd., Dongguan Branch, Dongguan Food Industrial Park has mortgaged its two pieces of land "DFGY (2009) DT No. 190" and "DFGY (2012) DT No. 152" to the Bank of Communications Co., Ltd., Dongguan Branch as loan collateral.
Intangible assets	35,793,740.99	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Dongguan Branch of CMB, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2016) Dongguan Property Right No. 0028527 at No. 10, Jingang South Road, Machong Town, Dongguan City to Dongguan Branch of CMB.
Total	778,713,210.40	

V. Investment

1. Overall situation

Applicable Not applicable

Investment in reporting period (RMB)	Investment in the same period of last year (RMB)	Changes (+,-)
548,035,686.02	624,359,305.05	-12.22%

2.The major equity investment obtained in the reporting period

Applicable Not applicable

3.The major non-equity investment carrying in the reporting period

Applicable Not applicable

In RMB

Item	Investment ways	Whether it is the fixed	Industry with the	Amount input in the period	Accumulated actual input as	Capital sources	Progress	Estimated revenue	Income accumulated at end of the	Reasons for failure to	Disclosure date (if	Disclosure index (if
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		assets invest ment (Y/N)	inves tmen t invol ved		of the end of reportin g period				reporting period	achieve planned progres s and expecte d benefits	appli cable)	applic able)
Donggu an Shenlian g Logistic s Co., Ltd.- Grain storage and wharf comple mentary engineer ing	Self- build	Y	Stora ge and wharf	37,803,5 62.09	405,935, 213.29	Owned Funds and Bank Loans		101.48%		The wharf project started product ion later than expecte d		
Donggu an Shenlian g Logistic s Co., Ltd.- Grain storage and wharf comple mentary engineer ing(Phas e II)	Self- build	Y	Stora ge and wharf		179,679, 302.57	Owned Funds and Bank Loans		100.00%	46,800,0 00.00	44,631,29 6.64	-	
Donggu an Shenlian g Logistic	Self- build	Y	Ware hous e logist ic	44,162,5 23.37	91,312,7 58.28	Owned Funds and Bank Loans		18.56%		Adjust ment of constru ction scheme		

s Co., Ltd.-Food logistics and wharf matchin g project												
Donggu an Internati onal Food Industria l Park Develop ment Co., Ltd.War ehouse logistic 配送中 心	Self- build	Y	Ware hous e logist ic	320,132, 170.91	949,846, 018.52	Owned Funds and Bank Loans	98.02%			Adjust ment of constru ction scheme		
Donggu an Shenlian g Oil & Food Trade Co., Ltd.- Deep food processi ng project	Self- build	Y	Flour proce ssing	632,929. 65	120,698, 458.02	Owned Funds and Bank Loans	41.34%	3,900,00 0.00	-12,187,06 3.68	-		
Land use right	Self- build	N	Cons tructi on	1,021,90 0.00	245,018, 960.82	Owned Funds				-		
Total	--	--	--	403,753, 086.02	1,992,49 0,711.50	--	--	50,700,0 00.00	32,444,23 2.96	--	--	--

4. Financial assets investment

(1) Securities investment

√ Applicable □ Not applicable

In RMB

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and overseas stock	000017	Shen Zhonghua-A	0.00	Fair value measurements	1,166,209.72	-544,403.21	0.00	0.00	0.00	-544,403.21	621,806.51	Trade financial assets	Debt rescheduled shares
Total			0.00	--	1,166,209.72	-544,403.21	0.00	0.00	0.00	-544,403.21	621,806.51	--	--
Disclosure date of securities investment approval of the Board		Not applicable											
Disclosure date of securities investment approval of the Shareholder Meeting (if applicable)		Not applicable											

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

The Company has no application of raised proceeds in the Period

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

The Company had no sales of major assets in the reporting period.

2. Sales of major equity

Applicable Not applicable

VII. Analysis of main holding Company and stock-jointly companies

Applicable Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenzhen Cereals Group Co., Ltd	Subsidiary	Grain & oil trading processing, Grain and oil reserve service	1,530,000,000.00	6,652,879,986.74	3,790,499,535.72	11,682,686,253.32	531,118,983.29	479,029,357.76
Shenzhen Hualian Grain & Oil Trade Co., ltd.	Subsidiary	Grain & oil trading	100,000,000.00	1,440,018,783.55	329,769,622.60	4,462,399,294.88	106,687,022.09	106,003,998.20
Shenzhen Flour Co., Ltd	Subsidiary	Grain & oil trading processing	30,000,000.00	912,307,668.83	126,846,475.36	3,582,842,505.16	62,835,110.30	63,407,702.63

Particular about subsidiaries obtained or disposed in report period

√ Applicable □ Not applicable

Company name	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Shenzhen Shenbao Tea Co., Ltd	Cancellation	Impact on net profit of the Company for the current period was -928,300 yuan.
Dongguan Jinying Biotechnology Co., Ltd.	Cancellation	Impact on net profit of the Company for the current period was 0 yuan.
Shenzhen Shenliang Hongjun Catering Management Co., Ltd	Newly established	Impact on net profit of the Company for the current period was 0 yuan.

Explanation on main holding/stock-jointly enterprise:

Shenzhen Cereals Group Co., Ltd.: general business items: grain and oil purchase and sales, grain and oil storage and supply of military grain; grain and oil and products management and processing (operated by branches); operation and processing of feed (operated by outsourcing); investment in grain and oil, feed logistics projects; establishing grain and oil and feed trading market (including e-commerce market) (market license is also available); storage (operated by branches); development, operation and management of free property; providing management services for hotels; investing and setting up industries (specific projects are separately declared); domestic trade; engaging in import and export business; E-commerce and information construction; and grain circulation service. Licensed business items: the following projects shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: information services (internet information service only); general freight, professional transport (refrigerated preservation). Register capital was 1,530,000,000.00 Yuan. Ended as this period, total assets amounted as 6,652,879,986.74 Yuan, and net assets amounting to 3,790,499,535.72 Yuan, shareholders' equity attributable to parent Company is 3,603,017,283.94 Yuan; in the reporting period, achieved operation revenue, net profit and net profit attributable to shareholder of parent Company as 11,682,686,253.32 Yuan, 479,029,357.76 Yuan and 480,012,086.91 Yuan respectively.

Shenzhen Hualian Grain & Oil Trade Co., Ltd.: Business scope: general business items: domestic trade (except for projects that laws, administrative regulations, and decisions of the State Council require approval before registration); engaging in import and export business (except for projects prohibited by laws, administrative regulations, and decision of the State Council, restricted projects can be operated only after obtaining permission); online feed sales; information consultation, self-owned housing leasing (excluding talent agency services and other restricted items); international freight forwarding, domestic freight forwarding (can only be operated after being approved by the transport department if laws, administrative regulations, State Council decision require the approval of transport department); Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: purchase and sale of grain and oil, online sales of grain and oil; information service business (internet information service business only). Register capital was 100,000,000.00 Yuan. Ended as this period, total assets amounted as 1,440,018,783.55 Yuan, and net assets amounting to 329,769,622.60 Yuan, shareholders' equity attributable to parent Company is 305,561,560.67 Yuan; in the reporting period, achieved operation revenue, net profit and net profit attributable to parent Company as 4,462,399,294.88 Yuan, 106,003,998.20 Yuan and 105,246,209.40 Yuan respectively.

Shenzhen Flour Co., Ltd.: business scope: general business items: hardware and electrical equipment, chemical products (excluding hazardous chemicals and restricted items), auto parts, purchase and sales of construction materials; self-operated import and export business (carry out according to the provisions of the registration certificate SMGDZZ No. 76); domestic trade (excluding franchise, exclusive control, monopoly commodities); wheat wholesale and retail. Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: flour processing and production. Register capital was 30,000,000.00 Yuan. Ended as this period, total assets amounted as 912,307,668.83 Yuan, and net assets amounting to 126,846,475.36 Yuan, shareholders' equity attributable to parent Company is 126,846,475.36 Yuan; in the

reporting period, achieved operation revenue, net profit and net profit attributable to parent Company as 3,582,842,505.16 Yuan, 63,407,702.63 Yuan and 63,407,702.63 Yuan respectively.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Prospects on future development

(i) Development trend and competition layout of the industry

1. The development trend of industry

From an international perspective, in 2020, affected by the concentrated outbreak of the COVID-19 epidemic, as well as the reduction in grain production in some countries due to weather and insect pests, international grain prices emerged from the continuous weak operation pattern of the previous years and have shown a situation of fluctuations and rises. According to data from the Food and Agriculture Organization of the United Nations, as of December 2020, the world food prices have been rising for the seventh consecutive month, in 2020, the world food price index averaged 97.9 points, hit a three-year high. For the whole year of 2020, the grain price index of the Food and Agriculture Organization of the United Nations averaged 102.7 points, an increase of 6.4 points compared to 2019, and hit a new high in the annual average index since 2014. Tight supply and strong demand pushed up the wheat and corn prices, which rose by 5.6% and 7.6% respectively compared to 2019. Global rice import demand was weak in 2020, but export prices still increased by 8.6% over the sluggish 2019, and hit a six-year high.

Judging from the operation of the domestic market, due to the impact of the COVID-19 epidemic and disasters, the prices of some varieties have resumed rising trends in stages. From the perspective of varieties, the price of rice generally showed a trend of "strong indica and weak japonica". With the harvest of autumn grains, the supply of grains was sufficient, the prices of indica and indica rice in the south were stable and strong, while the prices of japonica and japonica rice in the north were relatively weak; the price of wheat has stabilized after a slight increase this year, after the summer harvest, the wheat prices have risen due to the increase in corn prices, however, at the end of the year, with the arrival of the auction policy grain sources, the market supply was abundant, and the price of ordinary wheat has remained stable, while the price of high-quality wheat has risen. The price of corn has risen strongly from the beginning of the year, at the end of May, the national temporary storage corn auction sales had high transactions and high premiums, in September, price of corn dropped slightly after the arrival of the new grains and then rose again. The overall increase in food prices was mainly due to, firstly, the linkage of prices in the international market; secondly, the continuous recovery of live pig production capacity, resulting in increase in corn feed processing demand at the downstream; thirdly, the gap in the production and demand of some varieties, and the market's bullish expectations have increased, and grain hoarding appeared in the trade and storage links.

2. The competitive landscape of the industry

At present, the domestic grain and oil trade, processing, and logistics industries are full-circulation sectors, with high degree of marketization, numerous participating companies and fierce competition. Central enterprises and large local grain enterprises have relatively complete warehousing and logistics facilities, and enjoy a number of national policies; in recent years, a large number of outstanding national and regional private grain enterprises have come to the fore; with the development of China's grain marketization, foreign grain enterprises have emerged in our country's grain market, and further intensified the competition in the grain and oil industry by relying on abundant resources, strong financial strength and mature management experience. The grain industry in Shenzhen is developing vigorously, there are many grain and oil processing enterprises with a certain scale and many

small and medium-sized enterprises in the area, with the advancement of the "dual-zone construction", the population of cities in the Pearl River Delta has increased, and people's living standards have improved, the competition in the food market is orderly and unprecedentedly fierce.

(ii) The company's development strategy

SZCH will focus on the grain and tea business, in the process of integration and development, conform to the country's new development requirements for the grain industry, i.e. "agriculture head and industry tail", "grain head and food tail", "three chains integration", etc., seize the major historical opportunities of current significant historical opportunities such as the construction of the Guangdong - Hong Kong - Macao Greater Bay Area and the construction of the Shenzhen Pilot Demonstration Area, focus on the succession of the company's "13th Five-Year Plan" and "14th Five-Year Plan", and innovate the development strategy of "one chain, two parks and N platforms", and focus on creating the "smart grain, oil and food supply chain quality service providers" with the "high-quality grain source base + regional comprehensive park + urban distribution center".

(iii) Operation plan for year of 2021

Looking forward to 2021, SZCH will continue to move forward firmly along the road of food security with Chinese characteristics, implement high-quality food projects in depth, achieve "three-chain coordination" and "five-excellence linkage", empower the development of the entire industry chain, and accelerate the construction of a higher-level, higher-quality, more efficient, and more sustainable food security system, firm the strategic goal of "building a smart grain, oil and food supply chain service provider", and accelerate the implementation of the "one chain, two parks and N platforms" strategy. Supported by "science and technology help flourishing grain" and "talents help flourishing grain" and based on the characteristics of pure sales area and port city of Shenzhen, SZCH will combine with the "One Belt One Road" to focus on expanding international grain sources, and take advantage of the port location to build "the eastern and southern grain coastal passages". At the same time, there are seven work plans as follows:

1. Strengthen the leadership of party building. Continue to strengthen political leadership, do a solid job of "six stability" and fully implement the "six guarantees" task; integrate new ideas, new concepts and new requirements into the central work, create a "red engine" for party building in the construction of corporate culture; strengthen supervision and inspection, safeguard the rights and interests of shareholders; give full play to the role of "supervision" to ensure the transformation and application of supervision results.

2. Continue to provide services for grain and oil reserves. Actively embrace the market, use mechanism, technology, and model innovation to allocate resources around "extending the industrial chain and building supply chains", and make various preparations for improving the quality of reserve services.

3. Improve the grain, oil and food supply chain. Adhere to "grain head and food tail" and "agricultural head and work tail", steadily implement the strategic paths of "one chain, two parks and N platforms", center on the grain, oil and food smart logistics park with complete functions and advanced management, combine with the bulk commodity trading platform, and integrate upstream and downstream circulation channels to provide customers with comprehensive services of modern smart supply chain circulation integrating a series of value-added services such as logistics distribution, e-commerce, and information warehousing.

4. Continue to optimize the human resource structure. Continue to steadily advance the strategy of "strengthening the enterprise with talents", and create high-quality talents by implementing more active, open and effective talent gathering policies, building flexible and efficient talent training support mechanisms, and establishing scientific and practical talent classification evaluation mechanisms and innovative incentive mechanisms, so as to establish the talent mechanisms which can meet short-term and emergency talent

recruitment and conform to long-term development”.

5. Technological innovation and upgrading of smart grain depot. Take "data integration, three-dimensional analysis, convenient application" as the main line, and build a multi-dimensional data analysis platform; grasp the opportunities of artificial intelligence development, plan and build a smart logistics park integrating 5G intelligent robots, 5G VR/AR, unmanned aerial vehicles, unmanned vehicles, unmanned warehouses, and other terminal scenarios; establish a comprehensively informationized grain depot, build an interconnection system for everything in the park, and create a first-class 5G smart grain depot and industrial applications in the country.

6. Comprehensively improve internal management. Carry out benchmarking world-class management improvement actions, and continue to strengthen the construction of institutional system, organizational system, responsibility system, execution system, and evaluation system of SZCH through measures such as improving work system, improving operating mechanism, optimizing management process, strengthening capital control, and strict supervision and inspection, and comprehensively improve management capabilities and levels.

7. Strictly pay attention to safety production. Conscientiously implement the decisions and deployments of the Party Central Committee and the State Council, firmly establish the concept of safety development, and focus on the main characteristics and outstanding problems of safety production accidents, implement responsibilities layer upon layer, deeply investigate hidden dangers in various fields and links, and vigorously implement rectification and reforms, strengthen risks prevention and control, and fundamentally eliminate potential safety hazards.

(iv) Possible risks

1. The risk of the impact of the COVID-19 epidemic

Since the beginning of 2020, the global spread of the COVID-19 epidemic has affected macroeconomic operations to varying degrees. Judging from the current situation, although the domestic epidemic has occurred sporadically, the overall situation has been brought under control. The overseas epidemic still has the risk of instability, making the economy unpredictable and uncertain, which may affect the company's production, trade, and industrial supply chain. The epidemic has caused increases in various costs such as raw material costs, labor costs, and logistics costs. In response to this risk, the company will unswervingly do a good job of epidemic prevention and strictly implement various epidemic prevention measures to ensure the orderly production and operation of the company.

2. Food safety risk

On the one hand, our country is paying more and more attention to food safety and strengthening the supervision. On the other hand, consumers' awareness of food safety and rights protection is also increasing. Food safety has become the industry's number one risk, especially after the COVID-19 epidemic, consumers' attention to food safety and cleanliness is rapidly increasing in the short term, and put forward higher requirements for food hygiene and safety.

The company has always regarded food quality and safety as the most important core work. The first is to strictly implement laws and regulations related to national food safety, and assume the social responsibility of supplying high-quality and safe food to the market. The second is to strengthen the quality of raw materials and strengthen quality control from the source. The third is to strengthen production management, standardize production operations, and implement quality responsibilities. The fourth is to strengthen staff's operating skills and safety awareness training to prevent product quality accidents caused by non-standard operations or weak food safety awareness. The fifth is to continuously improve product quality assurance level through technological

transformation and technological progress. The sixth is to strengthen product transportation and storage management to prevent secondary pollution of products.

3. Raw material fluctuation risk

On the one hand, with the implementation of the quantitative easing policy of the US dollar and major currencies in the world, the speculative nature and hedging preferences of capital will cause social funds to flow into the bulk commodity sector, which will lead to violent fluctuations in domestic and foreign bulk commodity prices. On the other hand, with the outbreak of the COVID-19 epidemic, most countries' controls on the export of agricultural products will have a major impact on prices; at the same time, the epidemic will also affect the normal operation of the supply chain in various regions and have a direct impact on the supply of bulk agricultural and sideline products.

The company will actively respond to the risk of adverse effects of price fluctuations on the company's operations through measures such as strengthening market forecasts, establishing strategic cooperation, optimizing supply management, and using refined management to improve utilization.

4. Risk of intensified market competition

As a representative enterprise of regional grain, oil and food business, compared with central enterprises and large multinational grain, oil and food enterprises, the company still has a certain gap in scale and brand awareness. In the future, the competition in the grain, oil and food industry will become more intense, if the company cannot effectively promote its own brand and broaden its marketing channels, it may face greater risks when market competition intensifies.

In response to possible market and business risks, on the one hand, the company makes overall plans for the year's procurement, carefully optimizes procurement channels, and ensures sufficient grain supply and orderly supply. On the other hand, the company continues to strengthen communication with upstream and downstream customers in the industry chain, vigorously expands sales channels, focuses on customer needs, deepens brand and service, and enhances the company's brand value and competitiveness.

5. M&A integration risks

The company carries out investment and M&A projects in accordance with its development strategy. Whether the M&A project can form synergy with the original business and whether the integration of corporate culture and management methods is in place during the critical period of integration of mergers and acquisitions are the key to the realization of the company's strategic goals. Inadequate management and control can easily lead to merger and acquisition risks.

The company will take the following measures to prevent risks, the first is to pay attention to the operation of the merged company and the integrating degree with the company's development strategy, and correct deviations in a timely manner; the second is to pay attention to the synergy between the merged company and the company's existing industry, and coordinate the deployment of resources in a timely manner; the third is to gradually realize the integration of systems and cultures; the fourth is to increase performance improvement and innovation incentives and assessments for mergers and acquisitions, and continuously adjust incentive policies that are compatible with operations.

X. Research reception, communication and interview activities

1. Registration form of research reception, communication and interview in the Period

Applicable Not applicable

There were no research reception, communication and interview activities occurred in the period

Section V. Important Events

I. Profit distribution plan of common stock and capitalizing of common reserves plan

Formulation, Implementation and Adjustment of common stock Profit Distribution Policy Especially Cash Dividend policy during the Reporting Period

Applicable Not applicable

The profit distribution policy of the Company is specified in the Article of Association as:

(i) Profit distribution of the Company should pay attention to the reasonable investment return to the investors, and the profit distribution policy should maintain continuity and stability;

(ii) The Company may distribute dividends in the form of cash or a combination of cash and stocks, and may pay interim cash dividends;

(iii) The following conditions shall be met at the same time when the Company intends to implement cash dividends:

1. Earnings per share for the year is not less than 0.1 yuan;
2. The audit institution shall issue a standard unqualified audit report on the company's annual financial report;
3. The company has no major investment plans or major cash expenditures (except for fund-raising projects). Major investment plans or major cash expenditures refer to the cumulative expenditures that the company intends to invest, acquire assets, or purchase equipment in the next twelve months reach or exceed 30% of the company's most recent audited total assets, and exceed 50 million yuan;

(iv) In principle, the company's annual profits distributed in cash should not be less than 10% of the attributable profits realized in the year; and the company's cumulative profits distributed in cash in the last 3 years should not be less than 30% of the annual average attributable profits realized in the last 3 years. Under the premise of ensuring the distribution of cash profits, the company can additionally adopt the method of stock dividend distribution for profit distribution; the company's annual profit distribution amount shall not exceed the company's accumulated undistributed profits at the end of the year, and shall not damage the company's ability to continue operations;

(v) The specific profit distribution plan shall be drawn up by the board of directors and submitted to the general meeting of shareholders for deliberation. The company provides a variety of ways to accept the recommendations and supervision of all shareholders, independent directors and supervisors on the company's dividends. If the annual report period is profitable but the board of directors does not propose a cash dividend plan in accordance with the "Articles of Association", it shall be disclosed in the periodic report the reasons for not proposing a cash dividend plan in accordance with the "Articles of Association", and the purpose of funds not used for dividends but retained by the company, the independent directors shall express independent opinions on this purpose, in addition to on-site meetings, the company shall also provide shareholders with an online voting platform when convening a general meeting of shareholders;

(vi) If the company has not distributed cash profits in the last 3 years, it can not issue new shares to the public, issue convertible corporate bonds or allot shares to original shareholders;

(vii) Where a shareholder illegally occupies the company's funds, the company shall deduct the cash dividends distributed to the

shareholder in order to repay the capital occupied;

(viii) When the company adjusts its profit distribution policy, it should take the protection of shareholders, especially small and medium shareholders' rights and interests, as the starting point for detailed argumentation, and the board of directors should submit it to the general meeting of shareholders for review and approval by a special resolution, while independent directors should express clear independent opinions;

(ix) The company provides multiple channels (telephone, fax, e-mail, interactive platform, etc.) to accept all shareholders' suggestions and supervision on the company's dividends.

The foreign exchange conversion rate of domestically-listed foreign share dividends is calculated based on the central parity rate of Hong Kong dollar against RMB announced by the People's Bank of China on the first working day after the resolution date of the general meeting of shareholders.

During the reporting period, the company's profit distribution complied with the company's articles of association and review procedures, and fully protected the legitimate rights and interests of small and medium investors, independent directors expressed their opinions, the profit distribution procedures were compliant and transparent. During the reporting period, the company's profit distribution policy has not been adjusted or changed.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

Profit distribution plan (pre-plan) of common stock and capitalizing of common reserves plan (pre-plan) in latest three years (including the reporting period)

The equity distribution plan for 2018: Based on share capital of 1,152,535,254 on 31 Dec 2018, distributed cash dividend of 1 Yuan (tax included) for every 10 shares to all shareholders with zero share bonus (tax included), and no share converted from capital reserve.

The equity distribution plan for 2019: Based on share capital of 1,152,535,254 on 31 Dec 2019, distributed cash dividend of 2 Yuan (tax included) for every 10 shares to all shareholders with zero share bonus (tax included), and no share converted from capital reserve.

The equity distribution plan for 2020: Based on share capital of 1,152,535,254 on 31 Dec 2020, distributed cash dividend of 2 Yuan (tax included) for every 10 shares to all shareholders with zero share bonus (tax included), and no share converted from capital reserve.

Particulars for cash dividend of common share for 3 years (current period included)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways (i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (including other ways)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	230,507,050.80	405,088,385.54	56.90%	0.00	0.00%	230,507,050.80	56.90%
2019	230,507,050.80	363,501,809.52	63.41%	0.00	0.00%	230,507,050.80	63.41%
2018	115,253,525.40	308,331,032.44	37.38%	0.00	0.00%	115,253,525.40	37.38%

The Company gains profits in reporting period and the retained profit of common stock shareholders provided by parent Company is positive but no plan of cash dividend proposed of common stock

Applicable Not applicable

II. Profit distribution plan and capitalizing of common reserves plan for the Period

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (Tax included)	2
Equity base of distribution plan (Share)	1,152,535,254
Cash bonus distribution (RMB) (Tax included)	230,507,050.80
Cash bonus distribution in other ways (i.e. share buy-backs) (RMB)	0.00
Total cash bonus (including other ways) (RMB)	230,507,050.80
Profit available for distribution (RMB)	316,785,396.01
Ratio of total cash dividend (other ways included) in total profit distribution	100%
Cash dividend	

The Company is in a development stage and has the arrangement of major capital expenses, ratio of cash dividend in profit distribution should reach a minimum of 20% while the profit distributed.
Detailed explanation on profit distribution or capital accumulation fund conversion plan
<p>After audited by BDO China Shu Lun Pan Certified Public Accountant LLP, in consolidate statement, the net profit attributable to shareholders of parent company amounted as 405,088,385.54 yuan in 2020, net profit of parent company was 321,799,743.18 yuan; Ended as 31st December 2020, the profit of parent company that can be distributed for shareholders was 316,785,396.01 yuan, balance of consolidate capital public reserves was 1,422,892,729.36 yuan.</p> <p>In line with relevant regulations and Article of Association, and consider the interest of shareholders, BOD plans to submit the equity distribution plan for year of 2020 to shareholders general meeting: based on total share capital 1,152,535,254 shares of the Company on 31st December 2020, distributed 2 Yuan (tax included) for every 10-share to all shareholders with zero share bonus (tax included), and no share converted from capital reserve</p>

III. Implementation of commitment

1. Commitments that the actual controller, shareholders, related party, buyer and the Company have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

√ Applicable □ Not applicable

Commitments	Commitment party	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for share merger reform						
Commitments in report of acquisition or equity change						
Commitments in assets	Food Materials Group	Other commitments	Commitment to non-normal business enterprises: For non-normal business enterprises under Shenzhen Cereals Group (including but not limited to enterprises that have been revoked business licenses, discontinued operation, etc.), the committed person will fully assist,	2018-03-23	Implementation as promised	Normal

reorgan ization			urge and promote Shenzhen Cereals Group to implement the corresponding write-off procedures. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the abnormal operation of the non-normal business enterprises or the failure to handle write-off procedures in time, the committed person will bear the relevant legal liability, and fully compensate the listed company and the target company within 30 working days after the actual loss occurs.		ed	for ma nce
	Food Materi als Group	Other commitme nts	Relevant Commitments Regarding the Existence of Flaws in Leased Property: The leased house property of Shenzhen Cereals Group and its holding subsidiaries has the following conditions: (1) The lessor has not provided the ownership documentary evidence of the property and/or the documentary evidence proving the lessor has the right to rent out the house property. (2) The lease term of part of the leased house property is more than 20 years; (3) Shenzhen Cereals Group and its subsidiaries sublet part of the leased house property to a third party without the consent of the lessor; (4) The leased house property of Shenzhen Cereals Group and its holding subsidiary has not been registered for the housing lease. If Shenzhen Cereals Group and its holding subsidiaries are imposed any form of punishment by the relevant government departments or assume any form of legal responsibility, or occur any losses or expenses because their leased place and / or house property do not comply with relevant laws and regulations, the committed person will be willing to bear any losses, damages, claims, costs and expenses incurred, suffered and assumed by Shenzhen Cereals Group and its holding subsidiaries, and protect Shenzhen Cereals Group and its holding subsidiaries from damages. In addition, the committed person will support Shenzhen Cereals Group and its holding subsidiaries to actively advocate their rights against the corresponding parties in order to safeguard and protect the interest of Shenzhen Cereals Group and the listed companies to the maximum extent.	2018-0 3-23	Imple ment as promis ed	No rm al per for ma nce
	Food Materi als Group	Other commitme nts	Commitment Letter on Flaws in House Property and Land: In the case that some of the house properties held by Shenzhen Cereals Group fail to rename the obligee of the property ownership certificate, the committed person will fully assist, urge and promote Shenzhen Cereals Group or its subsidiaries to go through the formalities. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to rename the obligee of the property ownership certificate, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within	2018-0 3-23	Imple ment as promis ed	No rm al per for ma nce

		<p>30 working days after the actual loss occurs. In view of the fact that some house properties held by Shenzhen Cereals Group fail to complete the registration procedures for ownership transfer, the committed person will fully assist, urge and promote Shenzhen Cereals Group to complete the relevant transfer procedures. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to rename the obligee of above-mentioned property, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In response to the conversion of non-market commercial housing held by Shenzhen Cereals Group into market commercial housing, the committed person will fully assist, urge and promote Shenzhen Cereals Group to go through the formalities. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to complete the conversion of non-market commercial housing into market commercial housing, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that some house properties of Shenzhen Cereals Group have not been renewed for the land use period, the committed person will fully assist, urge and promote Shenzhen Cereals Group to renew the corresponding land use right period. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to renew the land use right period, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that some house properties of Shenzhen Cereals Group have not been registered for ownership transfer or renewed the land use period, the committed person will fully assist, urge and promote Shenzhen Cereals Group to handle the corresponding land use rights renewal and ownership transfer registration procedures. After the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to complete the above-mentioned land use right renewal and ownership transfer registration procedures, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that</p>			
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		<p>the property of SZCG Sungang Warehouse has not completed the registration for converting non commercial housing into commercial housing, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as the property of Sungang Warehouse is not registered for converting non commercial housing into commercial housing in time, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the land and property of SZCG Shuguang Grain Depot have not passed the completion acceptance nor completed the registration of commercial housing, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as the land and property of Shuguang Grain Depot have not timely passed the completion in time nor completed the registration of commercial housing, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the property of SZCG Flour Factory has not completed the conversion of non-commercial housing into commercial housing and the relocation, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as Flour Factory doesn't complete the conversion of non-commercial housing into commercial housing and the relocation, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the land of Heilongjiang Hongxinglong Nongken Shenxin Grain Industry Park Co., Ltd., a subsidiary of Shenzhen Cereals Group, has not applied for land use right certificates, the committed person will fully assist, urge and promote the subsidiary of Shenzhen Cereals Group to manage the application procedures of the corresponding land use right certificates. After the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses because the land use right certificate cannot be issued due to any ownership disputes in the above-mentioned land use right, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. If Shenzhen Cereals Group and its holding subsidiaries are required to take back the sites and/or properties or imposed any form of punishment by the relevant</p>			
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		government departments or assume any legal liability, or suffer any losses or expenses arising from the modification for flaws in sites and/or properties as the above-mentioned and other self-owned or leased sites and/or properties fail to comply with the relevant laws and regulations, the committed person will assume any losses, damages, claims, costs and expenses incurred, suffered and assumed by Shenzhen Cereals Group and its holding subsidiaries, and protect the list companies and Shenzhen Cereals Group from damages. In addition, the committed person will support the company and its holding subsidiaries to actively advocate their rights against the corresponding parties in order to safeguard and protect the interest of the company and its holding subsidiaries to the maximum extent.			
Food Materials Group	Other commitments	Commitment Letter on the Company's System Reform and System Evaluation of Shenzhen Cereals Group in 1998: After the completion of this restructuring, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as the system reform is not evaluated or other reasons related to this reform, the committed person will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs.	2018-03-23	Implemented	Normal performance
Food Materials Group	Other commitments	Commitment on the Adjustment of the Main Business: Within 24 months after the completion of the transaction, the Company has no plan, intention or arrangement to divest the main assets related to the existing business of the listed company through the shareholders' meeting and the board of directors of the listed company. The listed company will strive to improve the management level based on the asset structure and business development after the completion of the transaction, and do its best to complete the business integration and coordination after the completion of the reorganization, and create greater value for shareholders.	2018-03-23	2020-11-12	Completed
Food Materials Group	Other commitments	Commitment to Maintain the Position of Controlling Shareholders of Listed Companies: Within 60 months from the date of completion of this transaction, the Company promises not to voluntarily give up the controlling shareholder status in the listed company, and guarantees that the controlling shareholder status of the listed company will not be changed due to reasons of the Company during this period, nor assists any other party to seek the controlling shareholder status of the listed company. Within 60 months from the date of completion of this transaction, the Company will not take the initiative to change the status of the controlling shareholder of the listed company through any actions including reducing the share holding in the listed company.	2018-03-23	2023-11-12	Normal performance
Food	Other	Commitment on the public shares: After the completion of the	2018-0	Imple	No

	Materi als Group	commitme nts	transaction, the committed person will cautiously nominate directors and supervisors, and will not nominate candidates for directors, supervisors and senior management to the listed company that will cause the proportion of public shares of the listed company not meet the requirements of the Listing Rules of Shenzhen Stock Exchange.; nor will vote for the relevant shareholders' meeting and/or board resolutions for selecting directors, supervisors and senior executives of listed companies that will make the proportion of public shares of listed companies not meet the requirements of the Listing Rules of Shenzhen Stock Exchange.	3-23	ment as promis ed	rm al per for ma nce
	Food Materi als Group	Performan ce commitme nts and compensati on arrangeme nts	Commitment on performance compensation: Food Materials Group promises that after the completion of the audit and evaluation of Shenzhen Cereals Group, the Company will make a commitment to the performance of Shenzhen Cereals Group within three years after the completion of the restructuring, and sign a clear and feasible compensation agreement on the achievement of performance promised by the target company with the listed company so as to protect the interests of small and medium investors. On June 8, 2018, Food Materials Group and Shenshenbao signed the "Performance Compensation Agreement" and agreed to make a commitment to the net profit of Shenzhen Cereals Group from 2018 to 2020 (hereinafter referred to as the "commitment period", if it is not completed before December 31, 2018, the commitment period will correspondingly postpone), and after the completion of the acquisition, compensate Shenshenbao in accordance with the provisions of this agreement as the actual net profit of the object company is less than the promised net profit. The performance compensation period of this transaction is 2018, 2019 and 2020, if the transaction is not completed in 2018, the first year of the performance commitment period of this transaction is the year when the target company of the transaction is delivered. Food Materials Group promises Shenzhen Cereals Group to achieve net profit (net profit is subject to the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses in the audited consolidated statement, the same below) of not less than 390 million yuan in 2018, and net profit of not less than 400 million yuan in 2019, and net profit of not less than 420 million yuan in 2020.	2018-0 3-23	2020-1 2-31	Co mp lete d
	Food Materi als Group	Shares limited for sale commitme nt	Commitment on the Lock-up Period of the Shares: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as "Shenshenbao" and "Listed Company") intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG", "target company") held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as "the committed person"), the controlling shareholder of SZCG,	2018-0 4-02	2022-5 -12	No rm al per for ma

			<p>has made the following commitments: 1. The committed person should not transfer the shares of the listed company obtained from this transaction within 36 months from the date of listing of the shares. If the closing price of the listed company’s stock is lower than the issue price for 20 consecutive trading days within 6 months after the completion of this transaction, or the closing price is lower than the issue price at the term end of 6 months after the completion of the transaction, the lock-up period for the committed person to hold the company’s stock automatically prolongs for at least 6 months. 2. At the expiration of the above-mentioned lock-up period, if the committed person doesn’t fully fulfill the performance compensation obligation stipulated in the Performance Compensation Agreement, the lock-up period of the shares issued to the committed person will be prolonged to the date when the performance compensation obligation is fulfilled. 3. Before this transaction, the shares of the Listed Company held by the committed person and the companies controlled by the promise shall not be transferred within 12 months after the completion of this transaction. 4. During the lock-up period of shares, the part that the committed person has increased due to the bonus issue of dividends, transfer of share capital or share allotment of the Listed Company and other ex dividend and ex right matters should also abide by the above-mentioned share lock-up arrangement. 3. If the above lock-up period does not comply with the latest regulatory requirements of the securities regulatory authority, the committed person will agree to make corresponding adjustments according to the latest regulatory opinions of the regulatory authorities, and implement in accordance with the relevant provisions of the China Securities Regulatory Commission and the Shenzhen Stock Exchange after the lock-up period expires.</p>			nce
	Food Materials Group	Other commitments	<p>Commitment letter of Shenzhen Food Materials Group Co., Ltd on pending litigation of Shenzhen Cereals Group Co., Ltd.: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao”, “Listed Company”) intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”, “target company”) held by the shareholders of SZCG through issuance of shares. In view of the two unfinished major lawsuits/arbitration of SZCG, Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the committed person”), the controlling shareholder of SZCG, has made the following commitments: If SZCG and its controlling subsidiaries suffer any claims, compensation, losses or expenses due to the unsettled major lawsuits/arbitration about the contract dispute of international sale of soybean with Noble Resources Co., Ltd. and the contract dispute with Guangzhou Jinhe Feed Co., Ltd. and Huangxianning Import Agent,</p>	2018-04-02	Implemented as promised	Normal performance

			the committed person will assume the compensation or loss caused by the above two outstanding major lawsuits/arbitration.			
	Food Materials Group	Other commitments	Commitment letter of Shenzhen Food Materials Group Co., Ltd. on risks of making a supplementary payment for the rent at earlier stage of Pinghu Grain Depot: Shenzhen Shenbao Industrial Co., Ltd. intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the committed person”), the controlling shareholder of SZCG, has made the following commitments: If SZCG needs to make a supplementary payment for the rent before assessment basis date to the property right unit of Pinghu Grain Depot (or its authorized unit), the total amount of the rent and other related charges and expenses shall be borne by the committed person.	2018-04-02	Implemented as promised	Normal performance
	Food Materials Group	Other commitments	Commitment letter on the house properties of Shenzhen Cereals Group and its subsidiaries that have not obtained the housing ownership certificate: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao” and “listed company”) intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”, “target company”) held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the committed person”), the controlling shareholder of SZCG, has made the following commitments: If SZCG and its subsidiaries suffer any administrative punishment or losses due to their house properties without the housing ownership certificate, the committed person will bear the relevant legal responsibilities and fully compensate the listed company and SZCG within 30 working days after the actual loss occurs.	2018-04-02	Implemented as promised	Normal performance
	Food Materials Group	Shares limited for sale commitment	Commitment on Shenzhen Food Materials Group Co., Ltd to accept the restricted shares of non-tradable shares reform of Shenzhen Shenbao Industrial Co., Ltd. held by Shenzhen Investment Holdings Co., Ltd.: Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “Food Materials Group”) accepts 79,484,302 shares of A shares of Shenshenbao A (000019) (including 66,052,518 shares of unrestricted A shares and 13,431,784 shares of restricted A shares) held by Shenzhen Investment Holdings Co., Ltd. (hereinafter referred to as “Shenzhen Investment Holdings”) by the free transfer, totally accounting for 16% of the total share capital of Shenshenbao. Shenzhen Investment Holdings made the following commitments in the reform of non-tradable shares of Shenshenbao in 2006: “To make	2018-04-04	Implemented as promised	Normal performance

			<p>effective and long-term incentives for the management, after the completion of the share reform, Shenzhen Agricultural Products Co., Ltd. (hereinafter referred to as “Agricultural Products”) and Shenzhen Investment Holdings, the company’s non-tradable shareholders, will sell their shareholdings after consideration which account for 6%-8% of the company’s total share capital to the management of the company in three years based on the shareholding ratio of Agricultural Products and Shenzhen Investment Holdings after the share reform (i.e. accounting for 6%-8% of the company’s total share capital of 181,923,088 shares after the share reform).” Food Materials Group made a commitment that after the completion of the free transfer of the state-owned shares, Food Materials Group would continue to perform the above commitments it made when Shenzhen Investment Holdings makes the non-tradable shares reform to Shenshenbao, which is effective in the long run.</p>			
	Food Materials Group	Commitments on inter-industry competition, related transactions and capital occupancy	<p>Commitment Letter on Avoiding Horizontal Competition: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Listed Company”) intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) by issuing shares to purchase assets, the Company has made the following commitments: 1. As of the issue date of this Commitment Letter, the Company and other enterprises controlled by the Company have not engaged in any business or activity that directly or indirectly constitute horizontal competition to the Listed Company and its subsidiaries in the business, and guarantees that it will not engage or induce any enterprise controlled by the Company to engage in any business or activity that directly or indirectly constitute horizontal competition to the Listed Company and its subsidiaries in the future. 2. If the business opportunity obtained by the Company and other enterprises controlled by the Company constitutes horizontal competition or may constitute horizontal competition to the main business of the Listed Company and its subsidiaries, the Company will immediately notify the Listed Company and try its best to give the business opportunity to the Listed Company to avoid horizontal competition or potential horizontal competition with the Listed Company and its subsidiaries and ensure the interests of Listed Company and other shareholders of Listed Company are not impaired. 3. If the main business of the Listed Company and its subsidiaries constitutes horizontal competition or may constitute horizontal competition to the Company and other enterprises controlled by the Company due to business development or extension, the Company and other enterprises controlled by the Company shall take the following feasible measures based on specific circumstance</p>	2018-06-08	Implemented as promised	Normal performance

			to avoid competition with the Listed Company: (1) Stop business that constitutes competition or may constitute competition to the Listed Company; (2) Transfer the competitive businesses and assets to the Listed Company at fair prices; (3) Transfer the competitive business to an unrelated third party; (4) Other ways to protect the interests of the Listed Company; 4. If the Company violates the above commitments and causes losses to the Listed Company, the Company will compensate the Listed Company for the incurred losses after the losses are determined. 5. The above commitments continue to be valid during the period when the Company is the controlling shareholder of the Listed Company.			
Food Materials Group	Commitments on inter-industry competition, related transactions and capital occupancy	Commitment Letter on Reducing and Regulating Related Transactions: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as "Listed Company") intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as "the Company") by issuing shares to purchase assets, the Company has made the following commitments: 1. The enterprises directly or indirectly controlled or affected by the Company and the restructured company and its holding companies will regulate and minimize the related transactions. For related transactions that cannot be avoided or have reasonable reasons to occur, the Company promises to follow the market-oriented principle of justice, fairness and openness, and sign agreements in accordance with relevant laws and regulations, regulatory documents and articles of association, perform legal procedures, fulfill information disclosure obligations and handle relevant approval procedures in accordance with the law, and ensure not to damage the legitimate rights and interests of the company and other shareholders through related transactions. 2. The enterprises directly or indirectly controlled or affected by the Company will strictly avoid borrowing from the company and its holding and shareholding companies, occupying the funds of the company and its holding and shareholding companies, or embezzling the company's funds by taking advance payments and compensatory debts from the company and its holding and shareholding companies. 3. After the completion of this transaction, the Company will continue to exercise its shareholder rights in strict accordance with the relevant laws and regulations, regulatory documents and the relevant provisions of the Articles of Association; and fulfill its obligation of avoiding voting when the company's general meeting of shareholders is voting on related transactions involving the Company. 4. The Company guarantees not to obtain any improper interests through the related transactions or cause the company and its holding and shareholding companies to bear any wrongful obligations. If the company or its	2018-06-08	Implemented as promised	Normal performance	

			holding and shareholding companies suffer loses or the interests of the company or its holding and shareholding companies are embezzled by related transactions, the Company will the losses of the company and its holding and shareholding companies.			
	Food Materials Group	Other commitments	<p>Commitment on the Standardized Operation of Listed Company: Shenzhen Shenbao Industrial Co., Ltd. intends to purchase 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) through issuance of shares.</p> <p>In response to the above transactions, the Company has made the following commitments: After the completion of this transaction, the committed person promises to ensure that the listed company will strictly follow the requirements of laws and regulations such as the “Guidelines for the Governance of Listed Companies” and the changes in internal management and external operation and development of listed company to revise the “Articles of Association” and related rules of procedure so as to adapt to the business operations and corporate governance requirements after the reorganization, continue to improve the governance structure of listed company, continuously strengthen the system construction to form a corporate governance structure that each performs their own duties, effectively checks and balances, makes scientific decisions and coordinates the operation so as to more effectively and feasibly protect the interests of the listed company and all its shareholders. The committed person will urge the listed company to perform the functions of the shareholders’ meeting in strict accordance with the “Articles of Association” and the “Rules of Procedures of the Shareholders Meeting”, ensure that all shareholders, especially small and medium shareholders, enjoy equal rights as stipulated by laws, administrative regulations and the Articles of Association, and ensure that all shareholders legally exercise their rights and interests. The committed person will also urge the listed company to further improve the institutional requirements of the board of directors, ensure that the board of directors fairly, scientifically and efficiently makes decisions, ensure that independent directors can perform their duties in accordance with laws and regulations during their employment, actively understand the various operations of the listed company, consciously perform responsibilities, play a positive role in the scientific decision-making of the board of directors and the development of the listed company, promote the sound development of the listed company, and effectively safeguard the overall interests of the listed company and the interests of small and medium-sized shareholders. In addition, the Company will urge the listed company to give full play to the positive role of independent directors in</p>	2018-06-08	Implementation as promised	Normal performance

			regulating the operation of the company, strictly abide by relevant national laws, regulations, rules and relevant provisions of the Articles of Association to select independent directors, and further enhance corporate governance.			
	Food Materials Group	Other commitments	<p>Commitment Letter on the Legal Compliance of the Underlying Asset Operation: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao”, “Listed Company”) intends to purchase 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”, “Target Company”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) through issuance of shares. The Company has made the following commitments: 1. The Target Company is a limited liability company established according to law and is validly existing, possesses statutory business qualifications, and the Target Company has obtained all the approvals, consents, authorizations and licenses required for its establishment and operation, and all approvals, consents and authorizations and licenses are valid and there is no reason or case that may result in the invalidation of the above approvals, consents, authorizations and licenses. 2. The Target Company has no major violations of laws and regulations in the production and operation in the last three years, there is no case that the Target Company should be terminated according to relevant laws, regulations, normative documents and the company’s articles of association. Except for litigations, arbitrations and administrative penalties disclosed in the Restructuring Report, the Target Company does not have any unsettled or foreseeable major litigation, arbitration and administrative penalty that adversely affect its operations or the amount is more than 10 million yuan. 3. The Target Company will perform the labor contracts with its employees independently and completely. 4. If the Target Company is subject to the fees or penalties of the relevant competent authorities in terms of industry and commerce, taxation, employee salaries, social security, housing provident fund, business qualifications or industry supervisors due to the facts already existing before the reorganization, the Company will fully compensates all the outstanding fees of the Target Company and bear all the losses suffered by Shenshenbao and the Target Company. 5. The Target Company legally owns the ownership and/or use rights of the offices, office equipment, trademarks and other assets required for normal production and operation, has independent and complete assets and business structure, and has legal ownership of its main assets, and the ownership of assets is clear. 6. There is no case that the Target Company impedes the transfer of ownership of the company, such as litigation, arbitration, judicial enforcement, etc., and there is no external guarantee that violates the law or the articles of</p>	2018-06-08	Implemented as promised	Normal performance

			association. After this reorganization, if the Company violates the above commitments and causes losses to Shenshenbao and the Target Company, the Company agrees to bear the aforementioned compensation/ liability for damage to Shenshenbao/ Target Company.			
	Food Materials Group	Other commitments	<p>Commitment on the Independence of Listed Company: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao”) intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “Target Company”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) by issuing shares to purchase assets, the Company has made the following commitments:</p> <p>1. Guarantee the independence of the personnel of Shenshenbao and the Target Company (1) Guarantee that the labor, personnel and compensation management of Shenshenbao and Target Company are completely independent of the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties after the completion of this restructuring. (2) Guarantee that the senior management personnel of Shenshenbao and Target Company are fully employed in Shenshenbao and Target Company and receive remuneration after the completion of this restructuring, and do not hold any post except for directors and supervisors in the Company and other companies, enterprises controlled by the Company or other economic organizations and related parties. (3) Ensure not to intervene into the shareholders’ meeting and the board of directors of Shenshenbao and Target Company to exercise their powers to determine the appointment and dismissal of personnel after the completion of this restructuring. 2. Guarantee the institutional independence of Shenshenbao and Target Company (1) After the completion of this restructuring, Shenshenbao and Target Company will establish a sound corporate governance structure and have an independent and complete organization. (2) After the completion of this restructuring, the shareholders meeting, the board of directors and the board of supervisors of Shenshenbao and Target Company shall independently exercise their functions and powers in accordance with the laws, regulations and the articles of association of Shenshenbao and Target Company. 3. Ensure that the assets of Shenshenbao and Target Company are independent and complete. (1) After the completion of this restructuring, Shenshenbao and Target Company shall have independent and complete assets related to production and operation. (2) Ensure that the site for business operation of Shenshenbao and Target Company are independent of the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties after the completion of</p>	2018-06-08	Implemented	Normal performance

			<p>this restructuring. (3) In addition to normal business transactions, after the completion of this restructuring, Shenshenbao and Target Company do not have funds and assets which are occupied by the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties. 4. Guarantee the business independence of Shenshenbao and Target Company (1) After the completion of this restructuring, Shenshenbao and Target Company shall have the relevant qualifications for independent business activities, and have the market-oriented independent, autonomous and sustainable operation capabilities. (2) After the completion of this restructuring, the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties shall reduce the related transactions with Shenshenbao and Target Company and other companies and enterprises controlled by them or other economic organizations; for the necessary and unavoidable related transactions, guarantee the fair operation according to market principles and fair prices, and perform relevant approval procedures and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents. 5. Guarantee the financial independence of Shenshenbao and Target Company (1) Ensure that Shenshenbao and Target Company will establish an independent financial department and an independent financial accounting system, and a standardized and independent financial accounting system after the completion of this restructuring. (2) Ensure that Shenshenbao and Target Company will open an independent bank account after the completion of this restructuring, and will not share bank accounts with the Company and other companies and enterprises controlled by the Company or other economic organizations and other related parties. (3) After the completion of this restructuring, the financial personnel of Shenshenbao and Target Company shall not take part-time jobs in the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties. (4) After the completion of this restructuring, Shenshenbao and Target Company shall be able to make financial decisions independently, the Company shall not interfere with the use of funds of Shenshenbao and Target Company. (5) After the completion of this restructuring, Shenshenbao and Target Company shall pay taxes independently according to law. If the Company violates the above commitments, it will bear all the losses caused to Shenshenbao and Target Company.</p>			
Food Materials Group ,	Commitments on inter-industry	Commitment to Avoid Occupation of Non-operating Capital:	Shenzhen Shenbao Industrial Co., Ltd. intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by Shenzhen Food Materials Group Co., Ltd	2018-06-08	Implementation as promised	Normal

	Agricultural Products	competition, related transactions and capital occupancy	(hereinafter referred to as “the Company”) through issuance of shares. In response to the above transactions, Food Materials Group and Agricultural Products have made the following commitments: 1. As of the issue date of this commitment letter, the committed person and its related person do not have any illegal use of funds and assets of the listed company and SZCG, and there is no case that the listed company and SZCG provide illegal guarantee for the committed person and its related person. 2. After the completion of the transaction, the committed person guarantees that the committed person and its related person shall not illegally occupy the funds and assets of the listed company in any way, nor require the listed company to provide illegal guarantee for the committed person and its related person under any circumstances, nor engage in any act to damage the legitimate rights and interests of the listed company and other shareholders. If the committed person violates the above commitments, it will bear all losses caused to the listed company and the target company and other companies and enterprises controlled by them or other economic organizations.		ed	for ma nce
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders						
Comple	Y					

ted on time (Y/N)	
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2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

Assets with earnings forecast or items	Predict start time	Predict termination time	Current forecast performance (10 thousand yuan)	Current actual performance (10 thousand yuan)	Reasons for not reaching predictions (if applicable)	Predicted disclosure date	Predictive disclosure index
Shenzhen Cereals Group Co., Ltd	2018-01-01	2020-12-31	42,000	45,917.40	Not applicable	2018-03-24	Found more in the Notice of the Company released on Juchao Website (www.cninfo.com.cn)

Commitments made by the shareholders and counter party on annual operation performance

Applicable Not applicable

Commitment on performance compensation: on 23 March 2018, the Company entered into an Agreement on Share Issuance and Purchase of Assets with Fude Capital, Fude Capital promises that after the completion of the audit and evaluation of Shenzhen Cereals Group, Fude Capital will make a commitment to the performance of Shenzhen Cereals Group within three years after the completion of the restructuring, and sign a clear and feasible compensation agreement on the achievement of performance promised by the target company with the listed company so as to protect the interests of small and medium investors. On June 8, 2018, Fude Capital and Shenshenbao signed the "Performance Compensation Agreement" and agreed to make a commitment to the net profit of Shenzhen Cereals Group from 2018 to 2020 (hereinafter referred to as the "commitment period"), and after the completion of the acquisition, compensate Shenshenbao in accordance with the provisions of this agreement as the actual net profit of the object company is less than the promised net profit. On September 6, 2018, Fude Capital and Shenshenbao signed the "Supplementary Agreement on Performance Compensation Agreement (I)", Fude Capital promises Shenzhen Cereals Group to achieve net profit (net profit is subject to the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses in the audited consolidated statement, the same below) of not less than 390 million yuan in 2018, and net profit of not less than 400 million yuan in 2019, and net profit of not less than 420 million yuan in 2020.

Completion of performance commitment and influence on impairment test of goodwill

In the reporting period, the net profit attributable to parent company after deducting non-recurring gain/loss achieved by SZCG amounted as 459.174 million yuan, , the net profit attributable to the target company is 39.174 million yuan larger than the 2020 profit forecast of 420 million yuan, and the profit forecast completion rate is 109.33%.

IV. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

V. Explanation from Board of Directors, Supervisory Committee and Independent Directors (if applicable) for “Qualified Opinion” that issued by CPA

Applicable Not applicable

VI. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

(1) Implementation of the Accounting Standards for Business Enterprise No.14 - Revenue (Revised in 2017) (hereinafter referred to as New Revenue Standard)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14 - Revenue" in 2017. The revised standards stipulate that for the first implementation of the standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative impact, and the information in the comparable period should not be adjusted.

The Company has implemented the new revenue standards from January 1, 2020. According to the standards, the Company only adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, and does not make adjustments to the comparative financial statements. The main impacts of the implementation of the standards are as follows:

Content & reasons	Approval procedure	Note
The Company implemented the Accounting Standards for Business Enterprise No.14 - Revenue that revised by the Ministry of Finance on 1 January 2020. In accordance with the relevant regulations on the convergence of the old and new standards, the Company only adjusted the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, the comparative financial statements were not adjusted.	Approved by the 7 th session of 10 th BOD on 30 December 2019	Main impact of implementing the new revenue standard on the Company's financial statement can be found in the 44. Important accounting policy and estimate changes of Note V. Important Accounting Policy and Estimated in Section XII. Financial Report

Content & reasons	Approval procedure	Item affected	Amount of impact on the balance dated 1 Jan. 2020	
			Consolidate	Parent company
The Company implemented the Accounting Standards for Business Enterprise No.14- Revenue that revised by the Ministry of Finance since 1 Jan. 2020. According to the convergence of relevant old and new standards, the Company only adjusts the amount of retained earnings at the beginning of 2020 and other related items in the financial statements for the cumulative effect of the contracts that have not been completed at the date of initial execution, and no adjustment is made to the comparative financial statement.	Approved by the 7th session of 10th BOD on 30 December 2019	Contract liability	134,935,456.98	3,137.80
		Account received in advance	-134,935,456.98	-3,137.80

The impact of the implementation of the new revenue standards on relevant items in the financial statement for 2020, as compared to the previous revenue standard, is as follow:

Affected items of balance sheet	Amount of impact on the balance dated 31 Dec. 2020	
	Consolidate	Parent company
Contract liability	108,975,866.82	411.00
Other current liability	2,329,512.69	0.00
Account received in advance	-111,305,379.51	-411.00

Affected items of profit statement	Amount of impact on amount incurred in 2020	
	Consolidate	Parent company
Operating cost	67,026,284.32	0.00
Sales expenses	-67,026,284.32	0.00

(2) Implementation of Interpretation of Accounting Standards for Business Enterprises No.13

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.13 (Cai Kuai [2019] No.21 , hereinafter referred to as Interpretation No.13) on 10 December 2019, and effective from 1 January 2020 without retroactive adjustment required.

① Identification of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or an associated enterprise between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or associated enterprises of the enterprise. In addition, Interpretation No. 13 also clarifies that an enterprise with two or more than two parties only significantly affected by one party does not constitute a

related party, it also states that an associated enterprise includes the associated enterprise and its subsidiaries, and a joint venture includes the joint venture and its subsidiaries.

② Definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of the business composition, and introduces the "concentration ratio test" option to simplify to a certain extent the judgment of whether a portfolio obtained not under the same control constitutes a business, etc.

The Company has implemented Interpretation No. 13 from January 1, 2020, and the comparative financial statements have not been adjusted. The implementation of Interpretation No. 13 has not had a significant impact on the Company's financial status and operating results.

(3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emissions Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on the Accounting Treatment of Carbon Emissions Trading" (CK [2019] No. 22), which is applicable to related enterprises in the key emission units that carry out carbon emission trading business in accordance with the "Interim Measures for the Administration of Carbon Emissions Trading" (hereinafter referred to as key emission enterprises). The provisions came into effect on January 1, 2020, and key emission enterprises should adopt the prospective application to apply the provisions.

The Company has implemented the provisions from January 1, 2020, and the comparative financial statements have not been adjusted. The implementation of the provisions has not had a significant impact on the Company's financial status and operating results.

(4) Implementation of the "Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Epidemic"

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rental Reduction Related to the pandemic of COVID-19" ((2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust the relevant rent reduction that occurred between January 1, 2020 and the implementation date of the regulation. According to the regulation, companies could select simplified methods for accounting treatments for rent reduction and deferred payment of rents directly caused by the pandemic of COVID-19.

We selected the simplified methods to account all the rental business, which met the requirements of the new regulation. We also adjusted the rent reduction in accordance to the regulation from January 1, 2020 to the effective date of the regulation. The revenue of rental reduced by 24,697,897.12 in 2020 as we selected the simplified methods to account our rental business.

VII. Major accounting errors within reporting period that needs retrospective restatement

Applicable Not applicable

No major accounting errors within reporting period that needs retrospective restatement for the Company in the period.

VIII. Compare with last year's financial report; explain changes in consolidation statement's scope

Applicable Not applicable

During the reporting period, the Company newly established the Shenzhen Shenliang Hongjun Catering Management Co., Ltd., and canceled Shenzhen Shenbao Tea Co., Ltd and Dongguan Jinying Biotechnology Co., Ltd.

IX. Appointment and non-reappointment (dismissal) of CPA

Accounting firm appointed

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountant LLP
Remuneration for domestic accounting firm (in 10 thousand Yuan)	70
Continuous life of auditing service for domestic accounting firm	2
Name of domestic CPA	Qi Tao, Tao Guoheng
Continuous life of auditing service for domestic CPA	2, 1

Whether re-appointed accounting firms in this period or not

Yes No

Appointment of internal control auditing accounting firm, financial consultant or sponsor

Applicable Not applicable

During the reporting period, BDO China Shu Lun Pan Certified Public Accountant LLP was hired as the internal control audit institutions of the Company, 290,000 Yuan for internal control audit fee.

X. Particular about delisting after annual report disclosed

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XII. Significant lawsuits and arbitration of the Company

Applicable Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index

	Yuan)				ment	e	ex
As of 31 December 2020, other lawsuits that did not meet the disclosure standards for significant lawsuits mainly including: disputes over purchase and sales contract, disputes over loans contract, disputes over construction contracts, disputes over corporate separation contracts and tort liability dispute etc.	8,240.44	Yes, the single loan contract dispute from subordinate enterprise of the Company is expected to form an accrual liability of 3.5 million yuan approximately. Other lawsuit-related cases are relatively small in individual amount, and will not have a significant impact on the Company when analyzed in conjunction with the progress of these cases.	The Company actively makes use of the advantageous resources of internal legal affairs and external laws firm to follow up and deal with the lawsuit-related cases. At present, the Company is responding to and dealing with the cases effectively in accordance with relevant laws and regulations	After comprehensive analysis, the outcome of the cases involved in the lawsuits will not have a significant impact on the Company	It is actively advancing		No t applicable

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

XIV. Integrity of the Company and its controlling shareholders and actual controllers

Applicable Not applicable

XV. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

XVI. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

No related transaction occurred in the period with routine operation concerned

2. Assets or equity acquisition, and sales of assets and equity

Applicable Not applicable

No related transaction concerning the asses or equity acquisition and sold in the period

3. Related transaction of foreign investment

Applicable Not applicable

No related transaction of foreign investment occurred in the period

4. Related credits and liabilities

Applicable Not applicable

No related credits and liabilities occurred in period

5. Other major related transaction

Applicable Not applicable

No other major related transaction in the Period.

XVII. Significant contract and implementations

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing in the Period

2. Major Guarantee

Applicable Not applicable

(1) Guarantee

In 10 thousand Yuan

External Guarantee (not including guarantees to subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee of the subsidiaries for the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Dongguan Shenliang Logistics Co., Ltd.		27,300	2015-07-13	14,502	Joint liability guaranty	8-year	N	N
Dongguan Shenliang Logistics Co., Ltd.		10,200	2016-12-21	3,501	Joint liability guaranty	5-year	N	N
Dongguan International Food Industrial Park Development Co., Ltd.		39,168	2018-07-27	30,556	Joint liability guaranty	14-year	N	N
Dongguan Shenliang Logistics Co., Ltd.		21,930	2020-10-20	1,935	Joint liability guaranty	14-year	N	N
Dongguan Shenliang Oil & Food Trade Co., Ltd.		11,883	2019-04-19	4,775	Joint liability guaranty	8-year	N	N
Total amount of approving guarantee for subsidiaries in report period (C1)		21,930		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		152		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		110,481		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		55,269		
Total amount of guarantee of the Company (total of three above mentioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		21,930		Total amount of actual occurred guarantee in report period (A2+B2+C3)		152		
Total amount of approved guarantee at the end of report		110,481		Total balance of actual guarantee at the end of		55,269		

period (A3+B3+C2)	report period (A4+B4+C4)
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)	12.03%
Including:	
Balance of the guarantee provided for shareholder, actual controller and their related parties (D)	0
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)	50,494
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)	0
Total amount of the aforesaid three guarantees (D+E+F)	50,494
Explanations on possibly bearing joint and several liquidating responsibilities for undue guarantees (if applicable)	N/A
Explanations on external guarantee against regulated procedures (if applicable)	N/A

Explanation on guarantee with composite way

Nil

(2) External guarantee against the regulation

Applicable Not applicable

No external guarantee against the regulation occurred in the period

3. Cash asset management

(1) Trust financing

Applicable Not applicable

Trust financing in the period

In 10 thousand Yuan

Type	Fund sources	Amount occurred	Undue balance	Overdue amount
Bank financial products	Owned fund	92,500	17,000	0
Total		92,500	17,000	0

The high-risk trust investment with single major amount or has minor security, poor fluidity and non-guaranteed

Applicable Not applicable

Unrecoverable principal or impairment possibility from entrust investment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No entrusted loans in the Period

4. Material contracts for daily operations

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVIII. Social responsibility

1. Performance of social responsibility

During the reporting period, the Company has been strictly in accordance with "Company Law", "Securities Law", "Articles of Association" and other relevant laws and regulations, continues to improve governance structure and regulized operation. the Company attaches importance to social responsibility, sustains attention to social create value, integrity management according to law, to provide consumers with safe and secure products, high-quality, green and healthy products to enhance the capacity for sustainable development and overall competitiveness; making efforts to improve management, enhance innovation capability and core competencies; the Company uphold a fair, just and open principles of treatment for all investors, with particular emphasis on safeguarding the interests of minority shareholders; the Company strictly comply with national environmental laws and regulations, thoroughly implement green philosophy, strengthen ecological protection, comply with the overall development of the country and society, and strive to achieve economic and social benefits, short-term interests and long-term interests of their own development and social development, coordination, thus achieve healthy and harmonious development between the Company and the community, the Company and the environment.

2. Execution of social responsibility of targeted poverty alleviation

(1) Plan of targeted poverty alleviation

2020 was the final year of a decisive battle against poverty and a decisive victory over a well-off society in an all-round way. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for the New Era, SZCH continued to carry out targeted poverty alleviation work in Guilin Village, Yidu Town, Longchuan County, Heyuan City. According to the document spirit of the "Implementation Opinions on the Three-year Hard Working at Targeted Poverty Alleviation in the New Era" (Yuefa [2016] No. 13) of Guangdong Provincial Party Committee and Provincial Government, the overall goals of Guilin Village's targeted poverty alleviation are, firstly, to consolidate the results of poverty alleviation, refuse to return to poverty due to education and illness; secondly, to visit and solve the actual difficulties of poor households; thirdly, to further strengthen the industrial assistance; fourthly, to improve the infrastructure construction to ensure the acceptance of the new villager service center and the purchase of office supplies.

(2) Summary of annual targeted poverty alleviation

In 2020, SZCH invested 641,500 yuan of poverty alleviation funds (excluding consolation money and material discounts) to strengthen industrial assistance, promote education and poverty alleviation, and solve the actual difficulties of poor households, fully implemented epidemic prevention and control measures, achieved both epidemic prevention and control and targeted poverty alleviation at the same time. Performance and effects were as follows:

Firstly, in terms of epidemic prevention and control, set up epidemic prevention and control checkpoints in Guilin Village to propagate epidemic prevention and control knowledge to villagers, enhance their awareness of epidemic prevention and control, and donated epidemic prevention and control materials to Guilin Village to promote the establishment of tight line of defense of group prevention and control in Guilin Village.

Secondly, in terms of industrial assistance, we successfully applied for a special fund of 380,000 yuan from Shenzhen to help Heyuan, and invested all shares in Nanyuewang Ecological Agriculture Development Co., Ltd. in the form of share dividends agreed in the contract. The project was expected to achieve a fixed dividend of 38,000 yuan per year. Took measures to expand sales channels and carried out consumption poverty alleviation activities. In 2020, more than 490 kilograms of Guilin tea were sold through consumption poverty alleviation, and the sales amount reached 118,000 yuan. The village secretary appeared on the Heyuan TV station to endorse the tea industry in Guilin village and help Guilin tea open up the market. Under the leadership of the municipal SASAC, tea products for poverty alleviation appeared in the 8th China Charity Fair and 2020 China (Shenzhen) Tea Expo, which further enhanced the brand awareness.

Thirdly, in terms of teaching aids, assisted children of poor households in applying for bursaries to reduce their burden on schooling, and upgraded the sports facilities of Guilin Primary School.

The fourth was to solve the practical difficulties of poor households and reduce the burden of treatment for severely ill of poor households. Expended 3,000 yuan from the company's project budget for medical subsidies, and applied for critical illness medical assistance for them, and mobilized company employees to donate about 29,000 yuan to them.

Fifthly, in terms of improving infrastructure construction, the newly-built villager service center integrating party and government affairs, village affairs, cultural services, and villagers' recreation has completed the acceptance check and officially put it into use, making it easier for villagers to do things and have higher satisfaction.

(3) Performance of targeted poverty alleviation

Target	Measurement unit	Numbers/ implementation
i. Overall	—	—
Including: 1. fund	10 thousand yuan	64.15
2. Material discount	10 thousand yuan	18.3

3.number of poverty-stricken population eliminating poverty with card for archives established	Person	140
ii. Invested by specific project	—	—
1.Industrial development poverty	—	—
Including: 1.1 Type	—	Poverty Alleviation by Asset Income
1.2 numbers of industrial development poverty	Number	0
1.3 Amount input	10 thousand yuan	0
1.4 number of poverty-stricken population eliminating poverty with card for archives established	Person	0
2.Transfer employment	—	—
Including: 2.1 Amount input for vocation skills training	10 thousand yuan	0
2.2 Number of vocation skills training	Person-time	0
2.3 Number of poverty-stricken population achieving employment with card for archives established	Person	0
3.Relocation the poor	—	—
Including: 3.1 Number of employed persons from relocated households	Person	0
4.Education poverty	—	—
Including: 4.1 Amount input for subsidizing the impoverished students	10 thousand yuan	0
4.2 Number of subsidized poor student s	Person	0
4.3 Amount input for improving the education resources in poverty-stricken areas	10 thousand yuan	1.62
5.Health poverty alleviation	—	—
Including: 5.1 Amount input for medical and health resources in poverty-stricken areas	10 thousand yuan	0.3
6.Ecological protection and poverty alleviation	—	—

Including: 6.1 Type	—	Carry out ecological protection and construction
6.2 Amount input	10 thousand yuan	1.93
7.Fallback protection	—	—
Including: 7.1 Amount input for Three Stay Behind persons	10 thousand yuan	0
7.2 Number of Three Stay Behind persons help	Person	0
7.3 Amount input for poor disabled persons	10 thousand yuan	0
7.4 Number of poor disabled persons help	Person	0
8.Social poverty alleviation	—	—
Including: 8.1 Amount of the poverty alleviation cooperation between the Eastern and Western regions	10 thousand yuan	0
8.2 Amount for targeted poverty alleviation	10 thousand yuan	0
8.3 Amount for the poverty alleviation public welfare fund	10 thousand yuan	0
9.Other	—	—
Including: 9.1. number of items	Number	7
9.2.Amount input	10 thousand yuan	60.29
9.3.number of poverty-stricken population eliminating poverty with card for archives established	Person	140
iii. Awards (content and grade)	—	—

(4) Follow-up of targeted poverty alleviation

In 2021, SZCH will continue to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and on the basis of relevant poverty alleviation policies of governments at all levels, concentrate its efforts, strengthen measures, comprehensively consolidate the achievements of poverty alleviation, and promote the development of Guilin Village. The plan is as follows:

The first is to adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to implement various poverty alleviation work and the development of grassroots party building work.

The second is to consolidate and improve the results of poverty alleviation, prevent poor households from returning to poverty due to

disasters and illness, and ensure high-quality poverty alleviation.

The third is to do a good job of linking targeted poverty alleviation with rural revitalization based on actual conditions.

3. Environmental protection

The listed Company and subsidiaries is in the range of heavy pollution industry that regulated by State environment protection departments

Yes No

No

The company attached great importance to environmental protection work, and each subsidiary has built corresponding environmental protection facilities according to the actual situation of production and operation to treat waste gas, dust, waste water and solid waste generated in the production process, so as to make its emissions reach the national and local relevant standards. At the same time, based on its own business characteristics, the company's subsidiaries have formulated a series of rules and regulations on environmental protection and strictly implemented them to institutionalize and standardize the environmental protection.

XIX. Explanation on other significant events

Applicable Not applicable

1. Personnel changes in BOD, BOS and senior managements

(1) The Proposal on Appointment of Deputy GM of the Company is deliberated and approved by the 8th session of 10th BOD dated 28 February 2020, and agreed to appointed M. Xiao Hui as the Deputy GM of the Company, term of office shall be from the date of approval by the BOD until the expiration of the 10th session of the BOD. Found more in the Resolution of 8th session of 10th BOD and Notice on Appointment of the Deputy GM published on Juchao Website (www.cninfo.com.cn) dated 29 February 2020.

(2) On 18 June 2020, the written resignation report was received by the Company from Deputy GM Mr. Cao Xuelin and secretary of the Board Mr. Du Jianguo. For work transfer, Mr. Cao Xuelin applied to resign from the deputy GM of the Copany and Mr. Du Jianguo applied to resign from the secretary of the Board. Found more in the Notice of Resignation from Senior Executive of the Company published on Juchao Website (www.cninfo.com.cn) dated 19 June 2020.

(3) The Proposal on Appointment of Deputy GM of the Company and Secretary of the Board was deliberated and approved by 10th session of 10th BOD dated 24 August 2020, and agreed to appointed Mr. Chen Xiaohua as the Deputy GM and Secretary of the Board of the Company, term of office shall be from the date of approval by the BOD until the expiration of the 10th session of the BOD. Found more in the Resolution of 10th session of 10th BOD and Notice on Appointment of the Deputy GM and Secretary of the Board published on Juchao Website (www.cninfo.com.cn) dated 25 August 2020.

XX. Significant event of subsidiary of the Company

Applicable Not applicable

1.Capital increase to subsidiaries

The Proposal on Capital Increase to Controlling Subsidiary Shenzhen Hualian Grain & Oil Trade Co., ltd was deliberated and approved by the 10th session of 10th BOD held on 24 August 2020, and agreed the first-tier wholly-owned subsidiary Shenzhen Cereals Group Co., Ltd increased capital of 68.82 million yuan to the second-tier wholly-owned subsidiary Shenzhen Hualian Grain

& Oil Trade Co., Ltd with owned funds. Found more in the Resolution of 10th session of 10th BOD and Capital Increment to Wholly-owned Subsidiary Shenzhen Hualian Grain & Oil Trade Co., Ltd. Published on Juchao Website (www.cninfo.com.cn) dated 25 August 2020.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	A mount	Proporti on	New shares issued	Bon us shar es	Capitaliz ation of public reserve	Others	Subtota l	A mount	Proporti on
I. Restricted shares	684,569,567	59.40%	0	0	0	31,575	31,575	684,601,142	59.40%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned corporate shares	684,569,567	59.40%	0	0	0	0	0	684,569,567	59.40%
3. Other domestic shares	0	0.00%	0	0	0	31,575	31,575	31,575	0.00%
Including: Domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic nature person's shares	0	0.00%	0	0	0	31,575	31,575	31,575	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
overseas nature person's share	0	0.00%	0	0	0	0	0	0	0.00%
II. Un-restricted shares	467,965,687	40.60%	0	0	0	-31,575	-31,575	467,934,112	40.60%
1. RMB common shares	416,216,407	36.11%	0	0	0	-31,575	-31,575	416,184,832	36.11%
2. Domestically listed foreign shares	51,749,280	4.49%	0	0	0	0	0	51,749,280	4.49%
3. Foreign listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,152,535,254	100.00%	0	0	0	0	0	1,152,535,254	100.00%

Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

Applicable Not applicable

Other information necessary to disclose or need to disclosed under requirement from security regulators

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

In Share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Ye Qingyun	0	0	31,575	31,575	Executives lock stocks	-
Total	0	0	31,575	31,575	--	--

II. Securities issuance and listing

1. Security offering (without preferred stock) in the report period

Applicable Not applicable

2. Changes of total shares and shareholders structure as well as explanation on changes of assets and liability structure

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholder and actual controller of the Company

1. Number of shareholders and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	60,874	Total common stock shareholders at end of last month before annual report disclosed	57,980	Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note8)	0	Total preference shareholders with voting rights recovered at end of last month before annual report disclosed (if applicable) (found in note8)	0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shares hold at the end of report period	Changes in report period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Shenzhen Food Materials Group Co., Ltd	State-owned legal person	63.79%	735,237,253	0	669,184,735	66,052,518		
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	0	15,384,832	79,447,462		
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.61%	7,004,086	6,147,160	0	7,004,086		
Lin Junbo	Domestic nature person	0.31%	3,566,700	1,082,250	0	3,566,700		
Sun Huiming	Domestic nature person	0.30%	3,436,462	0	0	3,436,462		
Chen Jiuyang	Domestic nature person	0.24%	2,744,700	2,744,700	0	2,744,700		

Xu Wenxing	Domestic nature person	0.18%	2,050,380	1,729,835	0	2,050,380		
Hu Xiangzhu	Domestic nature person	0.14%	1,563,000	-1,237,000	0	1,563,000		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.13%	1,472,625	0	0	1,472,625		
Benxi Longshanquan Beer Co., Ltd.	Domestic non-state legal person	0.10%	1,200,000	1,200,000	0	1,200,000		
Strategy investors or general corporation comes top 10 common shareholders due to rights issue (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.							
Description of the above shareholders in relation to delegate/entrusted voting rights and abstention from voting rights.	N/A							
Particular about top ten shareholders with un-restrict shares held								
Shareholders' name	Amount of un-restrict shares held at Period-end		Type of shares					
			Type	Amount				
Shenzhen Agricultural Products Group Co., Ltd	79,447,462		RMB common shares					
Shenzhen Food Materials Group Co., Ltd	66,052,518		RMB common shares					
Hong Kong Securities Clearing Company Limited	7,004,086		RMB common shares		7,004,086			
Lin Junbo	3,566,700		RMB common shares		3,566,700			
Sun Huiming	3,436,462		Domestically listed foreign shares		3,436,462			
Chen Jiuyang	2,744,700		RMB common shares		2,744,700			

Xu Wenxing	2,050,380	RMB common shares	2,050,380
Hu Xiangzhu	1,563,000	RMB common shares	1,563,000
Central Huijin Asset Management Co., Ltd.	1,472,625	RMB common shares	1,472,625
Benxi Longshanquan Beer Co., Ltd.	1,200,000	RMB common shares	1,200,000
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	N/A		

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Food Materials Group Co., Ltd	He Jianfeng	December 14, 2017	91440300MA5EWXPXX2	The general business projects are: food safety infrastructure construction (including the upgrading of the farmers' market, the upgrading of public places canteens, the construction of community cooked food centers, and the construction of agricultural product bases); safe food circulation and terminal sales; the establishment of food distribution channel platforms; Food industry investment and operation (Including the M & A investment of the core resources of the food industry chain and the cultivation of enterprises in the future direction); Domestic trade (excluding franchised,

				monopolized, and exclusively controlled commodities); engaging in import and export business (except for items prohibited by laws, administrative regulations, and the State Council, restricted items can only be operated after obtaining permission); online business activities (excluding restricted items). Licensed business items are food sales and supply business; emergency material production and operation; production, purchase and sale of I, II and III medical devices; pharmaceutical wholesale; ordinary freight, professional transportation, warehousing and logistics.
Equity of other domestic/overseas listed Company control by controlling shareholder as well as stock-joint in report period	In addition to holding 63.79% equity of the company, Food Materials Group holds 34% equity of Agricultural Products.			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The controlling shareholder of the company has not changed during the reporting period.

3. Actual controller and persons acting in concert

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

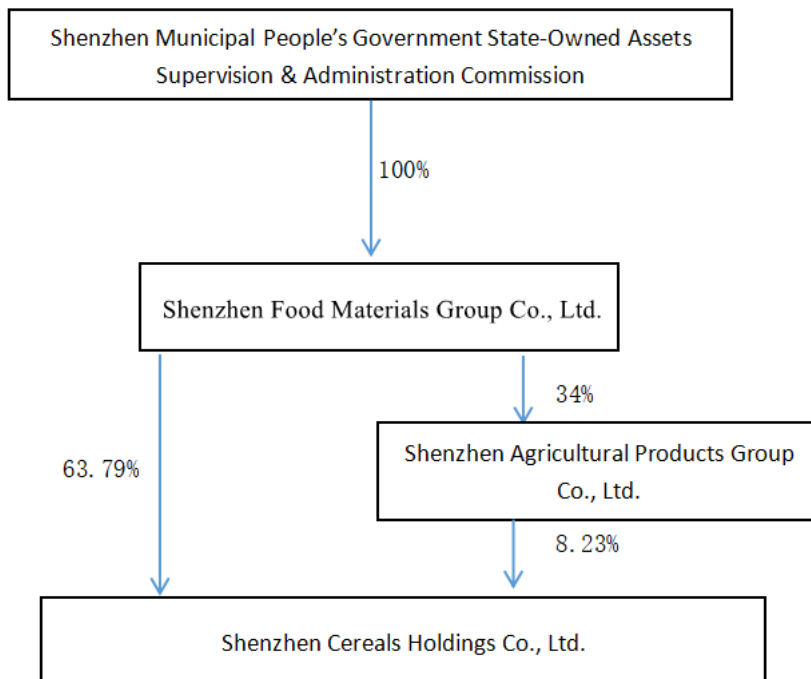
Actual controller	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	Yu Gang	April 2, 2004	11440300K317280672	State-owned assets supervision and management
Equity of other domestic/foreign listed Company controlled by actual controller in reporting period	-			

Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period.

Property right and controlling relationship between the actual controller and the Company is as follow:



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. Particulars about other legal person shareholders with over 10% shares held

Applicable Not applicable

5. Limitation and reducing the holdings of shares of controlling shareholders, actual controllers, restructuring side and other commitment subjects

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section VIII. Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period.

Section IX. Particulars about Directors, Supervisors, Senior Executives and Employees

I. Changes of shares held by directors, supervisors and senior executives

Name	Title	Post-holding status	Sex (F / M)	Age	Start dated of office term	End date of office term	Shares held at period -begin (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Other changes (share)	Shares held at period -end(Share)
Zhu Junming	Party Secretary, Chairman	Currently in office	M	57	February 21, 2019	February 21, 2022	0	0	0	0	0
Hu Xianghai	Deputy Party Secretary, Director, GM	Currently in office	M	56	February 21, 2019	February 21, 2022	0	0	0	0	0
Lu Qiguang	Deputy Party Secretary, Director	Currently in office	M	58	February 21, 2019	February 21, 2022	0	0	0	0	0
Jin Zhenyuan	Director, CFO	Currently in office	F	49	February 21, 2019	February 21, 2022	0	0	0	0	0
Zhao Rubing	Independent director	Currently in office	M	64	February 21, 2019	February 21, 2022	0	0	0	0	0
Bi Weimin	Independent director	Currently in office	F	64	February 21, 2019	February 21, 2022	0	0	0	0	0

Liu Haifeng	Independent director	Currently in office	M	49	February 21, 2019	February 21, 2022	0	0	0	0	0
Wang Li	Director	Currently in office	M	59	May 15, 2018	February 21, 2022	0	0	0	0	0
Ni Yue	Director	Currently in office	F	46	May 15, 2018	February 21, 2022	0	0	0	0	0
Wang Huimin	SCID, Chairman of supervisory committee	Currently in office	F	53	May 15, 2018	February 21, 2022	0	0	0	0	0
Liu Ji	Supervisor	Currently in office	M	46	February 21, 2019	February 21, 2022	0	0	0	0	0
Qian Wenying	Supervisor	Currently in office	F	48	February 21, 2019	February 21, 2022	0	0	0	0	0
Zheng Shengqiao	Staff supervisor	Currently in office	M	53	February 21, 2019	February 21, 2022	0	0	0	0	0
Ma Zenghai	Staff supervisor	Currently in office	M	56	July 29, 2019	February 21, 2022	0	0	0	0	0
Chen Xiaohua	Deputy General Manager, Secretary of the Board of Directors	Currently in office	M	55	August 24, 2020	February 21, 2022	0	0	0	0	0

Xiao Hui	Deputy GM	Currently in office	M	43	February 28, 2020	February 21, 2022	0	0	0	0	0
Dai Bin	Deputy GM	Currently in office	M	57	February 21, 2019	February 21, 2022	0	0	0	0	0
Meng Xiaoxian	Deputy GM	Currently in office	M	48	September 11, 2019	February 21, 2022	0	0	0	0	0
Cao Xuelin	Former Deputy GM	Offic e-lea ving	M	56	February 21, 2019	June 18, 2020	0	0	0	0	0
Du Jianguo	Former Secretary of the Board	Offic e-lea ving	M	48	August 23, 2019	June 18, 2020	0	0	0	0	0
Total	--	--	-	--	--	--	0	0	0	0	0

II. Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Xiao Hui	Deputy General Manager	Appoint	February 28, 2020	Appointment to the Board of Directors
Cao Xuelin	Deputy General Manager	Dismissal	June 18, 2020	Job transfer
Du Jianguo	Secretary of the Board	Dismissal	June 18, 2020	Job transfer
Chen Xiaohua	Deputy General Manager, Secretary of the Board of Directors	Appoint	August 24, 2020	Appointment to the Board of Directors

III. Post-holding

Professional background, major working experience and present main responsibilities in Company of directors, supervisors and senior executive

(i) Director

Mr. Zhu Junming: was born in 1964, master's degree and a senior economist. He successively served as cadet and cadre of Air Force Radar Institute; cadres of organs directly under Hubei Province; GM and President of the enterprise under Shenzhen Agricultural Products Group Co., Ltd; the Director, assistant GM, deputy GM, GM and deputy party secretary of Agricultural Products; party secretary and president of Shenzhen Cereals Group Co., Ltd; executive director and GM of Shenzhen Fude State Capital Operation Co., Ltd. Now he serves as party secretary and President of the Company.

Mr. Hu Xianghai: was born in 1964, master's degree and a senior economist. He successively served as the lecturer of Shenzhen Institute of Education; director of general office of Asia Branch of the Shenzhen Huale Industrial Co., Ltd.; director of the Shenzhen Enterprise Management Cadre Training Center; deputy secretary general and office director of the Secretarial Shenzhen Association of Enterprise Management and Shenzhen Association of Chinese and Foreign Entrepreneurs; director of development dept. and director of the marketing management dept. of Shenzhen Special Economic Zone Duty-Free Commodity Enterprise Company; GM of Temian Electronic Technology Professional Market Management Co., Ltd.; assistant to the GM and GM of enterprise dept., GM, deputy secretary of the party committee, director and GM of Shenzhen Agricultural Products Co., Ltd; served as the president of Shenzhen South Agricultural Products Logistics Co., Ltd. while take post as assistant to the deputy GM, and the president of Shenzhen Qianhai Agricultural Products Exchange Co., Ltd; deputy secretary of the party committee, director and GM of Shenzhen Cereals Group Co., Ltd. Now he serves as deputy secretary of the party committee, director and GM of the Company.

Mr. Lu Qiguang: born in 1962, a university graduate, an assistant economist. He successively served as the clerk and deputy chief of the Grain Bureau of Boluo County; an office staff and deputy director of Shenzhen Grain Co., Ltd.; the deputy director of office, assistant GM and deputy GM of Shenzhen Cereals Corporation; a member of the party committee, deputy GM, deputy party secretary and director of Shenzhen Cereals Group Co., Ltd, and the president of Shenzhen Flour Co., Ltd. Now he serves as the deputy secretary of the party committee and director of the Company.

Ms. Jin Zhenyuan: born in 1971, master's degree and CPA and senior accountant. She successively served as director and CFO of Shenzhen Tongchan Group Co., Ltd.; the director and CFO of Shenzhen Textile (Holdings) Co., Ltd.; the director and CFO of Shenzhen Cereals Group Co., Ltd. Now she serves as the director and CFO of the Company and supervisor of Shenzhen State-Owned Duty Free Commodity (Group) Co., Ltd.

Mr. Wang Li: master's degree and an accountant, was born in 1961. He successively served as assistant workers in Chengdu Locomotive Factory; assistant workers in Xi'an Railway Branch; business manager, vice director of the financial department, director of capital division, deputy chief accountant, deputy GM, Director, deputy party secretary and GM of Shenzhen SEG Group Co., Ltd.; director of Shenzhen Cereals Group Co., Ltd. now he serves director of the Company, full-time external director of Shenzhen SASAC, Director of Shenzhen Agricultural Products Group Co., Ltd

Ms. Ni Yue: a master's degree and a senior accountant, was born in 1974. She successively served as general ledger accountant in Shanghai Jingan Commercial & Trade Corporation; chief accounting in Shanghai Tailong Real Estate Co., Ltd.; finance officer in Shanghai Baodi Property Co., Ltd; chief accountant in Shanghai Ruian Real Estate Co., Ltd and full-time supervisor in the enterprise directly under SASAC of Shanghai Pudong New District; director of Shenzhen Cereals Group Co., Ltd. now she serves director of

the Company, Director of Shenzhen Bus Group.

Mr. Zhao Rubin: born in 1956, a master's degree and professor of engineering. He successively served as the director and secretary of Gezhouba Station for EHVDC transmission from Gezhouba to Shanghai; director of office and director of foreign affairs office of Gezhouba Hydro-power Plant; the secretary of party group and GM of Huaneng South Development Company; party secretary and GM of Huaneng Real Estate Development Company; Director, deputy president, deputy party secretary of Great Wall Securities; president of Jingshun Great Wall Fund Management Co., Ltd.; deputy president of Sunshine Insurance Assets Management Corporation Limited; the outside director of Shenzhen Cereals Group Co., Ltd. Now he serves as independent director of the Company; independent director of Bros Eastern Co., Ltd; independent director of Southwest Securities and independent director of Boser Fund Management.

Ms. Bi Weimin: born in 1956, a doctoral candidate, and a senior accountant. She successively served as engineer of the Gezhouba Power Plant, assistant director and deputy director; deputy president and director of Three Gorges Finance Company; chief economist and supervisor of China Yangtze Power Co., Ltd.; deputy chief accountant of China Three Gorges Corporation, the member of investment committee and director of asset finance dept. As well as the director of enterprise management dept and legal affairs department. Now she serves as independent director of the Company.

Mr. Liu Haifeng: born in 1971, a doctoral student and a lawyer. He successively served as director of legal department of Shenzhen Property Development (Group); the partner of Guangdong Xintong Laws Firm. Now he serves as independent director of the Company and first-level partner of Guangdong Hancheng Laws Firm.

(ii) Supervisor

Ms. Wang Huimin: master's degree and an intermediate economist, senior HR manager and has a lawyer's qualification, was born in 1967. She successively served as a legal adviser for Shenzhen Construction Group Co., Ltd, an economist, chairman of the committee of female employees, manager of HR department in Shenzhen Construction Investment Holding Co., Ltd; director of HR department of Shenzhen Investment Holding Co., Ltd; Deputy GM of SZPRD; Director, Deputy party secretary, SCID and Chairman of supervisory committee of Shenzhen Cereals Group Co., Ltd. Now she serves as SCID and Chairman of supervisory committee of the Company.

Mr. Liu Ji: born in 1975, master's degree and an economist. He successively served as secretary of executive Board committee, GM of IT Engineering department, GM of administrative department, GM of enterprise management department and GM of investment department of Shenzhen International Holdings Limited; non executive director of Shenzhen Expressway Co., Ltd.; the supervisor of Shenzhen Cereals Group Co., Ltd. Now he is the supervisor of the Company; the executive director, deputy GM and secretary of the Board of Shenzhen Holdings Bay Area Development Co., Ltd.; the mediation expert of Shenzhen International Arbitration Court (Shenzhen Arbitration Commission).

Ms. Qian Wenying: born in 1972, holds a bachelor degree, a member of Association of Chartered Certified Accountants (ACCA), and a senior economist. She successively served as the office translator, secretary and researcher of project investment office in Shenzhen Tegen Group Co., Ltd.; the assistant manager and manager of marketing department of Tegen Investment Development Co., Ltd., the director of office of the board and representative of security affairs of Shenzhen Tegen Group Co., Ltd; supervisor of Shenzhen Cereals Group Co., Ltd. Now she serves as supervisor of the Company and director of policy research office of Shenzhen Metro.

Mr. Zheng Shengqiao, born in 1967, holds a bachelor degree and an intermediate accountant. He successively served as member of

the special representative office of the state audit administration in Guangzhou; deputy manager of accounting department of Hong Kong Yuehai Enterprise (Group) Co., Ltd; deputy GM of CTS Logistics; CFO of the AVSHD Technology Co., Ltd; the deputy director of finance department, deputy director of enterprise management department, director of board office, deputy secretary of discipline inspection commission, secretary of the BOS and director of discipline inspection and supervision office (office of BOS) of the Shenzhen Cereals Group Co., Ltd. Now he serves as the employee supervisor, deputy secretary of discipline inspection commission and director of discipline inspection and supervision office (office of BOS) of the Company.

Mr. Ma Zenghai: born in 1964, master's degree and an intermediate economist, lecturer. He successively served as the general representative of Thailand project in Shenzhen Cereals Group Co., Ltd; president and GM of Shenzhen Hualian Grain & Oil Trade Co., Ltd.; GM and secretary of the Party branch of Grease branch of Shenzhen Cereals Group Co., Ltd; head of the risk management department of Shenzhen Cereals Group Co., Ltd. Now he serves as employee supervisor and head of the risk management and internal audit department of the company.

(iii) Senior executive

Mr. Chen Xiaohua, born in 1966, holds a master's degree, is an economic manager. He served successively as chief of the secretarial section, deputy director and director of the office of the board of directors, and secretary of the board, director, and vice president of Shenzhen Agricultural Products Group Co., Ltd., concurrently served as chairman of Guangxi Haijixing International Logistics Co., Ltd., chairman of Tianjin Haijixing Agricultural Products Market Management Co., Ltd., and chairman of Tianjin Haijixing Agricultural Products Logistics Co., Ltd. He currently serves as deputy general manager and secretary of the board of the company.

Mr. Xiao Hui, born in 1978, holds a master's degree, is a master of finance and a master of business administration. He served as a staff member of the Personnel and Education Department, and a staff member, a deputy chief staff member, a chief staff member, deputy director, and director of the General Office of the People's Bank of China.; and the deputy head of the Nanshan District People's Government. He currently serves as deputy general manager of the company. Mr. Dai Bin: born in 1964, master's degree and a senior engineer. He successively served as counselor of Radio Engineering Department of Huazhong University of Technology and secretary of the Youth League Committee; an engineer and purchasing manager of Shenzhen Huada Electronic Co., Ltd; GM of Shenzhen Shengye Venture Electronics Co., Ltd; GM of Shenzhen Zhongnong E-commerce Co., Ltd; director of information, director and deputy GM of e-commerce center, deputy GM and GM of subordinate grain distribution center of Shenzhen Cereals Group Co., Ltd. Now he serves as the deputy GM of the Company; executive director of Shenliang Doximi Business Co., Ltd.

Mr. Meng Xiaoxian: born in 1972, master's degree. He successively served as cadres of Shenzhen Youth League School; member of the learning department of Shenzhen Municipal Committee of Communist Youth League, deputy director section of liaison department, director section of liaison department, director section of office, deputy director of organization and publicity department, director of office, director of community and rights department; deputy director of Pingshan New Area Public Utilities Bureau and director of Planning and Land Supervision Bureau of Shenzhen; deputy secretary of Pingshan Working Committee and director of Pingshan Office, Pingshan New District, Shenzhen; secretary of Malian Working Committee and director of Malian Office, Pingshan New District, Shenzhen; secretary of the working committee of Malian Sub-district, Pingshan District, Shenzhen, director and secretary of the working committee of Malian sub-district office of Communist Party of CHina. Now he serves as deputy GM of the Company.

Post-holding in shareholder's unit

√ Applicable □ Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office	Weather receiving
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				term	remuneration from shareholder's units
Wang Li	Shenzhen Agricultural Products Group Co., Ltd	Director	September 17, 2018		Y
Explanation on post-holding in shareholder's unit	N/A				

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Weather receiving remuneration from other units
Jin Zhenyuan	Shenzhen State-Owned Duty Free Commodity (Group) Co., Ltd.	Supervisor	May 1, 2017		N
Ni Yue	Shenzhen Bus Group Co., Ltd.	Director	August 1, 2017		Y
Zhao Rubing	Bosera Funds Management Co., Ltd.	Director	December 1, 2017		N
Zhao Rubing	Southwest Securities Co., Ltd.	Independent director	March 1, 2017		Y
Zhao Rubing	Bros Eastern Co., Ltd.	Independent director	May 1, 2015		Y
Liu Haifeng	Guangdong Hancheng Law Firm	First-level partner	February 1, 2007		Y
Liu Ji	Shenzhen Holdings Bay Area Development Co., Ltd.	Executive Director, Deputy General Manager and Secretary of the Board	April 1, 2018		Y
Qian Wenyang	Shenzhen Metro Group Co., Ltd.	Director of Policy Research Office	February 1, 2018		Y
Explanation on post-holding in other unit	N/A				

Punishment of securities regulatory authority in recent three years to the Company's current and outgoing directors, supervisors and senior management during the reporting period

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, determination bases and actual payment of remunerations of directors, supervisors and senior management

During the reporting period, according to the *Company Performance Management Measures*, the Company's board meeting remuneration and appraisal committee combined with the Company's annual business situation and individual performance appraisal result and determined the senior management personnel salary. During the reporting period, the subsidiary standard of independent directors is subject to the resolution by the 2019 Fifth Extraordinary General Meeting and adjusted as RMB 138,000 (tax included) per year for one person;

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Whether remuneration obtained from related party of the Company
Zhu Junming	Party Secretary, President	M	57	Currently in office	169.88	N
Hu Xianghai	Deputy Party Secretary, Director, GM	M	56	Currently in office	176.3	N
Lu Qiguang	Deputy Party Secretary, Director	M	58	Currently in office	157.87	N
Jin Zhenyuan	Director, CFO	F	49	Currently in office	50.1	Y
Zhao Rubing	Independent director	M	64	Currently in office	18.6	N
Bi Weimin	Independent director	M	64	Currently in office	18.6	N
Liu Haifeng	Independent director	M	49	Currently in office	18.6	N
Wang Li	Director	M	59	Currently in office	15.1	Y
Ni Yue	Director	F	46	Currently in office	15.1	Y
Wang Huimin	SCID, Chairman of supervisory committee	F	53	Currently in office	50.1	Y
Liu Ji	Supervisor	M	46	Currently in office	0	N
Qian Wenying	Supervisor	F	48	Currently in office	0	N

Zheng Shengqiao	Staff supervisor	M	53	Currently in office	114.28	N
Ma Zenghai	Staff supervisor	M	56	Currently in office	106.37	N
Chen Xiaohua	Deputy General Manager, Secretary of the Board of Directors	M	55	Currently in office	23.12	Y
Xiao Hui	Deputy GM	M	43	Currently in office	47.21	N
Dai Bin	Deputy GM	M	57	Currently in office	157.5	N
Meng Xiaoxian	Deputy GM	M	48	Currently in office	86.09	N
Cao Xuelin	Former Deputy GM	M	56	Office-leaving	125.18	N
Du Jianguo	Former Secretary of the Board	M	48	Office-leaving	96.45	Y
Total	--	--	--	--	1,446.45	--

Delegated equity incentive for directors, supervisors and senior executives in reporting period

Applicable Not applicable

V. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company(people)	113
Employee in-post of main Subsidiaries (people)	1,133
The total number of current employees(people)	1,246
The total number of current employees to receive pay (people)	1,246
Retired employee' s expenses borne by the parent Company and main Subsidiaries(people)	1
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	487
Salesperson	148
Technicians	93
Financial personnel	113
Administrative personnel	405
Total	1,246

Education background	
Education	Numbers (people)
Postgraduate	124
Undergraduate	441
3-years regular college graduate	262
Polytechnic school graduate	88
Senior middle school graduate or below	331
Total	1,246

2. Remuneration Policy

During the reporting period, employee wages was paid monthly according to salary management provisions set by the Company, and the performance-related pay was issued based on the actual situation of benefit and individual performance assessment results at the year-end, remuneration and benefit are connected as a whole.

3. Training Plan

SZCH fully draws on the excellent experience of the industry, and continues to improve the classification and grading talent training mechanism and system according to the company's strategic development and the needs of talent echelon construction, and recruits fresh graduates from domestic and foreign key universities and colleges, reserve talents, and the company's middle management talents as the main body of training, and carries out a series of talent training work such as "Youhe Plan" for the management training students, "Daoxiang Plan" for reserve talents and "Jinsui Plan" for key position talents, combines with the company's management innovation, organizational innovation and marketing innovation development needs to continuously promote the development and growth of management and professional talents, and build a high-quality professional talent team with SZCH characteristics.

In 2021, we will continue to follow the strategic goal of "smart grain, oil and food supply chain quality service provider", combine the strategic path of "one chain, two parks and N platforms" and the actual business conditions, and strive to enhance the supporting role of human resource management for the company's strategy. Empower innovative talents, make full use of internal and external, online and offline resources, create a standardized curriculum system and empowerment plan for the employees, continue to promote the systematization and professionalization of the company's training management, and further strengthen the implementation of the company's innovation-driven development and strategy of talents strengthening the company.

4. Labor outsourcing

Applicable Not applicable

Section X. Corporate governance

I. Brief introduction of corporate governance

During the reporting period, the Company constantly improved the corporate governance structure, improved the quality of corporate governance, and established a sound internal control system, strictly in accordance with corporate governance requirements of normative documents released by the “Company Law”, “Securities Law, Corporate Governance Guidelines” and “Standardize Operational Guidelines to Main Board Listed Companies of Shenzhen Stock Exchange. The Company continued to carry out the governance activities, improved the standard operation level, and safeguarded the legitimate interests of the Company and investors.

(i) Accountability among Shareholders’ General Meeting, the Board of Directors and Supervisors were clear, we strictly implemented the rules from the “Articles of Association” during the reporting period as well as work regulations and other basic management system to ensure the effective implementation of the internal control system.

(ii) In reporting period, governance mechanism formulated and revised by the Company are as:

The company’s internal control evaluation system has deliberated and approved in The Ninth Session of the Tenth Board of Directors held on 24 April 2020, found more in the announcement released on Juchao Website (www.cninfo.com.cn) dated 24 April 2020.

Company risk management system has deliberated and approved in The Tenth Session of the Tenth Board of Directors held on 24 August 2020, found more in the announcement released on Juchao Website (www.cninfo.com.cn) dated 31 January 2019.

The Company received no relevant documents with administrative regulation concerned from supervision department in reporting period, and has no particular about rectification within a time limit. From point of the Board, corporate governance of the Company shows no difference to requirement from relevant documents with actual condition.

Is there any difference between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC?

Yes No

There are no differences between the actual condition of corporate governance and relevant regulations about corporate governance for listed Company from CSRC.

II. Independence of the Company in aspect of business, personnel, assets, institute and finance relative to its controlling shareholder

By the end of the reporting period, Food Group is the actual controller of the Company with 63.79 percent shares held. The Company, in strict accordance with the governance rules of listed corporate and other relevant provisions, completely separates from the controlling shareholders in business, finance, personnel, assets, organizations, and has independent full business and self management ability.

1. Independent Business:

The business of the Company is independent from controlling shareholders and has complete business and self management ability, not depends on the shareholders and their affiliated enterprises, which has no competition with controlling shareholder and its subordinate enterprises. The controlling shareholder has no direct or indirect intervention in the Company business activities.

2. Independent Staff:

The Company has special organization to manage labor and payment, and has independent perfect personnel system and collective management system. General Manager of the Company as well s deputy GM, secretary of the Board, CFO and other senior executives are received remuneration from the Company, and are not received remuneration from shareholders' unit and subordinate enterprises and holding the post except director or supervisor.

3. Independent Assets:

The Company has independent and integrity asset structure; there is no controlling shareholder's non business occupation of money and the property.

4. Independent Organization:

The Company has set up a sound organizational structure system and operates independently; there is no mixed operation between the Company and controlling shareholders.

5. Financial Independent:

The Company, with independent financial department, has set up independent accounting system and financial management system and makes financial decision independently. With independent bank accounts, tax payment, the Company strictly follows the financial system and has independent operation and standardized management.

III. Horizontal Competition

Applicable Not applicable

IV. In the report period, the Company held annual general meeting and extraordinary shareholders' general meeting

1. Annual General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
First extraordinary general meeting of 2020	Extraordinary general meeting	72.05%	January 16, 2020	January 17, 2020	Disclosed at www.cninfo.com.cn on No. 2020-01" resolutions Announcement to First extraordinary general meeting of 2020" on 17 January 2020
Annual General Meeting of 2019	AGM	72.03%	May 19, 2020	May 20, 2020	Disclosed at www.cninfo.com.cn on No. 2020-15" resolutions Announcement to 2019 Annual General Meeting of Shenzhen Shenbao Industrial Co.,

					Ltd. " on 20 May 2020
Second extraordinary general meeting of 2020	Extraordinary general meeting	72.03%	November 13, 2020	November 14, 2020	Disclosed at www.cninfo.com.cn on No. 2020-27" resolutions Announcement to Second extraordinary general meeting of 2020" on 14 November 2020

2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

Applicable Not applicable

V. Responsibility performance of independent directors

1. The attending of independent directors to Board meetings and general meeting

The attending of independent directors							
Name of independent director	Times of Board meeting supposed to attend in the report period	Times of Presence	Times of attending by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attending shareholders' meeting
Zhao Rubing	5	3	2	0	0	N	3
Bi Weimin	5	2	3	0	0	N	1
Liu Haifeng	5	2	2	1	0	N	2

Explanation of absent the Board Meeting for the second time in a row:

Nil

2. Objection for relevant events from independent directors

Independent directors come up with objection about Company's relevant matters

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

The opinions from independent directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from independent directors

During the reporting period, independent directors of the Company was in strict accordance with relevant laws from the "Articles of Association", the "Company Law", "Guidance to Establishment of Independent Director System in Listed Companies ", and actively attended board meetings, shareholders' meetings. We issued independent professional opinion for important issues. And we sustained attention to the operating, inspected and guided the management work from time to time, learned about internal control system, implementation progress of the equity investment project, etc., and continue to enhance consciousness of performing duties according to law, express independent and impartial advice for investment outside, related party transactions, hiring auditors and other matters occurred during the reporting period in time. Duties performance of independent directors has improved the corporate governance structure and safeguarded the interests of the Company and its shareholders. From performance of duties of Independent Directors please note from "2020 Annual Work Report of Independent Directors" detailed in www.cninfo.com.cn on disclosure.

VI. Performance of Duties by Specialized Committees under the Board Meeting in the Reporting Period

1. Performance of Duties by the Auditing Committee

In the reporting period, totally three meetings are held by auditing committee for annual report of the Company, Annual Report 2019, First Quarterly Report of 2020, semi-annual report 2020, the financial report of 3rd quarterly report 2020, proposals for internal control defect identification standards, internal control evaluation system, internal control evaluation report, internal system work report and annual review agency summary report etc.; and confirmed that the financial report satisfy requirement of Accounting rules and present a fair and complete financial status, operation results and cash flow of the Company; examined the construction progress of internal control, carried a professional opinions for the auditing institution appointed outside the Company, guarantee the Company finished auditing on schedule. Auditing committee of the Company earnestly following the principle of diligence and fully played a supervisory role and maintained the independence of the audit.

2. Performance of Duties by the Remuneration and Appraisal Committee

During the reporting period, the Remuneration and Appraisal Committee of the Board of Directors held one meeting, according to the provisions of the "Company Compensation Management Measures" and "Company Performance Management Measures", listened to the company management's annual report of 2019 and evaluated it, and deliberated the remuneration of 2019 for the company's directors and senior management personnel.

3. Performance of Duties by the Nomination Committee

During the reporting period, in accordance with relevant laws and regulations and the provision of Article of Association and Regulation of Nomination Committee of the Board, committee of the nomination has actively performed the duties and there is no circumstance in which the Company Law and relevant laws and regulations prohibit the nominee from acting as a senior executives of the listed company.

4. Performance of Duties by the Strategy Committee

During the reporting period, strategy committee of the Board actively participate in the discussion of important matters, carefully study and make valuable suggestions on matters such as strategy position, business development and investment acquisition etc, and play an active role in the scientific decision-making of the Company.

VII. Works from Supervisory Committee

Whether the Company has risks or not in reporting period that found in supervisory activity from supervisory committee

Yes No

The Supervisory Board has no objection to the supervision matters during the reporting period.

VIII. Appraisal and incentive mechanism for senior executives

The performance evaluation of the company's senior management personnel is comprehensively evaluated by the remuneration and appraisal committee under the company's board of directors in accordance with the "Company Remuneration Management Measures" and "Company Performance Management Measures" based on the company's overall operating performance results and the achieved status of management indicators in the year, and use this as the basis for senior management compensation adjustment and rewards, and report to the board of directors and general meeting of shareholders for approval after implementation.

The 7th session of the 10th board of directors of the company and the first extraordinary general meeting of shareholders in 2020 reviewed and approved the "Company's Total Remuneration Decision Mechanism", and agreed the company to establish the company's total remuneration decision mechanism in accordance with relevant system requirements and combined with the "Double Hundred Action" state-owned enterprises reform implementation plan and the actual situation of the enterprise. Based on excess value creation, established a salary mechanism by taking value creation as the guidance and incremental performance determining incremental compensation, and realized the two-way link between employee income and corporate performance; with strategic goals as the traction, established executive restraint and incentive mechanisms to fully reflect strategic guidance, which was conducive to promoting the continuous improvement of quality and efficiency of enterprises and achieving high-quality and sustainable development. In the follow-up, the company will further explore an effective incentive mechanism to fully mobilize the initiative and enthusiasm of the management, thereby promoting the company's sustainable and stable development.

IX. Internal control

1. Details of major defects in IC appraisal report that found in reporting period

Yes No

2. Self-appraisal Report of Internal Control

Disclosure date of full internal control evaluation report	April 27, 2021
Disclosure index of full internal control evaluation report	"Internal control self evaluation report of SHENZHEN CEREALS HOLDINGS CO., LTD. in 2020" published on Juchao Website (http://www.cninfo.com.cn)
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the Company's consolidated financial statements	82.00%

<p>The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the Company's consolidated financial statements</p>	<p>91.00%</p>	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
<p>Qualitative criteria</p>	<p>1. Major defects: Defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements.</p> <p>The Company may indicate the presence of significant deficiencies in internal control over financial reporting if following circumstances:</p> <p>(1) The directors, supervisors and senior management fraud;</p> <p>(2) Enterprise corrected mistake which has been published in financial statements;</p> <p>(3) CPA found material misstatement in current financial statements, but internal control during operation failed to find the misstatements;</p> <p>(4) Oversight of internal control by Corporate Audit Committee and the internal audit is invalid;</p> <p>(5) Particularly important or significant deficiencies found during internal control has not been rectified;</p> <p>(6) The lack of business-critical system or invalid system.</p> <p>2. Important defect: defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements, although not reach and exceed the level of importance, should lead to management attention misstatements.</p> <p>3. General Defects: other internal defects do not pose a significant or important defect control deficiency.</p>	<p>1. Qualitative criteria for major defects are as follows:</p> <p>(1) The lack of democratic decision-making process, such as the lack of decision-making on major issues, an important appointment and dismissal of cadres, major investment decisions, large sums of money using the decision-making process;</p> <p>(2) Decision-making process is not scientific, such as major policy mistakes, resulting in significant property damage to the Company;</p> <p>(3) Serious violations of national laws and regulations;</p> <p>(4) Loss of key executives or loss of a large number of key talent;</p> <p>(5) Negative media news is frequent, And cause nationwide impact.</p> <p>2. The qualitative criteria for important defects are as follows: (1) The decision-making process is not perfect; (2)The company's internal management system has not been effectively implemented, resulting in losses; (3) The media's negative news is frequent and has certain influence; (4) The general defects in the internal control evaluation have not been corrected. 3. General defects refer to other internal control defects that do not constitute major defects or important defects.</p>

Quantitative standard	<p>Major defects: Potential misstatement of total assets $\geq 1\%$ of total assets; Potential misstatement of Operating revenue $\geq 1\%$ of operating income; Potential misstatement of total profit $\geq 5\%$ of total profit.</p> <p>Important defects: 0.5% of total assets \leq Potential misstatement of total assets $< 1\%$ of total assets, 0.5% of operating income \leq Potential misstatement of Operating revenue $< 1\%$ of operating income, 2.5% of total profit \leq Potential misstatement of total profit $< 5\%$ of total profit;</p> <p>General Defects: Potential misstatement of total assets $< 0.5\%$ of total capital; Potential misstatement of Operating revenue $< 0.5\%$ of operating income; Potential misstatement of total profit $< 2.5\%$ of total profit;</p>	<p>Major defects: the amount of direct property loss ≥ 12 million yuan, have been officially disclosed outside the Company disclosed in periodic reports and adversely affected.</p> <p>Important defects: 3 million yuan $<$ the amount of direct property loss < 12 million yuan, punished by the state government but the Company disclosed in periodic reports on the negative impact;</p> <p>General defects: the amount of direct property loss ≤ 3 million yuan, punished by the provincial (including provincial) government but the Company disclosed in periodic reports on the negative impact;</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Audit report of internal control

Applicable Not applicable

Deliberations in Internal Control Audit Report	
BDO China Shu Lun Pan Certified Public Accountant LLP believes the Company was in accordance with the "basic norms of internal control" and the relevant provisions and maintained effective internal control of financial reporting in all material respects on 31 December 2020.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of	April 27, 2021

internal control (full-text)	
Index of audit report of internal control (full-text)	“Internal control audit report of SHENZHEN CEREALS HOLDINGS CO., LTD. in 2020” published on Juchao Website (www.cninfo.com.cn)
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Whether modified audit opinions carried out for the audit report of internal control from CPA or not

Yes No

Whether audit report of internal control, issued by CPA, is in agreement with self-evaluation report, issued by the Board

Yes No

Section XI. Corporate Bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when annual report approved for released or fail to cash in full on due

No

Section XII. Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	April 23, 2021
Name of audit institute	BDO China Shu Lun Pan Certified Public Accountant LLP
Document serial of audit report	BDO CPAs Zi[2021]No. ZL10086
Name of the CPA	Qi Tao, Tao Guoheng

Text of auditing report

Auditor's Report

BDO CPAs Zi[2021]No. ZL10086

To all shareholders of SHENZHEN CEREALS HOLDINGS CO., LTD.:

I. Auditing opinions

We have audited the financial statement under the name of SHENZHEN CEREALS HOLDINGS CO., LTD. (hereinafter referred to as SZCH Company), including the consolidated and parent Company's balance sheet of 31 December 2020 and profit statement, and cash flow statement, and statement on changes of shareholders' equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company's financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, and they fairly present the financial status of the Company and of its parent company as of 31 December 2020 and its operation results and cash flows for the year ended.

II. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of the Company in accordance with the Certified Public Accountants of China's Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our opinion.

III. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matters. The key audit matters identified in our audit are summarized as follows:

Key audit matters	How to deal with the matter in audit
(i) [Revenue recognition]	
<p>Details and analysis of accounting policy of revenue recognition found more in the (39) in Note V and (61) in VII of consolidated financial statements.</p> <p>SZCH implemented the new revenue standards since 1 Jan. 2020, and the revenue from sales of products is recognized when the customer obtains control of the related goods, and revenue from services is recognized when the performance obligation is completed; Operating revenue for 2020 is 11,884,257,500 yuan, including: the income from grain and oil business is 10,759,070,700 yuan, accounting for 90.53% of the operating revenue. The income from grain and oil business has a significant impact on the financial statement, and it is one of the key index of performance of SZCH, meanwhile, it is one of the important indicators of performance commitment performance assessment of the Shenzhen Cereals Group Co. Ltd- the wholly-owned subsidiary of SZCH, which has a special risks in manipulation for achieving the predicted target, therefore, the identify of operating income will be listed as the key auditing event.</p>	<p>The main audit procedures we implemented for the inventory and inventory falling price reserves include: (1) Understood, evaluated and tested the internal control design and implementation related to revenue recognition of SZCH Company; (2) check the main sales contracts, identify terms related to transfer of the main risks and rewards on the ownership of goods, and evaluate whether the revenue recognition policy conforms to the Accounting Standards for Business Enterprise; (3) carry out substantive analysis procedures for operating revenue and gross profit rate by month, products, etc., identify whether there is significant or abnormal fluctuation, and review the rationality of revenue; (4) we use sampling method to check the supporting documents related to revenue recognition, including sales contract, sales invoice, delivery order, goods right transfer document and accounting voucher, etc.; (5) in combination with the L/C receivable, confirm the sales volume of the current period to the main customers by sampling; (6) carry out a cut-off test on the business income recognized before and after the balance sheet date to assess whether the business income is recognized in the appropriate accounting period.</p>
(ii) [Inventory and inventory falling price reserves]	
<p>Details of accounting policy of inventory and inventory impairment found more in the (15) in Note V and (9) of consolidated financial statements.</p> <p>As of December 31, 2020, the inventory book balance presented on the consolidated financial statements of SZCH Company was 3551.2124 million yuan, and the amount of inventory falling price reserves was 132.8834 million yuan, book value of inventories was 3418.329 million yuan, accounting for 46.77% of the total assets. Inventory is measured at the lower one between the cost and the net realizable value, due to the large amount of money of inventory, the SZCH management (Hereinafter referred to as "management") needed to make significant</p>	<p>The main audit procedures we implemented for the inventory and inventory falling price reserves of SZCH Company include: (1) Understood, evaluated and tested the internal control design and implementation related to inventory falling price reserves of SZCH Company; (2) We performed the inventory monitoring procedures for inventory, and checked the quantity and condition; (3) Acquired the calculation table of inventory falling price reserve, implemented the inventory impairment test procedure, and analyzed whether provision for inventory falling price reserves was sufficient; (4) We obtained the</p>

<p>judgments when determining the decrease in value of inventory, including the consideration of government reserve as grain & oil, food and vegetable oil included, that affected by futures market, these important judgments have a significant impact on the valuation of inventory and provision for inventory depreciation at period-end; therefore, we determined the inventory and inventory falling price reserves as key audit matters.</p>	<p>year-end inventory age list, conducted an analytical review of the inventory with long inventory age combine with the condition of products, and analyzed whether inventory falling price reserves was sufficient; (5) For the products that can obtain the selling price in open market, select samples, independently query the public market price information and compare it with the estimated selling price.</p>

IV. Other information

The management of SZCH Company is responsible for other information which includes the information covered in the Company's 2018 annual report excluding the financial statement and our audit report.

The audit opinion issued by us for the financial statement has not covered other information, for which we do not issue any form of assurance opinions.

Considering our audit on financial statements, we are liable to read other information, during which, we shall consider whether other information differs materially from the financial statements or that we understand during our audit, or whether there is any material misstatement.

Based on the works executed by us, we should report the fact if we find any material misstatement in other information. In this regards, we have nothing to report.

V. Responsibilities of management and those charged with governance for the financial statements

The management of SZCH Company is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern (if applicable), disclosing matters related to going concern and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Responsibilities of the auditor for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance

with the CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, including the disclosures, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and relevant countermeasures (if applicable).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO China Shu Lun Pan CPAs Chinese CPA: Qi Tao (Engagement partner)
(LLP)**

Chinese CPA: Tao Guoheng

Shanghai · China 23 April 2021

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated balance sheet

Prepared by SHENZHEN CEREALS HOLDINGS CO., LTD.

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	190,494,225.94	154,954,757.85
Settlement provisions		
Capital lent		
Trading financial assets	160,621,806.51	1,166,209.72
Derivative financial assets		
Note receivable	2,213,426.00	1,909,720.38
Account receivable	198,311,102.17	338,687,766.68

Receivable financing		
Accounts paid in advance	27,136,263.84	9,202,930.71
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	22,631,043.66	25,758,695.07
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	3,418,328,974.27	3,064,701,212.14
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	119,750,603.31	468,174,380.40
Total current assets	4,139,487,445.70	4,064,555,672.95
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	73,215,147.84	73,361,312.10
Investment in other equity instrument		
Other non-current financial assets	57,500.00	57,500.00
Investment real estate	253,037,899.57	269,704,937.17
Fixed assets	1,122,692,490.55	945,042,032.69
Construction in progress	1,045,643,295.57	771,971,469.43
Productive biological asset	387,694.20	397,386.56
Oil and gas asset		
Right-of-use assets		
Intangible assets	599,306,223.04	589,167,059.47

Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	31,732,325.01	19,855,228.69
Deferred income tax asset	41,347,952.12	39,082,710.96
Other non-current asset	2,476,174.33	1,871,965.84
Total non-current asset	3,169,896,702.23	2,710,511,602.91
Total assets	7,309,384,147.93	6,775,067,275.86
Current liabilities:		
Short-term loans	110,318,727.12	23,595,000.00
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	480,896,517.64	266,123,470.98
Accounts received in advance	3,376,262.66	137,211,832.00
Contractual liability	108,975,866.82	
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	260,514,559.66	195,076,576.55
Taxes payable	66,904,735.29	37,047,613.47
Other account payable	397,325,719.50	236,377,171.13
Including: Interest payable		1,411,457.29
Dividend payable	2,933,690.04	2,933,690.04
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	104,225,183.07	67,420,012.16

Other current liabilities	7,250,420.68	219,151,968.63
Total current liabilities	1,539,787,992.44	1,182,003,644.92
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	841,864,531.75	835,912,556.41
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable	16,126,146.20	15,856,950.01
Long-term wages payable		
Accrual liability	3,500,000.00	3,500,000.00
Deferred income	100,710,038.32	101,792,241.31
Deferred income tax liabilities	12,150,035.13	12,563,752.22
Other non-current liabilities		
Total non-current liabilities	974,350,751.40	969,625,499.95
Total liabilities	2,514,138,743.84	2,151,629,144.87
Owner's equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	1,422,892,729.36	1,422,892,729.36
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		522.55
Surplus public reserve	382,367,575.37	350,187,601.06
Provision of general risk		
Retained profit	1,637,536,441.03	1,495,135,080.60
Total owner's equity attributable to parent company	4,595,331,999.76	4,420,751,187.57
Minority interests	199,913,404.33	202,686,943.42
Total owner's equity	4,795,245,404.09	4,623,438,130.99

Total liabilities and owner's equity	7,309,384,147.93	6,775,067,275.86
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Legal Representative: Zhu Junming

Person in charge of accounting works: Jin Zhenyuan

Person in charge of accounting institute: Wen Jieyu

2. Balance Sheet of Parent Company

In RMB

Item	December 31, 2020	December 31, 2019
Current assets:		
Monetary funds	5,312,806.71	16,272,394.90
Trading financial assets	621,806.51	1,166,209.72
Derivative financial assets		
Note receivable		
Account receivable	4,087,681.18	7,967.34
Receivable financing		
Accounts paid in advance		
Other account receivable	892,105,968.23	994,149,247.39
Including: Interest receivable		
Dividend receivable	390,000,000.00	260,000,000.00
Inventories		2,954,343.26
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,497,597.50	675,966.29
Total current assets	903,625,860.13	1,015,226,128.90
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	3,707,714,425.09	3,715,425,854.77
Investment in other equity		

instrument		
Other non-current financial assets		
Investment real estate	16,986,504.04	17,458,094.37
Fixed assets	33,125,275.65	31,382,741.25
Construction in progress		
Productive biological assets	387,694.20	397,386.56
Oil and natural gas assets		
Right-of-use assets		
Intangible assets	12,842,693.98	6,787,359.94
Research and development costs		
Goodwill		
Long-term deferred expenses	1,040,708.20	380,772.60
Deferred income tax assets		
Other non-current assets		
Total non-current assets	3,772,097,301.16	3,771,832,209.49
Total assets	4,675,723,161.29	4,787,058,338.39
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable		115,458.38
Accounts received in advance		3,137.80
Contractual liability	411.00	
Wage payable	26,535,794.31	17,230,138.89
Taxes payable	2,736,075.65	2,607,719.37
Other accounts payable	45,560,514.82	257,459,190.14
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	74,832,795.78	277,415,644.58

Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee compensation payable		
Accrued liabilities	3,500,000.00	3,500,000.00
Deferred income		45,020.68
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,500,000.00	3,545,020.68
Total liabilities	78,332,795.78	280,960,665.26
Owners' equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,018,106,568.27	3,018,106,568.27
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	109,963,147.23	77,783,172.92
Retained profit	316,785,396.01	257,672,677.94
Total owner's equity	4,597,390,365.51	4,506,097,673.13
Total liabilities and owner's equity	4,675,723,161.29	4,787,058,338.39

3. Consolidated Profit Statement

In RMB

Item	2020	2019
I. Total operating income	11,884,527,506.34	11,059,984,335.92

Including: Operating income	11,884,527,506.34	11,059,984,335.92
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	11,255,304,140.15	10,493,641,137.00
Including: Operating cost	10,725,012,933.34	9,955,307,005.89
Interest expense		
Commission charge and commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	12,377,202.41	14,020,512.36
Sales expense	201,304,842.30	250,657,691.24
Administrative expense	285,083,453.91	260,693,015.60
R&D expense	16,617,944.25	13,599,526.83
Financial expense	14,907,763.94	-636,614.92
Including: Interest expenses	16,958,179.81	9,387,920.21
Interest income	3,529,030.44	11,068,571.50
Add: other income	18,615,426.79	12,297,924.24
Investment income (Loss is listed with “-”)	17,401,645.38	9,838,224.64
Including: Investment income on affiliated company and joint venture	2,065,265.42	3,411,761.86
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		

Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-544,403.21	41,281.76
Loss of credit impairment (Loss is listed with “-”)	1,012,688.03	3,496,756.37
Losses of devaluation of asset (Loss is listed with “-”)	-210,190,362.81	-158,272,990.37
Income from assets disposal (Loss is listed with “-”)	-47,312.84	-170,437.85
III. Operating profit (Loss is listed with “-”)	455,471,047.53	433,573,957.71
Add: Non-operating income	3,925,937.84	1,256,705.25
Less: Non-operating expense	1,554,552.82	5,801,306.78
IV. Total profit (Loss is listed with “-”)	457,842,432.55	429,029,356.18
Less: Income tax expense	54,070,586.10	44,512,899.71
V. Net profit (Net loss is listed with “-”)	403,771,846.45	384,516,456.47
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with “-”)	403,771,846.45	384,516,456.47
2.termination of net profit (net loss listed with “-”)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	405,088,385.54	363,501,809.52
2.Minority shareholders’ gains and losses	-1,316,539.09	21,014,646.95
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		

1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	403,771,846.45	384,516,456.47
Total comprehensive income attributable to owners of parent Company	405,088,385.54	363,501,809.52
Total comprehensive income attributable to minority shareholders	-1,316,539.09	21,014,646.95
VIII. Earnings per share:		

(i) Basic earnings per share	0.3515	0.3154
(ii) Diluted earnings per share	0.3515	0.3154

As for the enterprise combined under the same control, net profit of 0 Yuan achieved by the merged party before combination while 0 Yuan achieved last period.

Legal Representative: Zhu Junming

Person in charge of accounting works: Jin Zhenyuan

Person in charge of accounting institute: Wen Jieyu

4. Profit Statement of Parent Company

In RMB

Item	2020	2019
I. Operating income	6,787,646.23	33,297,047.52
Less: Operating cost	3,407,360.30	30,082,764.02
Taxes and surcharge	342,277.58	725,820.16
Sales expenses	1,557.53	352,978.78
Administration expenses	69,040,444.78	54,742,414.39
R&D expenses		
Financial expenses	-299,837.13	-732,329.49
Including: interest expenses		
Interest income	363,508.65	721,932.13
Add: other income	1,153,678.06	1,472,904.40
Investment income (Loss is listed with “-”)	393,154,397.74	289,567,596.66
Including: Investment income on affiliated Company and joint venture		-1,614,296.02
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	-544,403.21	41,281.76

Loss of credit impairment (Loss is listed with “-”)	-468,842.76	-3,524,271.05
Losses of devaluation of asset (Loss is listed with “-”)	-5,500,000.00	
Income on disposal of assets (Loss is listed with “-”)	-27,216.57	
II. Operating profit (Loss is listed with “-”)	322,063,456.43	235,682,911.43
Add: Non-operating income	417,499.86	403,619.72
Less: Non-operating expense	681,213.11	50.00
III. Total Profit (Loss is listed with “-”)	321,799,743.18	236,086,481.15
Less: Income tax		5,619,573.34
IV. Net profit (Net loss is listed with “-”)	321,799,743.18	230,466,907.81
(i) continuous operating net profit (net loss listed with “-”)	321,799,743.18	230,466,907.81
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		

1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	321,799,743.18	230,466,907.81
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	11,286,443,589.59	11,105,513,303.87
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from		

reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		
Write-back of tax received	21,596,382.78	25,275,539.65
Other cash received concerning operating activities	361,167,179.98	341,980,984.23
Subtotal of cash inflow arising from operating activities	11,669,207,152.35	11,472,769,827.75
Cash paid for purchasing commodities and receiving labor service	10,694,549,697.89	10,425,163,614.27
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	260,761,173.53	248,608,109.68
Taxes paid	75,567,816.93	75,128,813.39
Other cash paid concerning operating activities	351,800,241.73	533,815,466.44
Subtotal of cash outflow arising from operating activities	11,382,678,930.08	11,282,716,003.78
Net cash flows arising from operating activities	286,528,222.27	190,053,823.97

II. Cash flows arising from investing activities:		
Cash received from recovering investment	874,500,000.00	514,000,000.00
Cash received from investment income	13,047,809.64	6,553,793.96
Net cash received from disposal of fixed, intangible and other long-term assets	39,017.83	6,000,324.52
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	337,500.00	
Subtotal of cash inflow from investing activities	887,924,327.47	526,554,118.48
Cash paid for purchasing fixed, intangible and other long-term assets	330,306,167.83	579,138,870.97
Cash paid for investment	655,000,000.00	739,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	6,600.00	
Subtotal of cash outflow from investing activities	985,312,767.83	1,318,138,870.97
Net cash flows arising from investing activities	-97,388,440.36	-791,584,752.49
III. Cash flows arising from financing activities		
Cash received from absorbing investment		23,520,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		23,520,000.00
Cash received from loans	1,252,948,640.66	413,905,075.72
Other cash received concerning financing activities		
Subtotal of cash inflow from	1,252,948,640.66	437,425,075.72

financing activities		
Cash paid for settling debts	1,125,297,927.31	150,356,092.60
Cash paid for dividend and profit distributing or interest paying	281,115,923.63	162,493,097.65
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	58,702.23	72,997.72
Subtotal of cash outflow from financing activities	1,406,472,553.17	312,922,187.97
Net cash flows arising from financing activities	-153,523,912.51	124,502,887.75
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-76,401.31	344,458.94
V. Net increase of cash and cash equivalents	35,539,468.09	-476,683,581.83
Add: Balance of cash and cash equivalents at the period -begin	154,954,757.85	631,638,339.68
VI. Balance of cash and cash equivalents at the period -end	190,494,225.94	154,954,757.85

6. Cash Flow Statement of Parent Company

In RMB

Item	2020	2019
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	3,366,464.12	80,530,360.65
Write-back of tax received	103,987.33	508,882.07
Other cash received concerning operating activities	341,811,436.11	186,613,340.33
Subtotal of cash inflow arising from operating activities	345,281,887.56	267,652,583.05
Cash paid for purchasing commodities and receiving labor	76,108.23	102,085,180.39

service		
Cash paid to/for staff and workers	40,060,609.61	27,212,693.90
Taxes paid	9,318,111.37	3,672,773.74
Other cash paid concerning operating activities	330,103,954.85	243,973,743.76
Subtotal of cash outflow arising from operating activities	379,558,784.06	376,944,391.79
Net cash flows arising from operating activities	-34,276,896.50	-109,291,808.74
II. Cash flows arising from investing activities:		
Cash received from recovering investment	14,500,000.00	314,000,000.00
Cash received from investment income	260,865,827.42	29,249,567.07
Net cash received from disposal of fixed, intangible and other long-term assets	2,703.87	2,710.37
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	337,500.00	
Subtotal of cash inflow from investing activities	275,706,031.29	343,252,277.44
Cash paid for purchasing fixed, intangible and other long-term assets	11,789,428.69	7,360,713.96
Cash paid for investment	10,000,000.00	264,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	21,789,428.69	271,360,713.96
Net cash flows arising from investing activities	253,916,602.60	71,891,563.48
III. Cash flows arising from financing activities		

Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	230,507,050.80	115,253,525.40
Other cash paid concerning financing activities	58,702.23	72,997.72
Subtotal of cash outflow from financing activities	230,565,753.03	115,326,523.12
Net cash flows arising from financing activities	-230,565,753.03	-115,326,523.12
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-33,541.26	98,576.44
V. Net increase of cash and cash equivalents	-10,959,588.19	-152,628,191.94
Add: Balance of cash and cash equivalents at the period -begin	16,272,394.90	168,900,586.84
VI. Balance of cash and cash equivalents at the period -end	5,312,806.71	16,272,394.90

7. Statement of Changes in Owners' Equity (Consolidated)

Current period

In RMB

Item	2020													Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company														
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal		
Preferred stock		Perpetual cap	Other												

		ck	ital sec urit ies				me								
I. Balance at the end of the last year	1,152,535,254.00				1,422,892,729.36			522,550	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	1,152,535,254.00				1,422,892,729.36			522,550	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
III. Increase/Decrease in this year (Decrease is listed with “-”)								-522,550	32,179,974.31		142,401,360.43		174,580,812.19	-2,773,539.9	171,807,273.10
(i) Total comprehensive income											405,088,385.54		405,088,385.54	-1,316,539.9	403,771,846.45
(ii) Owners’ devoted and															

decreased capital														
1.Common shares invested by shareholders														
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other														
(III) Profit distribution								32,179,974.31		-262,687,025.11		-230,507,050.80	-1,457,000.00	-231,964,050.80
1. Withdrawal of surplus reserves														
2. Withdrawal of general risk provisions														
3. Distribution for owners (or shareholders)														
4. Other														
(IV) Carrying forward internal owners' equity														
1. Capital														

reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4 . Carry-over retained earnings from the defined benefit plans															
5 . Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve								-522.55					-522.55	-522.55	
1. Withdrawal in the report period								1,124,329.18					1,124,329.18	1,124,329.18	
2. Usage in the report period								1,124,851.73					1,124,851.73	1,124,851.73	
(VI)Others															
IV. Balance at the end of the report period	1,152,535.254.00				1,422,892,729.36			382,367,575.37		1,637,536,441.03			4,595,331,999.76	199,913,404.33	4,795,245,404.09

Last period

In RMB

Item	2019														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	1,152,535,254.00				1,422,892,729.36			154,211.28	327,140,910.28		1,269,933,487.26		4,172,502,535.11	165,096,296.47	4,337,598,831.58
Add: Changes of accounting policy															
Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning	1,152,535,254.00				1,422,892,729.36			154,211.28	327,140,910.28		1,269,933,487.26		4,172,502,535.11	165,096,296.47	4,337,598,831.58

of this year	535				2,72				910.		3,48		2,53	6.47	831.5
	,25				9.36				28		7.26		5.11		8
	4.0														
	0														
III. Increase/ Decrease in this year (Decrease is listed with “-”)								368.	23,0		225,		248,	37,59	285,8
							34	46,6	46,6		201,		248,	0,646	39,29
								90.7	90.7		593.		652.	.95	9.41
								8	8		34		46		
(i) Total comprehensi ve income											363,		363,	21,01	384,5
											501,		501,	4,646	16,45
											809.		809.	.95	6.47
											52		52		
(ii) Owners’ devoted and decreased capital														23,52	23,52
														0,000	0,000
														.00	.00
1.Common shares invested by shareholders														23,52	23,52
														0,000	0,000
														.00	.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution									23,0		-138		-115	-6,94	-122,
								46,6	46,6		,300,		,253	4,000	197,5
								90.7	90.7		216.		,525	.00	25.40
								8	8		18		.40		
1. Withdrawal of surplus									23,0		-23,				
								46,6	46,6		046,				
								90.7	90.7		690.				

reserves									8		78				
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-115,253,525.40		-115,253,525.40	-6,944,000.00	-122,197,525.40
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4 .Carry-over retained earnings from the defined benefit plans															
5 .Carry-over retained earnings from other															

comprehensive income															
6. Other															
(V) Reasonable reserve							368.34						368.34		368.34
1. Withdrawal in the report period							920,788.68						920,788.68		920,788.68
2. Usage in the report period							920,420.34						920,420.34		920,420.34
(VI)Others															
IV. Balance at the end of the report period	1,152,254.00			1,422,892.72	9.36		522,550.06	350,187,601.06		1,495,135.08	0.60	4,420,751.18	202,686,943.42	4,623,438,130.99	

8. Statement of Changes in Owners' Equity (Parent Company)

Current period

In RMB

Item	2020											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surpluses reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,152,535,254.00				3,018,106,568.27				77,783,172.92	257,672,677.94		4,506,097,673.13
Add: Changes of accounting												

policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,152,535,254.00				3,018,106,568.27				77,783,172.92	257,672,677.94		4,506,097,673.13
III. Increase/Decrease in this year (Decrease is listed with “-”)									32,179,974.31	59,112,718.07		91,292,692.38
(i) Total comprehensive income										321,799,743.18		321,799,743.18
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution									32,179,974.3	-262,687.		-230,507,050.80

									1	025.1		
										1		
1. Withdrawal of surplus reserves									32,179,974.31	-32,179,974.31		
2. Distribution for owners (or shareholders)										-230,507.80		-230,507,050.80
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V)												

Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	1,152,535,254.00				3,018,106,568.27				109,963,147.23	316,785,396.01		4,597,390,365.51

Last period

In RMB

Item	2019											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferrred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,152,535,254.00				3,018,106,568.27				54,736,482.14	165,505,986.31		4,390,884,290.72
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning	1,152,535,254.00				3,018,106,568.27				54,736,482.14	165,505,986.31		4,390,884,290.72

of this year	5,254.00				68.27				.14	1		
III. Increase/Decrease in this year (Decrease is listed with “-”)									23,046,690.78	92,166,691.63		115,213,382.41
(i) Total comprehensive income										230,466,907.81		230,466,907.81
(ii) Owners’ devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution									23,046,690.78	-138,300,216.18		-115,253,525.40
1. Withdrawal of surplus reserves									23,046,690.78	-23,046,690.78		
2. Distribution for owners										-115,253,525.40		-115,253,525.40

(or shareholders)												
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4 . Carry-over retained earnings from the defined benefit plans												
5 . Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												

2. Usage in the report period												
(VI)Others												
IV. Balance at the end of the report period	1,15 2,53 5,25 4.00				3,018, 106,5 68.27				77,78 3,172 .92	257,67 2,677.9 4		4,506,09 7,673.13

III. Basic information of Company

(i) Company profile

Shenzhen Cereals Holdings Co., Ltd. (formerly the Shenzhen Shenbao Industrial Co., Ltd., hereinafter referred to as “SZCH”, “Company” or “the Company”), formerly named Shenzhen Shenbao Canned Food Company, obtained approval (Document (1991) No.978) from Shenzhen Municipal People’s Government to change to the name as Shenzhen Shenbao Industrial Co., Ltd. on 1 August 1991. Then with the approval (Document (1991) No.126) from People’s Bank of China, the Company began to list on Shenzhen Stock Exchange. The Company belongs to the grain, oil, food and beverage industry.

As of 31 December 2020, the cumulative amount of shares issued by the Company was 1,152,535,254 shares with registered capital of 1,152,535,254.00 yuan. Registered address: Shenzhen, Guangdong Province; HQ of the Company: 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen. Main business of the Company: general operating items: Purchase and sales of grain and oil, grain & oil reserves; operation and processing of grain & oil products; production of tea, tea products, tea and natural plant extract, canned foods, beverages and native products (business license of the production place shall be separately applied for); feed management and processing (outsourcing); investment, operation and development of grain & oil logistics, feed logistics and tea garden etc.; sales of feed and tea; warehousing services; food circulation services; modern food supply chain services; technology development and services of grain & oil, tea, plant products, soft drinks and foods; construction of E-commerce and information, IT development and supporting services; industrial investment (specific items will be declared separately); domestic trade; operating the import and export business; engaged in real estate development and operation on the lands where the right-to-use has been legally acquired; development, operation, leasing and management of the own property; property management; providing management services to hotels.(items mentioned above which are involved in approval from national laws, administrative regulations and decision of the state council, must be submitted for examination and approval before operation). Licensed business item: wholesale of prepackaged food (excluding reheating prepackaged food) (in non-physical way); information service (internet information service only); general freight, professional transportation (refrigeration and fresh-keeping). Parent enterprise of the Company: Shenzhen Food Materials Group Co., Ltd; actual controller

of the Company: Assets Supervision and Administration Commission of Shenzhen municipal People's Government.

The financial statement has been approved by BOD of the company for reporting on 23 April 2021.

(ii) Consolidate scope for the financial statement

Information with subsidiaries concerned found more in the "Note IX. Equity in other entity"

Change of the consolidate scope in the Period found more in "Note VIII. Change of consolidate scope"

IV. Basis of preparation of financial statements

1. Basis of preparation

The financial statement are prepared in line with the Accounting Standards for Business Enterprise -Basic Standard issued by Ministry of Finance and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Accounting Standards for Business Enterprise), combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report of the CSRC

2. Going concern

The Company was evaluated on continued viability of 12 months for the reporting period and found to have no significant doubt. Accordingly, the financial statements have been prepared on the basis of going concern assumptions.

V. Major accounting policy, accounting estimation

Specific accounting policies and estimation attention:

1. Statement for observation of Accounting Standard for Business Enterprise

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise issued by Ministry of Finance, which truly and completely reflect the financial status of the Company and parent company on 31 December 2020, as well as the consolidate and parent company's operational results and cash flow for year of 2020.

2. Accounting period

Calendar year is the accounting period for the Company, that is falls to the range starting from 1 January to 31 December.

3. Operating cycle

Operating cycle of the Company was 12 months

4. Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

5. Accounting treatment for business combinations under the same control and those not under the same control

Business combination under the same control: The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings .

Business combination not under the same control: Combination cost is the fair value of the assets paid, the liabilities incurred or assumed by the purchaser for the acquisition of the control of the purchaser and the equity securities issued on the purchase date. The difference between the fair value and book value is recognized in profit or loss. Goodwill is realized by the Company as for the difference between the combination cost and the fair value of the recognizable net assets of the acquiree acquired by acquirer in such business combination. In case that the above cost is less than the above fair value even with re-review, then the difference shall be recorded in current gains and losses. Each identifiable assets, liabilities and contingent liability of the acquiree acquired in a combination that qualifies for recognition is measured at fair value at the date of purchase.

The directed expenses incurred in the business combination are recorded into current gains/losses; the trading fees for issuing equity securities or debt securities for the business combination shall be recorded into the initial confirmation amount of equity securities or debt securities.

6. Methods for preparation of consolidated financial statements

6.1 Consolidated scope

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, which includes the Company and all subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to influence the amount of returns by using the power over the investee.

6.2 Consolidated procedure

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the company and its subsidiaries and among the subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, the partial losses shall be confirmed in full. If the accounting policy and accounting period adopted by the subsidiary are inconsistent with the Company, when preparing the consolidated financial statements, make necessary adjustments in accordance with the Company's accounting policy and accounting period.

Subsidiary's equity, current net profits or losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. Current loss minority shareholders of a subsidiary exceed the minority shareholders in the subsidiary's opening owners' equity share and the formation of balance, offset against minority interests.

(1) Increase of subsidiary or business

During the reporting period, the merger of the enterprises under the same control results in additional subsidiaries or business, the operation results and cash flow of the subsidiaries or business from beginning to the end of the reporting shall be included in the consolidated profit statement; also adjust the opening figures of the consolidated financial statements and the related items in the comparative statements, the consolidated reporting body is considered to have existed since the point when the ultimate controller began to control it.

If additional investment and other reasons can lead investee to be controlled under the same control, equity investments made before obtaining controlling right, relevant gains and losses and other comprehensive income as well as other changes in net assets confirmed during the latter date between point obtaining original equity and combined party and combinee under the same control day to the combined day, shall be offset against the retained earnings or profit or loss of the comparative reporting period.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, it shall be included in the consolidated financial statements on the basis of the fair value of various

identifiable assets, liabilities and contingent liabilities determined on the purchase date.

Equity held from investee before acquisition date shall be measured at fair value of acquisition date if additional investment and other reasons can lead investee to be controlled under the same control. Difference between the fair value and the book value is recognized as investment income. Other comprehensive income and other changes in owner's equity under the equity method of accounting that can be reclassified to profit or loss at a later date are transferred to investment income for the period to which they belong at the date of purchase.

(2) Disposal of subsidiaries

① The general approach

If losing controlling right to investee due to disposal of partial equity, the remaining equity after the disposal shall be re-measured at fair value at the date when control is lost. Price of equity disposal plus fair value of the remaining equity, then subtracting net assets held from the former subsidiary from the acquisition date or combination date initially measured in accordance with original stake and goodwill, the difference shall be included in investment income of the period losing controlling right. Other comprehensive income and other changes in owner's equity under the equity method of accounting related to equity investments in former subsidiaries that can be reclassified to profit or loss in the future are transferred to investment income in the current period when control is lost.

② Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates repeated transactions should be accounted for as a package deal:

- i. These transactions are made considering at the same time or in the case of mutual impact;
- ii. These transactions only reach a complete business results when as a whole;
- iii. A transaction occurs depending on the occurrence of at least one other transaction;
- iv. Single transaction is not economical, but considered together with other transactions it is economical.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; before the loss of control the difference between the disposal price and the corresponding net assets of the subsidiary, recognized as other comprehensive income in the consolidated financial statements, into current profit and loss at current period when losing controlling right.

If each transactions doesn't form a package deal, equity held from subsidiary shall be accounted in accordance with relevant rules before losing controlling right, while in accordance with general accounting treatment when losing controlling right.

(3) Purchase of a minority stake in the subsidiary

Long-term equity investment of the Company for the purchase of minority interests in accordance with the newly acquired stake in the new calculation shall be entitled to the difference between the net assets from the acquisition

date (or combination date) initially measured between the consolidated balance sheet adjustment capital balance of the share premium in the capital reserve share premium insufficient, any excess is adjusted to retained earnings.

(4) Disposal of equity in subsidiary without losing control

Disposal price and disposal of long-term equity investment due to partial disposal of subsidiaries and long-term equity investment made between the relative net assets from the purchase date or the date of merger were initially measured at the difference between the subsidiary shall enjoy, the consolidated balance sheet adjustment in the balance of the share premium, capital balance of the share premium insufficient, any excess is adjusted to retained earnings.

7. Classification of joint venture arrangement and accounting for joint operations

8. Recognition standards for cash and cash equivalents

Cash refers to the cash on hand and cash equivalents of deposits that can be used for payment at any time. Cash equivalent refers to the investment held by the Company with short maturity and strong liquidity that are easy to be converted into known amounts with little risk of change in cash value.

9. Foreign currency business and conversion of foreign currency statement

9.1 Foreign currency business

The foreign currency business uses the spot exchange rate on the transaction date as the conversion rate to convert the foreign currency amount into RMB.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date. The resulting exchange differences, except that the balance of exchange generated from the foreign currency special borrowings related to the assets whose acquisition and construction are eligible for capitalization is disposed in accordance with the principle of borrowing costs capitalization, are included in the current profit and loss.

9.2 Conversion of foreign currency financial statements

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the “undistributed profit” item, other items of the owner's equity items are converted at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are converted at the spot exchange rate on the transaction date.

When disposing an overseas operation, the translation difference of the foreign currency financial statements related

to the overseas operation is transferred from the owner's equity items to the disposal of the current profit and loss.

10. Financial instruments

The Company recognizes a financial assets, financial liabilities or equity instrument when it becomes a party to a financial instrument contract.

10.1 Categories of financial instruments

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, at initial recognition, the Company classifies the financial assets into the financial assets measured at amortized cost, the financial assets(debt instrument) measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current gain or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are recorded into the current gain/losses as financial assets measured at amortized cost:

- the business mode is aimed at collecting contractual cash flows;
- contractual cash flows represent only payments of principal and interest based on the outstanding principal amount. 。

The Company classifies the financial assets (debt instruments) that meet the following conditions and are not specified as measured at fair value and whose changes are recorded into the current gain/losses as financial assets (debt instruments) measured at fair value and whose changes are recorded into other comprehensive income:

- the business model is aimed at both the collection of contractual cash flows and the sales of the financial assets;
- contractual cash flows represent only payments of principal and interest based on the outstanding principal amount.

For non-trading equity instrument investment, the Company determines whether it is designated as a financial asset (equity instrument) measured at fair value and whose changes are included in other comprehensive income at the initial recognition. The designation is made on a single investment basis and the related investment meet the definition of an equity instrument from an issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and with changes included in current profits and losses. At the time of initial recognition, if

accounting mismatches can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should be classified as financial assets measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income as the financial assets measured at fair value and whose changes are included in the current profit and loss.

In the initial recognition, financial liabilities are classified as the financial liabilities measured at fair value and whose changes are included in current profit and loss and the financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in current profit and loss in the initial measurement:

- 1) The designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategy specified in the official written document, manage and make performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio based on fair value, and report to the key management personnel based on this.
- 3) The financial liability includes embedded derivatives that need to be separately split.

10.2 Recognition and measurement for financial instrument

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The accounts receivable not including major financing components and the accounts receivable that the Company decides not to consider the financing component of not more than one year are initially measured at the contract transaction price.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

(2) Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investment, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, the changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated by using the effective interest method.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in current profit and loss.

(3) Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including other equity instruments, etc., are initially measured at fair value, and related transaction expenses are included in the initially recognized amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

(4) Financial assets measured at fair value and whose changes are included in current profit and loss

Financial assets measured at fair value and whose changes are included in current profit and loss, including Tradable financial assets, derivative financial assets and other non-current financial assets, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in current profit and loss.

(5) Financial liabilities measured at fair value and whose changes are included in current profit and loss

Financial liabilities measured at fair value and whose changes are included in current profit and loss, including transaction financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expenses are included in current profit and loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When a financial liability is terminate for recognition, the difference between book value and the consideration paid shall be recorded into the current profit and loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, bills payable, accounts payable, other payable, long-term borrowings, bonds payable, and long-term payable, are initially measured at fair value, and related transaction expenses are included in the initial recognition amount.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When a financial liability is terminate for recognition, the difference between the consideration paid and the book value of the financial liability is included in current profit and loss.

10.3 Termination of recognition and transfer of financial assets

If one of the following conditions is satisfied, the Company shall terminate the recognition of financial assets:

- the contractual rights to receive cash flows from financial assets terminates;
- the financial asset has been transferred and virtually all the risks and rewards of the ownership of the financial asset have been transferred to the transferee;
- the financial assets have been transferred. Although the company has neither transferred nor retained nearly all the risks and rewards of ownership of the financial assets, it has not retained control of the financial assets

When transfer of financial assets occurs, if substantially all the risks and rewards of ownership of the financial asset are retained, the recognition of the financial asset shall not be terminated.

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance over weighs format.

The Company divides such transfer into entire transfer and part transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of financial assets in transfer;
- 2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable for the financial assets (debt instrument) measured at fair value and whose changes are recorded into other comprehensive income)

As for the part transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of discontinued recognition part;
- 2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets (debt instrument) measured at fair value and whose changes are included in other comprehensive income).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

10.4 Terminating the recognition of financial liability

As for the financial liabilities with its whole or part present obligations released, the company shall terminate the recognition for such financial liabilities or part of it. if the company enters into agreement with its creditor to substitute for the existing financial liabilities by means of assuming new financial liabilities, then the company shall terminate the recognition for the existing financial liabilities and recognized the new financial liabilities provided that the contract clauses of the new and the existing financial liabilities are different in substance.

If the company makes substantial amendment to the whole or part contract clauses of the existing financial liabilities, it shall terminate the recognition for the existing financial liabilities or part of it. Meanwhile, the financial liabilities with amendment to its clauses shall be realized as new financial liabilities.

In case of terminate the recognition of financial liabilities in whole or part, the difference between the carrying value of such financial liabilities and consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

In case that the company repurchases part of financial liabilities, based on the comparative fair value of the continuing recognition part and the derecognizing part, the company shall allocate the carrying value of the financial liabilities in whole on the repurchase date. Difference between the carrying value allocated to the derecognizing part and the consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

10.5 Recognition method for fair value of financial assets and financial liabilities

As for the financial instrument with an active market, the fair value is determined by the offer of the active market; there is no active market for a financial instrument, the valuation techniques to determine its fair value. At the time of valuation, the Company adopted applicable in the present case and there is enough available data and other information technology to support valuation, assets or liabilities of feature selection and market participants in the trading of the underlying asset or liability considered consistent input value and priority as the relevant observable inputs. Where relevant observable inputs can not get or do not get as far as practicable, the use of un-observable inputs.

10.6 Testing of the financial assets impairment and accounting treatment

The Company estimates the expected credit losses of financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, and financial guarantee contracts in a single or combined way.

The Company considers reasonable and well-founded information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the probability-weighted amount of the present value of the difference between the cash flow receivable from the

contract and the cash flow expected to be received to confirm the expected credit loss.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses for the entire duration of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses of the financial instrument in the next 12 months. The increase or reversal amount of the resulting loss provision is included in the current profit and loss as an impairment loss or gain.

The Company compares the risk of default on the balance sheet date of financial instruments with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument so as to assess whether the credit risk of the financial instrument has increased significantly since the initial recognition. Usually, if it is overdue for more than 30 days, the Company shall believe that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the financial instrument's credit risk at the balance sheet date is low, the Company shall believe that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make provision for impairment of the financial asset on a single basis.

Regarding the accounts receivable and contract assets formed from transactions regulated by the "Accounting Standards for Business Enterprises No. 14-Revenue" (2017), regardless of whether it contains a significant financing component, the Company always measure its loss reserves at the amount equivalent to the expected credit loss during the entire duration.

For lease receivables, the Company always chooses to measure its loss reserves at an amount equivalent to expected credit losses during the entire duration.

If the Company no longer reasonably expects whether the contractual cash flow of a financial asset can be recovered in whole or in part, it will directly write down the book balance of the financial asset.

11. Note receivable

12. Account receivable

13. Receivable financing

14. Other account receivable

Determining method and accounting treatment on the expected credit loss of other account receivable

15. Inventory

15.1 Classification and costs of inventory

Inventory includes raw materials, revolving material, goods in process, goods in transit and work in process-outsourced and so on.

Inventory is initially measured at cost, which includes the costs of purchase, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

15.2 Valuation methods for delivery of inventory

The weighted average or individual valuation method is used when the inventory is issued according to the nature of the business.

15.3 Recognition standards of the net realizable value for inventory

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventories is higher than its net realizable value, make provisions for inventory write-down. The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost, estimated selling expenses and related taxes and fees at the time of completion in daily activities.

The net realizable value of inventory products and materials for sale, in normal business production, is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price; the net realizable value of an item of inventories subject to further processing, in normal business production, is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the for-sale item. The net realizable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

After making provisions for inventory write-down, if the factors that previously affected the write-down of the

inventory value have disappeared, causing the net realizable value of the inventory to be higher than its book value, it shall be reversed within the amount of the inventory write-down that has been withdrawn, and the reversed amount is included in the current profit and loss.

15.4 Inventory system

Inventory system is the perpetual inventory system.

15.5 Amortization of low-value consumables and packaging materials

- (1) Low-value consumables adopts the method of primary resale;
- (2) Wrappage adopts the method of primary resale.

16. Contract asset

Accounting policy applicable since 1 Jan. 2020

16.1 Methods and criteria for recognition of a contract asset

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company lists the right (and the right depends on other factors other than the passage of time) to receive consideration for the transfer of goods or services to customers as contract assets. Contract assets and contract liabilities under the same contract are presented in net amount. The Company's unconditional (only depending on the passage of time) right to collect consideration from customers are separately listed as receivables.

16.2 Determination method and accounting treatment method of expected credit loss of contract assets

Found more in the 10.6 Testing of the financial assets impairment and accounting treatment carried under 10. Financial instrument

17. Contract cost**18. Assets held for sale****19. Creditors' investment****20. Other creditors' investment****21. Long-term account receivable****22. Long-term equity investment****22.1 Criteria for judgment of the common control and significant influence**

Common control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants sharing the control rights before making a decision. Where the Company and other joint venture parties jointly control the invested entity and have rights to the net assets of the invested entity, the invested entity is the joint venture of the Company.

Significant influence refers to the right to participate in making decisions relating to the financial and operational policies of an enterprise, while not able to control or jointly control (with others) establishment of these policies. If the Company has significant influence on the invested enterprises, than such invested enterprises shall be the joint venture of the Company.

22.2 Determination of initial investment cost**(1) Long-term equity investment formed by business combination**

For a long-term equity investment in a subsidiary formed by a business combination under the same control, the initial investment cost of the long-term equity investment is based on the share of the book value of the owner's equity of the combined party obtained in the consolidated financial statements of the ultimate controlling party on the combining date. The difference between the initial investment cost of long-term equity investment and the book value of the consideration paid shall be used to adjust the equity premium in the capital reserve; when the equity premium in the capital reserve is insufficient to offset, adjust the retained earnings. If it is possible to exercise control over an investee under the same control due to additional investment, etc., adjust the equity premium based on the difference between the initial investment cost of the long-term equity investment confirmed in accordance with the above principles and the book value of the long-term equity investment before the combination plus the sum of the book value of the new valuable consideration for the shares obtained on the combining date, if the equity premium is not enough to offset, offset the retained earnings.

For long-term equity investment in a subsidiaries formed by business combination not under the same control, the

initial investment cost is based on the cost of the combination determined at the date of purchase. If it is possible to exercise control over an investee not under the same control due to additional investment, the sum of book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

(2) Long-term equity investment required by means other than business combination

For long-term equity investments obtained through payment with cash, then the actual payment shall be viewed as initial investment cost.

For long-term equity investments obtained through issuance of equity securities, then the fair value of such securities shall be viewed as initial investment cost

22.3 Subsequent measurement and recognition of gains and losses

(1) Long-term equity investment measured by cost

The long-term equity investment for subsidiary shall be measured by cost, unless the investment qualifies as held for sale. Other than payment actually paid for obtaining investment or cash dividend or profit included in consideration which has been declared while not granted yet, the Company recognizes investment income according to its share in the cash dividend or profit declared for grant by the invested unit.

(2) Long-term equity investment measured by equity

The Company calculates long term equity investment in associates and joint ventures under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period. And adjusted the costs of long-term equity investment at the same time.

Return on investments and other comprehensive income is recognized respectively by shares of net gains and losses realized by the invested company and other comprehensive income, and book value of such investment is adjusted accordingly. Profit or cash dividends pro rata distributed by the invested company are to minus book value of the relative long-term investment. Book value of long-term investment is adjusted when changes occur other than net gains and losses, other comprehensive income and profit distribution of the invested company (abbreviated as other changes of owners' equity), and is to report in owners' equity accordingly.

When confirming the share of the net profit and loss, other comprehensive income and other owner's equity changes that should be enjoyed by the investee, adjust the net profit and other comprehensive income of the

investee based on the fair value of the investee's identifiable net assets at the time when the investment is obtained and in accordance with the company's accounting policies and accounting period before confirmation.

The un-realized transaction gains/losses attributable to investment enterprise, internally occurred between the Company, affiliated units and joint-ventures should be calculated by proportion of shares-holding which should be offset, than recognized investment gains/losses(except where the assets invested or sold constitute a business). If the unrealized internal transaction losses with the investee are assets impairment losses, they will be fully recognized.

In addition to assuming obligations for additional losses, the company's net losses to joint ventures or associates are limited to the book value of long-term equity investments and other long-term equity that actually constitutes net investment in joint ventures or associates write down to zero. If a joint venture or an associated enterprise realizes net profits in the future, the company resumes recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

(3) Disposal of long-term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity investment shall be included in current period gains and losses.

Long-term equity investment accounted for by equity method

For long-term equity investments accounted for by partial disposition equity method, the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward in a corresponding proportion on the same basis as the direct disposal of related assets or liabilities by the investee, other changes in owner's equity are carried forward to the current profit and loss on a pro rata basis.

If the joint control or significant influence on the investee is lost due to the disposal of equity investment, for the other comprehensive income recognized by the original equity investment due to the adoption of the equity method, use the same basis as the investee to directly dispose of related assets or liabilities for accounting treatment when terminating the adoption of the equity method, the same basis as the direct disposal of related assets or liabilities by the investee is used for accounting treatment, all other changes in owner's equity are transferred to the current profit and loss when terminating the adoption of the equity method.

If the control of the investee is lost due to the disposal of part of the equity investment, and the remaining equity can exercise joint control or exert significant influence on the investee when preparing individual financial statements, the equity method shall be used for accounting and the remaining equity shall be deemed to be accounted for by the equity method for adjustment since the acquisition, and the other comprehensive income

recognized before obtaining the control of the investee is carried forward on the same basis as the direct disposal of related assets or liabilities by the investee in proportion, changes in other owners' equity confirmed by the equity method are carried forward to the current profit and loss on a pro rata basis; if the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the day when the control is lost is included in the current profit and loss, and all other comprehensive income and other owner's equity changes recognized before obtaining the control of the investee are carried forward.

If the equity investment in a subsidiary is disposed of through multiple transactions until it loses control, and it is a package transaction, each transaction shall be accounted for as a transaction that disposes of the equity investment of the subsidiary and loses control. The difference between the cost of each disposal before the loss of control and the book value of the long-term equity investment corresponding to the equity being disposed of is first recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss of the loss of control when the control is lost. If it is not a package transaction, each transaction shall be accounted for separately.

23. Investment real estate

Measurement

Measured by cost

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings (including the buildings for rent after completion of self-construction or development activities and the buildings under construction or development for future lease).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when it is probable that the related economic benefits will flow and the cost can be measured; otherwise, charged to current gain/loss as incurred.

Current investment real estate of the Company are measured by cost. As for the investment real estate-rental building measured by cost, the depreciation policy is same as the fixed assets of the Company, the land use right for rental has the same amortization policy as intangible assets.

24. Fix assets

(1) Recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time:

- ① It is probable that the economic benefits associated with the assets will flow into the Company;
- ② The cost of the assets can be measured reliably.

Fixed assets are initially measured at cost (and considering the impact of expected abandonment cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow in and their costs can be reliably measured; the book value of the replaced part is derecognized; all other subsequent expenditures are included in the current profit and loss when incurred.

(2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings	Straight-line depreciation			
Production buildings	Straight-line depreciation	20-35	5.00	2.71-4.75
Non-production buildings	Straight-line depreciation	20-40	5.00	2.38-4.75
Temporary dormitory and simple room etc.	Straight-line depreciation	5-15	5.00	6.33-19.00
Gas storage bin	Straight-line depreciation	20	5.00	4.75
Silo	Straight-line depreciation	50	5.00	1.90
Wharf and supporting facilities	Straight-line depreciation	50	5.00	1.90
Machinery equipment	Straight-line depreciation		5.00	
Other machinery equipment	Straight-line depreciation	10-20	5.00	4.75-9.50
Warehouse	Straight-line	20	5.00	4.75

transmission equipment	depreciation			
Transport equipment	Straight-line depreciation	3-10	5.00	9.50-31.67
Electronic equipment and others	Straight-line depreciation	2-10	5.00	9.50-47.50

Depreciation of fixed assets is classified and accrued by using the straight-line depreciation, and the depreciation rate is determined according to the type of fixed assets, the expected service life and the estimated net residual value rate. For fixed assets with provision for impairment, the amount of depreciation shall be determined in future periods according to the book value after deducting the provision for impairment and based on the usable life. If each component of the fixed assets has different service lives or provides economic benefits to the enterprise in different ways, select different depreciation rates or depreciation methods, and the depreciation is accrued separately.

Depreciation policy for fixed assets leased under finance leases is consistent with that for owned fixed assets. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

(3) Recognition, measurement and depreciation of fixed assets held under finance lease

If any of the following conditions are stipulated in the lease agreement signed by the Company and the lessee, it shall be recognized as a financial leased assets:

- ① ownership of the leased assets shall belong to the Company upon the expiration of the lease term;
- ② the Company has the option to purchase assets for a purchase price much lower than the fair value of the assets when the option is exercised;
- ③ the lease period accounts for most of the service life of the leased assets;
- ④ there is no significant difference between the present value of the minimum lease payment on the lease commencement date and the fair value of the assets.
- ⑤ leased assets are special in nature and can only be used by the lessee if no major alterations are made.

On the lease start date, the company regards the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset and regards the minimum lease payment amount as the book value of the long-term payable, and the difference is regarded as unrecognized financing charges.

25. Construction in progress

Construction in progress is measured at the actual cost incurred. The actual cost includes construction cost, installation cost, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended usable state. When the construction in progress reaches the intended usable state, it will be transferred to fixed assets and depreciation will be accrued from the next month.

26. Borrowing expenses

26.1 Recognition of the borrowing expenses capitalization

Borrowing expenses that attributed for purchasing or construction of assets that are complying start to be capitalized and counted as relevant assets cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

Assets satisfying the conditions of capitalization are those assets of fixed, investment real estate etc. which need a long period of time to purchase, construct, or manufacturing before becoming usable.

26.2 Period of capitalization

Capitalizing period was from the time star capitalizing until the time of suspended capitalization. The period for borrowing expenses suspended excluded in the period.

Capitalizing for borrowing expenses by satisfying the followed at same time:

- (1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;
- (2) Borrowing expenses have occurred;
- (3) Necessary activities occurred for reaching predicted usable statues or sale-able status for assets purchased, constructed or manufactured.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization reached its predicted usable status or sale-able status, capitalization suspended for borrowing expenses.

26.3 Period of suspended

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfying the conditions of capitalization meets the necessary procedure of reaching predicted usable status or for-sale status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred

during the period of suspended shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

26.4 Capitalization rate of the borrowing costs, measurement of the capitalized amount

As for the special loans borrowed for the purchase, construction or production of assets eligible for capitalization, the borrowing costs are capitalized by deducting the actual borrowing costs incurred in current period of special borrowing, the interest income earned by borrowing funds that have not yet been used, deposited in the bank or the investment income obtained from the temporary investment.

For the general borrowings used for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs that should be capitalized for general borrowings is calculated and determined according to the weighted average of the asset expenditures of accumulated asset expenditures over the special borrowings multiplying by the capitalization rate of the occupied general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange difference of the principal and interest of the specialized foreign currency borrowing is capitalized and included in the cost of the assets that meet the capitalization conditions. Exchange differences arising from the principal and interest of foreign currency borrowings other than specialized foreign currency borrowing are included in the current profits and losses.

27. Biological assets

The Company's biological assets are productive biological assets, which are classified into productive biological assets, consumptive biological assets and biological assets for commonweal according to the purpose of holding and the way in which economic benefits are realized.

Biological assets are initially measured at cost.

The necessary expenditures incurred by productive biological assets before reaching the intended production and operation purposes constitute the cost of the productive biological assets. Subsequent expenditures incurred after achieving the intended production purposes shall be included in the current profit and loss.

The necessary expenditures for consumptive biological assets before closure constitute the cost of consumptive biological assets, and subsequent expenditures incurred after closure are included in the current profit and loss. The cost of consumptive biological assets shall be carried forward according to the growing stock volume ratio method when harvesting.

The Company's biological assets are mainly tea trees. The company's productive biological assets that achieve the intended production and operation purposes are depreciated according to the average service life method, and the

service life is determined as the remaining period of land use after deducting the immature tea tree period (5 years), the residual value rate is 5%. At the end of each year, the company reviews the service life, expected net residual value and depreciation methods. If the service life and expected net output value are different from the original estimate, or there is a significant change in the realization of economic benefits, it will be used as an accounting estimate change to adjust the service life or estimated net output value or change the depreciation method.

Biological assets for commonweal refer to biological assets whose main purpose is protection and environmental protection, including wind-breaking and sand-fixing forests, soil and water conservation forests, and water conservation forests.

The cost of self-constructed biological assets for commonweal shall be determined in accordance with the necessary expenditures such as cost of planting, tending fees, forest protection fees, forest culture and management facility fees, improved seed experiment fees, survey design fees, and indirect costs that should be apportioned before the closure, including borrowing costs that meet the conditions for capitalization.

Biological assets for commonweal are subsequently measured at cost. There is no need to withdraw the asset impairment reserve for biological assets for commonweal.

The balance of the disposal consideration from the sale, inventory loss, death or damage of biological assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Measurement, use of life and impairment testing

30.1.1 Measurement

① Initial measurement is made at cost when the Company acquires intangible assets;

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should be recognized as cost for these assets.

② Subsequent measurement

Analyzing and judging the service life of an intangible asset when they are acquired.

Those intangible assets with limited useful life are evenly amortized on a straight basis from the date when they become usable to the end of expected useful life; Intangible assets for which it is impossible to predict the term

during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life without amortization.

30.1.2 Estimation of the service life of intangible assets with limited service life

Item	Predicted useful life	Amortization method	Residual value rate	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Straight-line method	0.00%	Certificate of land use right
Forest tree use right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Trademark use right	10-year	Straight-line method	0.00%	Actual situation of the Company
Shop management right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Software use right	5-8 years	Straight-line method	0.00%	Protocol agreement
Patents and others	20-year	Straight-line method	0.00%	Actual situation of the Company

30.1.3 Judgment basis on intangible assets with uncertain service life and review procedures for the service life

Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life. Intangible assets with indefinite life are not amortized during the holding period, and useful life is re-reviewed at the end of each accounting period. In case that it is still determined as indefinite after such re-review, then impairment test will be conducted continuously in every accounting period.

(2) Accounting policy of the internal R&D expenditure

30.2.1 Specific criteria for dividing research and development stages

The expenditure for internal R&D is divided into research expenditure and development expenditure.

Research stage: stage of the investigation and research activities exercising innovative-ness for new science or technology knowledge obtained and understanding.

Development stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

Expenditures incurred during the research phase of internal R&D projects shall be recorded into the current profit and loss when incurred.

30.2.2 Standards for capitalization satisfaction of expenditure in development state

Expenditures in the research phase are included in the current profit and loss when they occur. Expenditures in the development phase that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development phase that cannot meet the following conditions are included in the current profit and loss:

- ① Owes feasibility in technology and completed the intangible assets for useful or for sale;
- ② Owes the intention for completed the intangible assets and for sale purpose;
- ③ Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use internally, than show evidence of useful-ness;
- ④ Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;
- ⑤ The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

If it is not possible to distinguish between research stage expenditures and development stage expenditures, all research and development expenditures incurred are charged to current gain/loss.

Expenditure happened in development phase not satisfying the above conditions is included in current period gains and losses when occurs. Development expenditure previously included in gains and losses in previous periods will not be re-recognized as assets in later periods. Capitalized development expenditure is stated in balance sheet as development expenditure, and is transferred to intangible assets when the project is ready for planned use.

31. Impairment of long term assets

The long-term assets as long-term equity investments, investment real estate measured at cost, fixed assets, construction in progress and intangible assets with certain service life are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest

group of assets that is able to generate independent cash inflows.

For goodwill formed by business combination, intangible assets with uncertain service life, and intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, impairment test shall be carried out at least at the end of each year.

When the Company conducts the goodwill impairment test, the book value of goodwill formed by business combination is apportioned to the relevant asset group according to reasonable methods from the date of purchase; if it is difficult to apportion it to the relevant asset group, apportion it to the relevant asset group portfolio. Relevant asset group or assets portfolio is the asset group or combination of assets group that can benefit from the synergies of the enterprise merger.

When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Then conduct an impairment test on the asset group or asset group portfolios containing goodwill, and compare their book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss first deducts the book value of the goodwill allocated to the asset group or asset group portfolio, and then deducts the book value of the other assets in proportion according to the proportion of the book value of the other assets other than goodwill in the asset group or asset group portfolio. Once recognized, asset impairment loss would not be reversed in future accounting period.

32. Long term prepaid expense

Long term prepaid expense represents the expense which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long-term prepaid expenses of the Company includes expenditures on improvement of investment real estate, decoration fee and expenditure for fixed assets improvement etc. Long term prepaid expense is amortized during the beneficial period under straight line method.

33. Contract liabilities

Accounting policy applicable since 1 Jan. 2020

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net amount.

34. Staff remuneration

(1) Accounting treatment of short term remuneration

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss or relevant assets costs.

Regarding to the social insurance and housing funds that the Company paid for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities.

The employee welfare expenses incurred shall be recorded into the current gain/loss or the cost of relevant assets according to the actual amount when actually incurred, and the non-monetary welfare shall be measured at fair value.

(2) Accounting treatment for post employment benefits

Defined contribution plan

The Company pays basic endowment insurance and unemployment insurance for employees according to the relevant regulations of the local government. In the accounting period in which employees provide services for the Company, the amount to be paid is calculated according to the local payment base and proportion, and is recognized as a liability and included in current profit and loss or related asset cost. In addition, the Company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by the relevant state departments. The Company pays a certain percentage of the total wages of employees to the annuity plan/local social insurance agency, and the corresponding expenditures are included in the current profit and loss or the cost of related asset.

Defined benefit plan

The Company assigns the benefit obligation arising from the defined benefit plan to the period during which the employee provides service according to the formula determined by the expected accumulated benefit unit method, and includes it in the current profit and loss or related asset cost.

The deficit or surplus formed by the present value of the defined benefit plan obligation minus the fair value of the defined benefit plan asset is recognized as a net benefit or net asset of the defined benefit plan. If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus and the asset limit of the defined benefit plan.

All defined benefit plan obligations, including obligations expected to be paid within twelve months of the end of

the annual reporting period in which the employee provides services, are discounted based on the market return of the national debt matching with the defined benefit plan obligations deadline and currency or the high quality corporation bonds in an active market on the balance sheet date.

The service cost generated by the defined benefit plan and the net liabilities or the net interest of the net assets of the defined benefit plan are included in the current profit and loss or the related assets cost; the changes generated by the remeasurement of net liabilities or net assets of the defined benefit plan are included in other comprehensive income, and will not be transferred back to profit or loss in the subsequent accounting period, when the original defined benefit plan is terminated, the part that was originally included in other comprehensive income will be carried forward to undistributed profit within the scope of equity.

When settling the defined benefit plan, the settlement gain or loss is confirmed by the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

(3) Accounting treatment for dismissal benefit

If the Company provides dismissal benefits to employees, the employee compensation liabilities arising from dismissal benefits shall be recognized on the earlier date of the following two, and shall be included in the current profit and loss: When the company cannot unilaterally withdraw the dismissal benefits provided by the dismissal plan or downsizing proposal; When the company confirms the costs or expenses related to the reorganization involving the payment of dismissal benefits.

(4) Accounting treatment for other long term staff benefits

Other long term staff benefits refers to all the other staff benefits except for short term remuneration, post office benefit and dismissal benefit.

For other long term staff benefits satisfying conditions under defined withdraw plan, the contribution payables shall be recognized as liabilities and included in current gains and losses or relevant asset cost during the accounting period in which the staff provides services to the Company.

35. Lease liability

36. Accrual liability

The Company will recognize the obligations related to contingencies as expected liabilities when they meet the following conditions:

(1) The responsibility is a current responsibility undertaken by the Company;

(2) Fulfilling of the responsibility may lead to financial benefit outflow;

(3) The responsibility can be measured reliably for its value.

Accrual liabilities shall conduct initial measurement by best estimation of expenditures needed by fulfillment of current responsibilities.

While determined the best estimation, take the risks, uncertainty and periodic value of currency that connected to the contingent issues into consideration. For major influence from periodic value of currency, determined best estimation after discount on future relevant cash out-flow.

Where there is a continuous range of required expenditures, and the probability of occurrence of various results within this range is the same, the best estimate is determined according to the median value in the range; in other cases, the best estimate shall be treated as follows:

- If a contingency involves a single item, it shall be determined according to the amount most likely to occur.
- If a contingency involves multiple items, it shall be determined in accordance with various possible outcomes and related probability calculation.

If all or part of the expenditure required to pay off the estimated liabilities is expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liability.

The Company reviews the book value of estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value does not reflect the current best estimate, the book value will be adjusted according to the current best estimate.

37. Share-based payment

38. Other financial instrument of preferred stocks and perpetual bond

The Company categorizes a financial instrument or its components as a financial asset, a financial liability or an equity instrument at the time of initial recognition based on the contractual terms of preferred stocks/perpetual bonds issued and the economic substance it reflects, not just in legal form.

When a financial instrument such as perpetual bonds/preferred stocks issued by the Company meet one of the following conditions, the entire financial instrument or its components shall be classified as a financial liability at the time of initial recognition.

- (1) There are contractual obligations that the Company cannot unconditionally avoid fulfilling with the cash payment or other financial assets;
- (2) Contains contractual obligation to deliver variable amounts of own equity instruments for settlement;
- (3) Contains derivative instrument that is settled with its own equity (such as conversion of equity, etc.), and the derivative instrument is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There are contract clauses that indirectly form contract obligations;
- (5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer.

For financial instruments such as perpetual bonds/preferred stocks that do not meet any of the above conditions, classify the financial instruments as a whole or their components as equity instruments at the time of initial recognition.

39. Revenue

Accounting policy used for revenue recognition and measurement

Accounting policy applicable since 1 Jan. 2020

39.1 accounting policy applicable for the revenue recognition and measurement

The Company fulfills the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. Obtaining control of related goods or services means being able to lead the use of the goods or services and obtain almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the starting date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties and payments expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and combined with its past customary practices, when determining the transaction price, it considers the influence of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be materially reversed when the relevant uncertainty is eliminated. If there

is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when the customer obtains control of the goods or services, and uses the actual interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

It belongs to the performance obligation fulfilled within a certain period of time when meeting one of the following conditions, otherwise it belongs to the performance obligation fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance.
- Customers can control the products under construction in the Company's performance process.
- The products produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part of the contract during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue according to the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the progress of performance. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the Company considers the following signs:

- The Company has the current right to collect payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind.
- The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.
- The customer has accepted the goods or services, etc.

39.2 Specific principle

(1) Revenue from sales of goods: the sales revenue is recognized after the goods sold domestically have been delivered and the relevant terms agreed in the contract are met; for export sales, the realization of sales revenue is

confirmed after the goods have been dispatched and declared in compliance with the relevant terms as agreed in the contract. For export sales, the sales revenue is recognized after the goods have been sent and declared and the relevant terms agreed in the contract are met.

(2) Revenue from provision of labor services: For the dynamic reserve of grain and oil and its rotation services provided by the Company to the Shenzhen Municipal Government, the revenue is recognized when relevant labor services occur, the revenue from grain and oil reserve services is calculated and confirmed monthly based on the actual amount of grain and oil reserves and the reserve price stipulated in the "Shenzhen Municipal Government Grain Reserve Expenses Contract Operation Regulations" and the "Shenzhen Municipal Government Edible Vegetable Oil Government Reserve Expenses Contract Operation Regulations".

(3) Other income:

- 1) The amount of royalty revenue is calculated and determined in accordance with the charging time and method agreed in the relevant contract or agreement;
- 2) Income from real estate, terminal warehouse and other property leasing and terminal docking business is calculated and recognized as the property rental income, warehousing and logistics income.

Accounting policy before 1 Jan. 2020

39.3 Revenue from sale of goods

- (1) Principal risks and rewards in the ownership of the goods are transferred to the buyer;
- (2) The Company retains neither the continuing management rights normally associated with ownership nor effective control over the merchandise sold;
- (3) The sales revenue can be measured reliably;
- (4) The related economic benefits are likely to flow into the company;
- (5) The relevant costs incurred or to be incurred can be measured in a reliable way.

The Company's product sales are divided into domestic sales and export sales. For domestic sales, the sales revenue is recognized after the goods have been delivered and the relevant terms agreed in the contract are met; for export sales, the sales revenue is recognized after the goods have been sent and declared and the relevant terms agreed in the contract are met.

39.4 Rendering of services

- (1) The amount of income can be reliably measured;
- (2) The relevant economic benefits are likely to flow into the enterprise;
- (3) The completion schedule of the transaction can be reliably determined;
- (4) The costs incurred and to be incurred in the transaction can be reliably measured.

The total amount of labor service income is determined by the received or receivable contract or agreement price, except that the contract or agreement price received or receivable is not fair. On the balance sheet date, the current labor service income is determined by the amount that the total labor service income multiplies by the completion schedule and deducts the accumulated labor income from the previous accounting period. At the same time, the current labor cost is carried forward by the amount that the total labor service cost multiplies by the completion schedule and deducts the accumulated labor cost from the previous accounting period.

If the results of the labor service transaction on the balance sheet date cannot be reliably estimated, they shall be disposed as follows:

- (1) If the labor costs incurred is estimated to be compensated, the labor service income shall be determined according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount.
- (2) If the labor costs incurred is estimated not to be compensated, the labor costs incurred shall be included in the current profit and loss, and the labor service income shall not be recognized.

When the contract or agreement signed by the Company with other enterprises includes the sale of goods and the rendering of labor services, if the parts of the sales of goods and the parts of the rendering of labor service can be distinguished and can be separately measured, treat the part of the sales of goods as the sales of goods, and treat the part of the rendering of labor services as rendering of labor services. If the parts of the sales of goods and the parts of the rendering of labor service cannot be distinguished, or can be distinguished but cannot be separately measured, treat the part of the sales of goods and the parts of the rendering of labor service both as the sales of goods. Recognize revenue for the grain and oil dynamic storage and rotation services provided by the Company for the Shenzhen Municipal Government when the relevant labor service activities occur. Specifically, monthly calculate and recognize the government service income based on the actual storage grain and oil quantity and the storage price stipulated by “Operational Procedures for Government Grain Storage All-in Cost of Shenzhen” and “Operational Procedures for Edible Vegetable Oil Government Reserve All-in Cost of Shenzhen”.

39.5 assignment of the right-to-use assets

Financial benefit attached to the contract is possibly inflow to the company; Overall income of the contract can be measured reliably. Determined the use right income for transaction assets respectively as followed:

- 1) Amount of interest income: determined by the time and effective interest rate of the currency capital used by other people.
- 2) Amount of income from use: determined by the charge time and calculation method agreed in the relevant contract or agreement.
- 3) For the income from real estate, dock warehouse and other property leasing and terminal docking business, calculate and determine the rental income and warehousing logistics income according to the chargeable time and method as stipulated in the contract or agreement.

The accounting policy for revenue recognition are different due to the different business models in the same kind of business

40. Government Grants

40.1 Types

Governments grants of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues.

Government grants related to assets refer to those obtained by the Company and used for purchase or construction of or otherwise to form long-term assets. Government subsidies related to revenue refer to those other than government subsidies related to assets.

Specific criteria for classifying the government grants as asset-related by the Company are: government grants acquired for the acquisition and construction or other formation of long-term assets

Specific criteria for classifying the government grants as income-related by the Company are: government grants obtained by the Company other than those related to assets.

40.2 Recognition time point

At end of the period, if there is evidence show that the Company qualified relevant condition of fiscal supporting polices and such supporting funds are predicted to obtained, than recognized the amount receivable as government grants. After that, government grants shall recognize while actually received.

Government grants in the form of monetary assets are stated at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value; if fair value cannot be obtained, a nominal amount (one yuan) is used. Government grants measured at nominal amount is recognized immediately in profit or loss for the current period.

40.3 Accounting treatment

Based on the nature of economic business, the Company determines whether a certain type of government subsidy business should be accounted for by using the total amount method or the net amount method. In general, the Company only chooses one method for similar or similar government subsidy services, and this method is consistently applied to the business.

Item	Calculation content
Based on gross method	All business of government grants

Government subsidy related to assets is used to offset the book value of related assets or be recognized as deferred income. If it is confirmed as deferred income, it shall be included in the current profit and loss in a reasonable and systematic way by stages within the useful life of the relevant assets (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income);

Government subsidy related to income that is used to compensate the Company's related costs or losses in subsequent periods is recognized as deferred income, and is included in the current profit and loss during the period when the related costs or losses are recognized (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income) or used to offset related costs or losses; those used to compensate the Company's related costs, expenses or losses are directly included in the current profit and loss (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income) or used to offset related costs or losses.

The policy-related preferential loan interest discounts obtained by the Company shall be accounted for separately in the following two situations:

(1) The finance allocates interest discount funds to the lending bank. If the lending bank provides loans to the Company at a policy-based preferential interest rate, the Company will use the actually received loan amount as the entry value of the loan, and calculate related borrowing costs according to the loan principal and the policy-based preferential interest rate.

(2)

(2) If the finance directly allocates interest discount funds to the Company, the Company will write down the relevant borrowing costs with the corresponding interest discount.

41. Deferred income tax assets and deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business mergers and transactions or events that are directly included in owner's equity (including other comprehensive income), the Company include current income tax and deferred income tax in current profit and loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their book value.

Deductible temporary differences recognized by deferred income tax assets is limited to the taxable income that is likely to be obtained in the future to deduct deductible temporary differences. For the deductible losses and tax

deductions that can be carried forward for subsequent years are limited to the future taxable income that is likely to be obtained to deduct deductible and tax deductions.

For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized. Special circumstances that do not recognize deferred income tax assets or deferred income tax liabilities include:

- Initial recognition of goodwill;
- Transactions or events that neither are a business combination nor affect accounting profits and taxable income (or deductible losses) when occur.

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities are recognized, unless the Company can control the timing of the reversal of the temporary differences and the temporary differences are not likely to be reversed in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and are likely to be used to deduct the taxable income of deductible temporary differences in the future, recognize deferred income tax assets.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the provisions of the tax law.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the write-down amount shall be reversed.

When there is a statutory right to settle on a net basis, and an intention to settle on a net basis or acquire assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities are presented at the net amount after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be listed as the net amount after offset when the following conditions are met at the same time:

- The tax subject has the statutory right to settle current income tax assets and current income tax liabilities on a net basis;
- Income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxation subject or related to different taxation subjects, however, in the period during which each important deferred income tax asset and liability are reversed in the future, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and settle liabilities at the same time.

42. Lease

(1) Accounting treatment for operating lease

① The rental fee paid for renting the properties by the company are amortized by the straight-line method and reckoned in the current expenses throughout the lease term without deducting rent-free period. The initial direct costs related to the lease transactions paid by the company are reckoned in the current expenses.

When the lessor undertakes the expenses related to the lease that should be undertaken by the company, the company shall deduct the expenses from the total rental costs, share by the deducted rental costs during the lease term, and reckon in the current expenses.

② Rental obtained from assets leasing, during the whole leasing period without rent-free period excluded, shall be amortized by straight-line method and recognized as leasing revenue. The initial direct costs paid with leasing transaction concerned are reckoned into current expenditure; the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period.

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

(2) Accounting treatment for financing lease

① Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. Unrecognized financing expenses shall be reckoned in financial expenses and amortized and using effective interest method during the leasing period. The initial direct expenses incurred by the Company are included in the value of the rented assets.

② Finance leased assets: on the lease commencement date, the company affirms the balance among the finance lease receivables, the sum of unguaranteed residual value and its present value as the unrealized financing income, and recognizes it as the rental income during the period of receiving the rent. For the initial direct costs related to the rental transaction, the company reckons in the initial measurement of the finance lease receivables, and reduces the amount of income confirmed in the lease term.

43. Other important accounting policy and estimation

(1) Safety production expenses

The safety production expenses drawn by the Company in accordance with the national regulations are included in the cost of relevant products or the current profit and loss, and are recorded in the “special reserve” account. When using the drawn safety production expenses, directly offset the special reserve if it belongs to the expense expenditure. For fixed assets, the expenses incurred through the collection of “under construction” subjects shall be recognized as fixed assets when the safety project is completed and ready for use. At the same time, the special reserve shall be offset according to the cost of forming the fixed assets, and accumulated depreciation of the same amount shall be recognized. The fixed assets will no longer be depreciated in the future.

44. Changes of important accounting policy and estimation

(1) Changes of important accounting policies

Applicable Not applicable

Content & reasons	Approval procedure	Note
The Company implemented the Accounting Standards for Business Enterprise No.14 - Revenue that revised by the Ministry of Finance on 1 January 2020. In accordance with the relevant regulations on the convergence of the old and new standards, the Company only adjusted the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, the comparative financial statements were not adjusted.	Approved by the 7th session of 10th BOD on 30 December 2019	

(1) Implementation of the Accounting Standards for Business Enterprise No.14 - Revenue (Revised in 2017) (hereinafter referred to as New Revenue Standard)

The Ministry of Finance revised the "Accounting Standards for Business Enterprises No. 14 - Revenue" in 2017. The revised standards stipulate that for the first implementation of the standards, the amount of retained earnings and other related items in the financial statements at the beginning of the year should be adjusted according to the cumulative impact, and the information in the comparable period should not be adjusted.

The Company has implemented the new revenue standards from January 1, 2020. According to the standards, the Company only

adjusts the retained earnings at the beginning of 2020 and the amount of other related items in the financial statements for the cumulative impact of contracts that have not been completed on the date of first implementation, and does not make adjustments to the comparative financial statements. The main impacts of the implementation of the standards are as follows:

Content & reasons	Approval procedure	Item affected	Amount of impact on the balance dated 1 Jan. 2020	
			Consolidate	Parent company
The Company implemented the Accounting Standards for Business Enterprise No.14- Revenue that revised by the Ministry of Finance since 1 Jan. 2020. According to the convergence of relevant old and new standards, the Company only adjusts the amount of retained earnings at the beginning of 2020 and other related items in the financial statements for the cumulative effect of the contracts that have not been completed at the date of initial execution, and no adjustment is made to the comparative financial statement.	Approved by the 7th session of 10th BOD on 30 December 2019	Contract liability	134,935,456.98	3,137.80
		Account received in advance	-134,935,456.98	-3,137.80

The impact of the implementation of the new revenue standards on relevant items in the financial statement for 2020, as compared to the previous revenue standard, is as follow:

Affected items of balance sheet	Amount of impact on the balance dated 31 Dec. 2020	
	Consolidate	Parent company
Contract liability	108,975,866.82	411.00
Other current liability	2,329,512.69	0.00
Account received in advance	-111,305,379.51	-411.00

Affected items of profit statement	Amount of impact on amount incurred in 2020	
	Consolidate	Parent company
Operating cost	67,026,284.32	0.00
Sales expenses	-67,026,284.32	0.00

(2) Implementation of Interpretation of Accounting Standards for Business Enterprises No.13

The Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.13 (Cai Kuai [2019] No.21 , hereinafter referred to as Interpretation No.13) on 10 December 2019, and effective from 1 January 2020 without retroactive adjustment required.

① Identification of related parties

Interpretation No. 13 clarifies that the following circumstances constitute a related party: a joint venture or an associated enterprise between an enterprise and other member units (including parent companies and subsidiaries) of the enterprise group to which it belongs; a joint venture of the enterprise and other joint ventures or associated enterprises of the enterprise. In addition, Interpretation No. 13 also clarifies that an enterprise with two or more than two parties only significantly affected by one party does not constitute a related party, it also states that an associated enterprise includes the associated enterprise and its subsidiaries, and a joint venture includes the joint venture and its subsidiaries.

② Definition of business

Interpretation No. 13 completes the three elements of business composition, refines the judgment conditions of the business composition, and introduces the "concentration ratio test" option to simplify to a certain extent the judgment of whether a portfolio obtained not under the same control constitutes a business, etc.

The Company has implemented Interpretation No. 13 from January 1, 2020, and the comparative financial statements have not been adjusted. The implementation of Interpretation No. 13 has not had a significant impact on the Company's financial status and operating results.

(3) Implementation of the "Interim Provisions on Accounting Treatment of Carbon Emissions Trading"

On December 16, 2019, the Ministry of Finance issued the "Interim Provisions on the Accounting Treatment of Carbon Emissions Trading" (CK [2019] No. 22), which is applicable to related enterprises in the key emission units that carry out carbon emission trading business in accordance with the "Interim Measures for the Administration of Carbon Emissions Trading" (hereinafter referred to as key emission enterprises). The provisions came into effect on January 1, 2020, and key emission enterprises should adopt the prospective application to apply the provisions.

The Company has implemented the provisions from January 1, 2020, and the comparative financial statements have not been adjusted. The implementation of the provisions has not had a significant impact on the Company's financial status and operating results.

(5) Implementation of the "Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19 Epidemic"

On June 19, 2020, the Ministry of Finance issued the "Regulations on Accounting Treatment of Rental Reduction Related to the pandemic of COVID-19" ((2020) No. 10), which came into effect on June 19, 2020, allowing companies to adjust the relevant rent reduction that occurred between January 1, 2020 and the implementation date of the regulation. According to the regulation, companies could select simplified methods for accounting treatments for rent reduction and deferred payment of rents directly caused by the pandemic of COVID-19.

We selected the simplified methods to account all the rental business, which met the requirements of the new regulation. We also adjusted the rent reduction in accordance to the regulation from January 1, 2020 to the effective date of the regulation. The revenue of rental reduced by 24,697,897.12 in 2020 as we selected the simplified methods to account our rental business.

(2) Changes of important accounting estimate

Applicable Not applicable

(3) Adjustment on the relevant items of financial statement at beginning of the year when implemented the new revenue standards and new leasing standards since 2020

Applicable

Whether to adjust the items of balance sheet at the beginning of the year

√Yes □No

Consolidate balance sheet

In RMB

Item	2019-12-31	2020-01-01	Adjustments
Current assets:			
Monetary fund	154,954,757.85	154,954,757.85	
Settlement provisions			
Capital lent			
Trading financial assets	1,166,209.72	1,166,209.72	
Derivative financial assets			
Note receivable	1,909,720.38	1,909,720.38	
Account receivable	338,687,766.68	338,687,766.68	
Account receivable financing			
Accounts paid in advance	9,202,930.71	9,202,930.71	
Insurance receivable			
Reinsurance receivables			
Contract reserve of reinsurance receivable			
Other account receivable	25,758,695.07	25,758,695.07	
Including: Interest receivable			
Dividend receivable			
Buying back the sale of financial assets			
Inventory	3,064,701,212.14	3,064,701,212.14	
Contract asset			

Assets held for sale			
Non-current asset due within one year			
Other current assets	468,174,380.40	468,174,380.40	
Total current assets	4,064,555,672.95	4,064,555,672.95	
Non-current assets:			
Loans and payments on behalf			
Creditors' investment			
Other creditors' investment			
Long-term account receivable			
Long-term equity investment	73,361,312.10	73,361,312.10	
Other equity instrument investment			
Other non-current financial assets	57,500.00	57,500.00	
Investment real estate	269,704,937.17	269,704,937.17	
Fix assets	945,042,032.69	945,042,032.69	
Construction in progress	771,971,469.43	771,971,469.43	
Productive biological asset	397,386.56	397,386.56	
Oil and gas asset			
Right-of-use asset			
Intangible assets	589,167,059.47	589,167,059.47	
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	19,855,228.69	19,855,228.69	
Deferred income tax assets	39,082,710.96	39,082,710.96	
Other non-current assets	1,871,965.84	1,871,965.84	

Total non-current assets	2,710,511,602.91	2,710,511,602.91	
Total assets	6,775,067,275.86	6,775,067,275.86	
Current liabilities:			
Short-term loans	23,595,000.00	23,595,000.00	
Loan from central bank			
Capital borrowed			
Tradable financial liability			
Derivative financial liability			
Note payable			
Account payable	266,123,470.98	266,123,470.98	
Accounts received in advance	137,211,832.00	2,276,375.02	-134,935,456.98
Contract liabilities		134,935,456.98	134,935,456.98
Selling financial asset of repurchase			
Absorbing deposit and interbank deposit			
Security trading of agency			
Security sales of agency			
Wage payable	195,076,576.55	195,076,576.55	
Taxes payable	37,047,613.47	37,047,613.47	
Other account payable	236,377,171.13	236,377,171.13	
Including: Interest payable	1,411,457.29	1,411,457.29	
Dividend payable	2,933,690.04	2,933,690.04	
Commission charge and commission payable			
Reinsurance payable			
Liability held for sale			
Non-current liabilities due within one year	67,420,012.16	67,420,012.16	

Other current liabilities	219,151,968.63	219,151,968.63	
Total current liabilities	1,182,003,644.92	1,182,003,644.92	
Non-current liabilities:			
Insurance contract reserve			
Long-term loans	835,912,556.41	835,912,556.41	
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			
Long-term account payable	15,856,950.01	15,856,950.01	
Long-term wage payable			
Accrual liabilities	3,500,000.00	3,500,000.00	
Deferred income	101,792,241.31	101,792,241.31	
Deferred income tax liabilities	12,563,752.22	12,563,752.22	
Other non-current liabilities			
Total non-current liabilities	969,625,499.95	969,625,499.95	
Total liabilities	2,151,629,144.87	2,151,629,144.87	
Owners' equity:			
Share capital	1,152,535,254.00	1,152,535,254.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	1,422,892,729.36	1,422,892,729.36	
Less: Inventory shares			
Other comprehensive income			

Reasonable reserve	522.55	522.55	
Surplus public reserve	350,187,601.06	350,187,601.06	
Provision of general risk			
Retained profit	1,495,135,080.60	1,495,135,080.60	
Total owner's equity attributable to parent company	4,420,751,187.57	4,420,751,187.57	
Minority interests	202,686,943.42	202,686,943.42	
Total owner's equity	4,623,438,130.99	4,623,438,130.99	
Total liabilities and owner's equity	6,775,067,275.86	6,775,067,275.86	

Explanation on adjustment

The Ministry of Finance issued the revised "Accounting Standards for Business Enterprises No. 14 - Revenue" (CK[2017] No. 22) in 2017, and the company has implemented the above new revenue standards since January 1, 2020. The company has adjusted "advance receipts" to "contract liabilities" for presentation according to the new revenue standards. According to the convergence regulations, enterprises that implement the standards for the first time should adjust the amount of retained earnings at the beginning of the period and other related items in the financial statements based on the cumulative impact of the first implementation of the standards, and no adjustments should be made to comparable period information.

Balance sheet of parent company

In RMB

Item	2019-12-31	2020-01-01	Adjustments
Current assets:			
Monetary fund	16,272,394.90	16,272,394.90	
Trading financial assets	1,166,209.72	1,166,209.72	
Derivative financial assets			
Note receivable			
Account receivable	7,967.34	7,967.34	
Account receivable financing			
Accounts paid in advance			
Other account receivable	994,149,247.39	994,149,247.39	
Including: Interest receivable			

Dividend receivable	260,000,000.00	260,000,000.00	
Inventory	2,954,343.26	2,954,343.26	
Contract asset			
Assets held for sale			
Non-current asset due within one year			
Other current assets	675,966.29	675,966.29	
Total current assets	1,015,226,128.90	1,015,226,128.90	
Non-current assets:			
Creditors' investment			
Other creditors' investment			
Long-term account receivable			
Long-term equity investment	3,715,425,854.77	3,715,425,854.77	
Other equity instrument investment			
Other non-current financial assets			
Investment real estate	17,458,094.37	17,458,094.37	
Fix assets	31,382,741.25	31,382,741.25	
Construction in progress			
Productive biological asset	397,386.56	397,386.56	
Oil and gas asset			
Right-of-use asset			
Intangible assets	6,787,359.94	6,787,359.94	
Expense on Research and Development			
Goodwill			
Long-term expenses to be apportioned	380,772.60	380,772.60	
Deferred income tax assets			

Other non-current assets			
Total non-current assets	3,771,832,209.49	3,771,832,209.49	
Total assets	4,787,058,338.39	4,787,058,338.39	
Current liabilities:			
Short-term loans			
Tradable financial liability			
Derivative financial liability			
Note payable			
Account payable	115,458.38	115,458.38	
Accounts received in advance	3,137.80	0.00	-3,137.80
Contract liabilities		3,137.80	3,137.80
Wage payable	17,230,138.89	17,230,138.89	
Taxes payable	2,607,719.37	2,607,719.37	
Other account payable	257,459,190.14	257,459,190.14	
Including: Interest payable			
Dividend payable	2,933,690.04	2,933,690.04	
Liability held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities	277,415,644.58	277,415,644.58	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: preferred stock			
Perpetual capital securities			
Lease liability			

Long-term account payable			
Long-term wage payable			
Accrual liabilities	3,500,000.00	3,500,000.00	
Deferred income	45,020.68	45,020.68	
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities	3,545,020.68	3,545,020.68	
Total liabilities	280,960,665.26	280,960,665.26	
Owners' equity:			
Share capital	1,152,535,254.00	1,152,535,254.00	
Other equity instrument			
Including: preferred stock			
Perpetual capital securities			
Capital public reserve	3,018,106,568.27	3,018,106,568.27	
Less: Inventory shares			
Other comprehensive income			
Reasonable reserve			
Surplus public reserve	77,783,172.92	77,783,172.92	
Retained profit	257,672,677.94	257,672,677.94	
Total owner's equity	4,506,097,673.13	4,506,097,673.13	
Total liabilities and owner's equity	4,787,058,338.39	4,787,058,338.39	

Explanation on adjustment

(4) Retrospective adjustment of early comparison data description when implemented the new revenue standards and new leasing standards since 2020

Applicable Not applicable

45. Other

VI. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	The output tax is calculated on the basis of the sales of goods and the taxable service income calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference part is the value-added tax payable.	13.00%, 9.00%, 6.00%, 5.00%, 3.00%
Urban maintenance and construction tax	Calculated according to the actual value-added tax and consumption tax	5.00%, 7.00%
Enterprise income tax	Enterprise income tax	Calculated according to taxable income
Educational surtax	Calculated according to the actual value-added tax and consumption tax	3.00%
Local education surcharge	Calculated according to the actual value-added tax and consumption tax	2.00%
Property tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 20% of the original value of the property; 12 percent of the rental income if levy by rents.	1.20%, 12.00%
Deed tax	When the property right of the real property is transferred, the contract price shall be paid to the owner of the property right in one lump sum	3.00%-5.00%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Cereals Holdings Co., Ltd.	25.00%
Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG")	25.00%, Some businesses are tax-free
Shenzhen Hualian Grain & Oil Trade Co., Ltd. (hereinafter referred to as "Hualian Cereals and Oil")	25.00%
Shenzhen Flour Co., Ltd. (hereinafter referred to as "Shenzhen Flour")	Tax-free
Shenliang Quality Inspection Co., Ltd. (hereinafter referred to	5.00%

as "Shenliang Quality Inspection ")	
Hainan Shenliang Oil & Food Co., Ltd. (hereinafter referred to as "Hainan Oil & Food")	5.00%
Shenliang Doximi Business Co., Ltd. (hereinafter referred to as "Doximi")	25.00%
Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd.(hereinafter referred to as "Big Kitchen ")	25.00%
Shenzhen Shenliang Storage (Yingkou) Co., Ltd. (hereinafter referred to as "Yingkou Storage")	25.00%
Shenzhen Shenliang Cold Chain Logistics Co., Ltd. (hereinafter referred to as "Cold Chain Logistics")	15.00%
Shenzhen Shenliang Real Estate Development Co., Ltd (hereinafter referred to as "Shenliang Real Estate ")	25.00%
Shenzhen Shenliang Property Management Co., Ltd. (hereinafter referred to as "Shenliang Property")	5.00%
Dongguan Shenliang Logistics Co., Ltd. (hereinafter referred to as "Dongguan Logistics")	25.00%
Dongguan International Food Industrial Park Development Co., Ltd. (hereinafter referred to as "International Food")	25.00%
Dongguan Shenliang Oil & Food Trade Co., Ltd. (hereinafter referred to as "Dongguan Oil & Food")	25.00%
Shuangyashan Shenliang Zhongxin Cereals Base Co., Ltd. (hereinafter referred to as "Shuangyashan")	25.00%
Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., Ltd. (hereinafter referred to as "Hongxinglong")	25.00%
Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd (hereinafter referred to as "Shenbao Huacheng")	25.00%
Wuyuan Ju Fang Yong Tea Industry Co., Ltd.(hereinafter referred to as "Wuyuan Ju Fang Yong")	15.00%
Shenzhen Shenshenbao Investment Co., Ltd. (hereinafter referred to as "Shenbao Investment")	25.00%
Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. (hereinafter referred to as "Shenbao Tea Culture")	25.00%
Hangzhou Ju Fang Yong Holding Co., Ltd (hereinafter referred to as "Ju Fang Yong Holding ")	25.00%
Hangzhou Ju Fang Yong Trading Co., Ltd. (hereinafter referred to as "Ju Fang Yong Trading ")	25.00%
Hangzhou Fuhaitang Catering Management Chain Co., Ltd.	25.00%

(hereinafter referred to as "Fuhaitang Catering")	
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (hereinafter referred to as "Fuhaitang Ecological")	25.00%
Mount Wuyi Shenbao Rock Tea Co., Ltd. (hereinafter referred to as "Shenbao Rock Tea")	25.00%
Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd. (hereinafter referred to as "Pu'er Tea Supply Chain")	25.00%
Shenzhen Shenbao Sanjing Food Beverage Development Co., Ltd. (hereinafter referred to as "Shenbao Sanjing")	25.00%
Yunnan Pu'er Tea Trading Center Co., Ltd. (hereinafter referred to as "Pu'er Tea Trading Center")	25.00%
Huizhou Shenbao Food Co., Ltd. (hereinafter referred to as "Shenbao Food")	25.00%
Huizhou Shenbao Technology Co., Ltd. (hereinafter referred to as "Huizhou Shenbao")	25.00%
Shenzhen Shenbao Property Management Co., Ltd. (hereinafter referred to as "Shenbao Property")	10.00%
Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as "Shenbao Technology")	25.00%
Shenzhen Shenbao Industrial & Trading Co., Ltd. (hereinafter referred to as "Shenbao Industry and Trade")	25.00%

2. Tax preferential

1. VAT discounts and approval

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Issues Concerning the VAT Collection and Exemption of Grain Enterprises (CSZ [1999] No. 198)" and "Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau SGSF (SCF [1999] No.428)", confirming that SZCG, the Company's subsidiary, and its subsidiaries, are state-owned grain purchase and sale enterprises that undertake grain collection and storage tasks for Shenzhen, the grain sold is subject to tax-free declaration by rule and enjoys the exemption from VAT. In addition, according to the stipulation of the "Announcement of State Administration of Taxation on Relevant Management Matters After Clarifying the Cancellation of the Approval of Some VAT Preferential Policies" (SAT Announcement 2015 No. 38), the approval for exemption from VAT and the involved tax review and approval procedures for the state-owned grain enterprises that undertake grain collection and storage tasks, other grain enterprises that operate tax-free projects and enterprises that have edible vegetable oil sales business for government reserves are cancelled and changed to record management. The taxpayer does not change the content of the record materials during the period of tax exemption can be put on a one-time record. In December 2013, SZCG obtained the notice of the VAT preferential record (SGSFJBM [2013] No.2956) from Shenzhen Futian State Administration of Taxation. In the case of no change in policy, this limited

filing period started on January 1st, 2014. The VAT input tax amount of the preferential item was separately accounted for, and the input VAT calculation method cannot be changed within 36 months after the selection. As of December 31, 2018, the tax exemption policy has been in effect since its filing in 2014, and the company's VAT input tax has not changed since it was accounted for separately in 2014, so the company continues to enjoy the tax preference.

2. Stamp duty, house property tax, and urban land use tax preferences

According to the stipulations of "Notice of the Ministry of Finance and the State Administration of Taxation on the Relevant Tax Policies Concerning Some National Reserved Commodities (CS [2019] No. 77)", and documents of Guangdong Province Department of Finance, Guangdong Provincial Taxation Bureau of the State Administration of Taxation and Guangdong Provincial Food and Material Reserve Bureau (Yue Cai Shui [2020]No.2, confirming that the fund account book of SZCG, the Company's subsidiary, and its direct depots is exempt from stamp duty, confirming that the written purchase and sale contracts of SZCG in the process of undertaking the commodity reserve business are exempt from stamp duty, and confirming that SZCG's house property and land used for the commodity reserve business are exempt from house property tax and urban land use tax. The execution time limit for this tax preference policy is up to December 31, 2021.

3. Enterprise income tax

(1) The Company's subsidiary, Wuyuan Jufangyong, obtained the "High-tech Enterprise Certificate" (Certificate number is GR201836000703) jointly issued by the Science and Technology Department of Jiangxi Province, the Finance Department of Jiangxi Province, and Jiangxi Provincial Tax Service, State Taxation Administration on August 13, 2018, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, the qualified high-tech enterprises shall pay the corporate income tax at a reduced income tax rate of 15% within three years from the year of the determination, and Wuyuan Jufangyong enjoys the tax preferential policy from 2018 to 2020.

(2) According to the "Notice on the Issues Concerning the Treatment of Corporate Income Taxes for Fiscal Funds of Special Purposes of the Ministry of Finance and the State Administration of Taxation (CS [2009] No. 87), the government service income obtained by SZCG, the Company's subsidiary, and its subsidiaries from the government's grain reserve business is a special-purpose fiscal fund, which can be used as non-taxable income if eligible and is deducted from the total income when calculating the taxable income. The expenses arising from the above-mentioned non-taxable income for expenditure shall not be deducted when calculating the taxable income; the calculated depreciation and amortization of the assets formed by non-taxable income for expenditure shall not be deducted when calculating the taxable income.

(3) Shenzhen Flour, a subsidiary of the Company, is a flour primary processing enterprise, according to the stipulations of the "Notice on Issuing the Scope (Trial) of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy (CS [2008] No. 149)" and the "Supplementary Notice on the

Scope of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy of the Ministry of Finance and the State Administration of Taxation” (CS [2011] No. 26), the wheat primary processing is exempt from income tax.

(4)

(5) According to the Article one of the “Notice of the Ministry of Finance and the State Administration of Taxation on the Corporate Income Tax Preferential Policies and Preferential Catalogue for Guangdong Hengqin New District, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (CS [2014] No.26), levy the corporate income tax at a reduced income tax rate of 15% for the encouraged industrial enterprises located in Hengqin New District, Pingtan Comprehensive Experimental Zone and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. The Company’s subsidiaries, Shenliang Cold-Chain Logistic and Shenliang Big Kitchen, are registered in Shenzhen Qianhai Cooperation Zone and meet the preferential tax conditions, according to the relevant policies in the Cooperation Zone, their income tax enjoys a tax preference of 15%, and this preferential tax policy shall be up to December 31, 2020.

(6)

(5) According to Article II of the "Notice of the State Taxation Administration and Ministry of Finance on the Implementation of Inclusive Tax Relief Policies for Small and Micro Enterprises" (CS[2029] No. 13), the portion of the annual taxable income of small, low-profit enterprises that does not exceed 1 million yuan will be included in the taxable income by 25%, and the corporate income tax will be paid at a tax rate of 20%. The portion of the annual taxable income of small, low-profit enterprises exceeding 1 million yuan but not exceeding 3 million yuan will be included in the taxable income by 50%, and the corporate income tax will be paid at a tax rate of 20%. The Company’s subsidiaries, Quality Inspection, Hainan Grain and Oil and SZCH Property, are small and low-profit enterprises that meet the conditions for preferential taxation, and their income tax enjoys a 5% tax preference; the Company’s subsidiary Shenbao Property is a small and low-profit enterprise that meets the conditions for preferential taxation, and its income tax enjoys a 10% tax preference.

3. Other

VII. Annotation to main items of consolidated financial statements

1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	62,642.11	191,650.33
Cash in bank	189,169,821.01	154,658,586.69
Other monetary fund	1,261,762.82	104,520.83
Total	190,494,225.94	154,954,757.85

Other explanation: The Company did not has account pledge, freeze or has potential risks in collection ended as 31 December 2020.

2. Tradable financial assets

In RMB

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	160,621,806.51	1,166,209.72
Including:		
Equity investment instrument	621,806.51	1,166,209.72
Structured financial products	160,000,000.00	
Including:		
Total	160,621,806.51	1,166,209.72

Other explanation:

3. Derivative financial assets

In RMB

Item	Ending balance	Opening balance

Other explanation:

4. Note receivable

(1) Category

In RMB

Item	Ending balance	Opening balance
Bank acceptance bill	2,213,426.00	1,909,720.38
Total	2,213,426.00	1,909,720.38

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including major amount bad debt provision that collected or reversal in the period:

Applicable Not applicable

(3) Note receivable that pledged at period-end

In RMB

Item	Amount pledged at period-end
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(4) Notes endorsement or discount and undue on balance sheet date

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
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(5) Notes transfer to account receivable due for failure implementation by drawer at period-end

In RMB

Item	Amount transfer to account receivable at period-end
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Other explanation

(6) Note receivable actually written-off in the period

In RMB

Item	Amount written-off
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Including important note receivable that written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on note receivable written-off:

5. Account receivable

(1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	99,461,835.19	33.33%	96,675,238.63	97.20%	2,786,596.56	103,361,342.42	23.40%	99,663,780.43	96.42%	3,697,561.99
Including:										
Account receivable with single significant amount and withdrawal bad debt provision on single basis	10,455,627.54	3.50%	10,455,627.54	100.00%		10,455,627.54	2.36%	10,455,627.54	100.00%	
Account receivable with single minor amount but with bad debts provision accrued on a single basis	89,006,207.65	29.83%	86,219,611.09	96.87%	2,786,596.56	92,905,714.88	21.04%	89,208,152.89	96.02%	3,697,561.99
Account receivable with bad debt provision accrual on portfolio	198,936,140.29	66.67%	3,411,634.68	1.71%	195,524,505.61	338,299,930.10	76.60%	3,309,725.41	0.98%	334,990,204.69
Including:										
Combination of sales receivables	123,378,031.83	41.35%	3,411,634.68	2.77%	119,966,397.15	154,655,575.22	35.02%	3,309,725.41	2.14%	151,345,849.81

Specific object combinations	75,558,108.46	25.32%			75,558,108.46	183,644,354.88	41.58%			183,644,354.88
Total	298,397,975.48	100.00%	100,086,873.31		198,311,102.17	441,661,272.52	100.00%	102,973,505.84		338,687,766.68

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangzhou Jinhe Feed Co., Ltd	10,455,627.54	10,455,627.54	100.00%	Slightly possibly taken back
Shenzhen Faqun Industry Co., Ltd.	4,582,156.00	4,582,156.00	100.00%	Slightly possibly taken back
Li Shaoyu owes for goods	2,929,128.53	2,929,128.53	100.00%	Slightly possibly taken back
Hengyang Feed factory	2,591,566.65	2,591,566.65	100.00%	Slightly possibly taken back
Zhuhai Doumen Huabi Feed Co., Ltd.	2,396,327.14	2,396,327.14	100.00%	Slightly possibly taken back
Chongqing Zhongxing Food Industry Co., Ltd.	2,354,783.30	2,354,783.30	100.00%	Slightly possibly taken back
Shenzhen Buji Agricultural Products Wholesale Center Market Xingmin Commercial Bank	1,534,512.45	1,534,512.45	100.00%	Slightly possibly taken back
Cao Shengyun	1,429,745.00	1,429,745.00	100.00%	Slightly possibly taken back
Huaxing Feed Factory, Shunde District, Foshan City	1,290,274.22	1,290,274.22	100.00%	Slightly possibly taken back
Shanghai office	1,059,295.90	1,059,295.90	100.00%	Slightly possibly taken back
Shenzhen Dihuan Investment Development Company	1,045,356.50	1,045,356.50	100.00%	Slightly possibly taken back
Other single provision	67,793,061.96	65,006,465.40	95.89%	Slightly possibly taken back

Total	99,461,835.19	96,675,238.63	--	--
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Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Combination of sales receivables	123,378,031.83	3,411,634.68	2.77%
Specific object combinations	75,558,108.46		
Total	198,936,140.29	3,411,634.68	--

Explanation on portfolio determines:

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including 1-year)	192,201,544.91
1-2 years	7,216,363.01
2-3 years	1,051,322.17
Over 3 years	97,928,745.39
3-4 years	827,464.25
4-5 years	5,079,135.94
Over 5 years	92,022,145.20
Total	298,397,975.48

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision accrual on single basis	99,663,780.43	121,543.48	1,236,198.70	1,873,886.58		96,675,238.63
Sales receivable	3,309,725.41	104,811.01		2,901.74		3,411,634.68
Total	102,973,505.84	226,354.49	1,236,198.70	1,876,788.32		100,086,873.31

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way

(3) Account receivable actually written-off in the period

In RMB

Item	Amount written-off
Account receivable actually written off	1,876,788.32

Including major account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)

Explanation on account receivable written-off:

(4) Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	74,089,456.31	24.83%	
Second	10,455,627.54	3.5%	10,455,627.54
Third	7,901,520.00	2.65%	79,015.20
Fourth	7,129,402.50	2.39%	71,294.03
Fifth	6,282,778.75	2.11%	62,827.79
Total	105,858,785.10	35.48%	

(5) Account receivable derecognition due to financial assets transfer

(6) Assets and liabilities resulted by account receivable transfer and continues involvement

Other explanation:

6. Account receivable financing

In RMB

Item	Ending balance	Opening balance
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Changes of account receivable financing and change of fair value in the period

Applicable Not applicable

If the impairment provision of account receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about impairment provision:

Applicable Not applicable

Other explanation:

7. Accounts paid in advance

(1) By account age

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	26,384,747.13	97.23%	8,782,989.64	95.44%
1-2 years	616,328.73	2.27%	200,837.84	2.18%
2-3 years	61,695.87	0.23%	59,439.42	0.65%
Over 3 years	73,492.11	0.27%	159,663.81	1.73%
Total	27,136,263.84	--	9,202,930.71	--

Explanation on reasons of failure to settle on important account paid in advance with age over one year:

(2) Top 5 account paid in advance at ending balance by prepayment object

Prepaid objects	Ending balance	Proportion in of total prepayment balance at the end of period (%)
First	12,559,000.00	46.28
Second	5,355,000.00	19.73
Three	2,064,220.18	7.61
Fourth	1,516,945.00	5.59

Fifth	1,297,244.00	4.78
Total	22,792,409.18	83.99

Other explanation:

8. Other account receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	22,631,043.66	25,758,695.07
Total	22,631,043.66	25,758,695.07

(1) Interest receivable

1) Category

In RMB

Item	Ending balance	Opening balance
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2) Significant overdue interest

In RMB

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
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Other explanation:

3) Accrual of bad debt provision

Applicable Not applicable

(2) Dividend receivable

1) Category

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
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2) Important dividend receivable with account age over one year

In RMB

Item (or invested enterprise)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
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3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Margin and deposit	14,965,660.96	13,760,145.15
Other intercourse funds	105,459,789.74	109,796,076.74
Total	120,425,450.70	123,556,221.89

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	2,996,278.20		94,801,248.62	97,797,526.82
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	-615,506.82		612,663.00	-2,843.82
Current resale	275.96			275.96
Balance on Dec. 31, 2020	2,380,495.42		95,413,911.62	97,794,407.04

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including 1-year)	18,333,071.10
1-2 years	3,903,599.94

2-3 years	2,172,839.70
Over 3 years	96,015,939.96
3-4 years	807,023.25
4-5 years	1,690,770.13
Over 5 years	93,518,146.58
Total	120,425,450.70

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Bad debt provision accrual on single basis	94,801,248.62	612,663.00				95,413,911.62
Provision for bad debts of other receivables	2,996,278.20	-615,506.82		275.96		2,380,495.42
Total	97,797,526.82	-2,843.82		275.96		97,794,407.04

Including major amount with bad debt provision reverse or collected in the period:

In RMB

Enterprise	Amount reversal or collected	Collection way

4) Other account receivable actually written-off in the period

In RMB

Item	Amount written-off
Other account receivable actually written-off	275.96

Including important other account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)

Explanation on other account receivable written-off:

5) Top 5 other receivables at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Intercourse funds	24,494,677.07	Over 5 years	20.34	22,007,578.79
Second	Intercourse funds	8,326,202.63	Over 5 years	6.91	8,326,202.63
Three	Intercourse funds	8,285,803.57	Over 5 years	6.88	8,285,803.57
Fourth	Intercourse funds	6,397,067.59	Over 5 years	5.31	6,397,067.59
Fifth	Intercourse funds	5,602,468.81	Over 5 years	4.65	5,602,468.81
Total		53,106,219.67		44.09	50,619,121.39

6) Other account receivables related to government grants

In RMB

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted

7) Other receivable for termination of confirmation due to the transfer of financial assets

8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Other explanation:

9. Inventories

Whether companies need to comply with the disclosure requirements of the real estate industry

Yes No

(1) Category

In RMB

Item	Ending balance			Opening balance		
	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	68,152,781.12	16,559,251.32	51,593,529.80	56,703,874.41	19,314,135.53	37,389,738.88
Goods in process	27,672,374.13		27,672,374.13	20,109,513.82	282,586.46	19,826,927.36

Finished goods	3,431,982,588.15	110,146,694.45	3,321,835,893.70	3,095,488,288.29	101,687,483.68	2,993,800,804.61
Revolving material	5,614,055.57	887,023.20	4,727,032.37	5,405,624.95	952,393.40	4,453,231.55
Goods in transit	7,582,654.13		7,582,654.13	5,475,435.17		5,475,435.17
Low-value consumables-packaging	4,819,513.67		4,819,513.67	3,623,784.14		3,623,784.14
Work in process-outsourced	5,388,478.79	5,290,502.32	97,976.47	5,421,792.75	5,290,502.32	131,290.43
Total	3,551,212,445.56	132,883,471.29	3,418,328,974.27	3,192,228,313.53	127,527,101.39	3,064,701,212.14

(2) Inventories fall provision or contract performance costs impairment provision

In RMB

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	19,314,135.53	-2,338,211.92		416,672.29		16,559,251.32
Goods in process	282,586.46			282,586.46		
Finished goods	101,687,483.68	212,588,760.04		204,129,549.27		110,146,694.45
Revolving material	952,393.40	-60,185.31		5,184.89		887,023.20
Work in process-outsourced	5,290,502.32					5,290,502.32
Total	127,527,101.39	210,190,362.81		204,833,992.91		132,883,471.29

(3) Explanation on inventories with capitalization of borrowing costs included at ending balance

(4) Assets unsettled formed by construction contract which has completed at period-end

10. Contract assets

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Amount and reasons for the major changes of book value of contract assets in the period:

In RMB

Item	Amount changed	Cause of change
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If the bad debt provision of accrual contract is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad debt provision:

Applicable Not applicable

Impairment provision of contract assets in the period

In RMB

Item	Current accrual	Current reversal	Charge off/Written-off	Causes
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Other explanation:

11. Assets held for sale

In RMB

Item	Ending book balance	Impairment provision	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time
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Other explanation:

12. Non-current asset due within one year

In RMB

Item	Ending balance	Opening balance
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Important creditors' investment/ other creditors' investment

In RMB

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Other explanation:

13. Other current assets

In RMB

Item	Ending balance	Opening balance
Financial products held to maturity within one year	10,000,000.00	385,000,000.00
Other		553.37
Input tax to be deducted	109,023,326.25	83,157,841.68
Prepaid enterprise income tax	727,277.06	15,985.35
Total	119,750,603.31	468,174,380.40

Other explanation:

14. Creditors' investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
			0.00			0.00

Important creditors' investment

In RMB

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

15. Other creditors' investment

In RMB

Item	Opening balance	Accrual interest	Change of fair value in the period	Ending balance	Cost	Accumulated change of fair value	Loss impairment accumulated recognized in other comprehensive income	Note
	0.00			0.00				

Important other creditors' investment

In RMB

Other creditor item	Ending balance	Opening balance

	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date
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Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

16. Long-term account receivable

(1) Long-term account receivable

In RMB

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Impairment of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

(2) Long-term account receivable derecognition due to financial assets transfer

(3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Other explanation

17. Long-term equity investment

In RMB

The invested entity	Opening balance (book value)	Current changes (+,-)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
II. Associated enterprise											
Zhuhai Hengxi ng Feed Industri al Co., Ltd.	31,636,707.22			1,365,332.40						33,002,039.62	
Shenzhen Duoxi Equity Investm ent Fund Manage ment Co., Ltd.	3,703,604.80			-344,002.87						3,359,601.93	
Shenlian g Intellig ent Wulian Equity Investm ent Fund (Shenzhen) Partner	25,933,923.35			321,744.63						26,255,667.98	

ship Enterpr ise (Limite d)											
Shenzh en Shenyu an Data Tech. Co., Ltd	9,875,6 47.05			722,19 1.26						10,597, 838.31	
Shenzh en Shenba o (Liaoyu an) Industri al Co., Ltd.*1											57,628. 53
Shenzh en Shenba o (Xinmi n) Foods Co., Ltd.*1											2,870,0 00.00
Guangz hou Shenba o Menda o Tea Co., Ltd.	2,211,4 29.68		2,211,4 29.68								
Subtota l	73,361, 312.10		2,211,4 29.68	2,065,2 65.42						73,215, 147.84	2,927,6 28.53
Total	73,361, 312.10		2,211,4 29.68	2,065,2 65.42						73,215, 147.84	2,927,6 28.53

Other explanation: Shenzhen Shenbao (Liaoyuan) Industrial Co., Ltd and Shenzhen Shenbao (Xinmin) Foods Co., Ltd has

established for a long time, and business license has been revoked and a full provision for impairment has been made as it has not been liquidated. Changzhou Shenbao Chacang Electronic Commerce Co., Ltd. and Shenzhen Shichumingmen Catering Management Co., Ltd has a continued loss for many years, the carrying amount of long-term equity investment has been written down to zero.

18. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance
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Itemized the non-tradable equity instrument investment in the period

In RMB

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income
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Other explanation:

19. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
Financial assets measured at fair value and whose changes are included in the current profit and loss	57,500.00	57,500.00
Total	57,500.00	57,500.00

Other explanation:

20. Investment real estate

(1) Measured at cost

Applicable Not applicable

In RMB

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	590,440,328.15			590,440,328.15

2.Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	590,440,328.15			590,440,328.15
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	320,735,390.98			320,735,390.98
2.Current amount increased	16,667,037.60			16,667,037.60
(1) Accrual or amortization	16,667,037.60			16,667,037.60
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	337,402,428.58			337,402,428.58
III. Impairment provision				
1.Opening balance				
2.Current amount increased				
(1) Accrual				

3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending book value	253,037,899.57			253,037,899.57
2. Opening book value	269,704,937.17			269,704,937.17

(2) Measure on fair value

Applicable Not applicable

(3) Investment real estate without property certificate completed

In RMB

Item	Book value	Reasons
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Other explanation

21. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	1,122,692,490.55	945,042,032.69
Total	1,122,692,490.55	945,042,032.69

(1) Fixed assets

In RMB

Item	House and buildings	Machinery equipment	Transport equipment	Electronic and other equipment	Total
I. Original book value:					
1. Opening balance	896,518,401.77	452,026,081.27	18,721,521.51	60,760,300.85	1,428,026,305.40
2. Current amount increased	142,484,512.87	86,101,103.86	2,407,717.00	12,654,252.19	243,647,585.92
(1) Purchase		11,413,417.68	2,407,717.00	9,436,033.63	23,257,168.31

(2) Construction in progress transfer-in	142,484,512.87	74,687,686.18		3,218,218.56	220,390,417.61
(3) Increased by combination					
3.Current amount decreased		5,811,060.77	3,466,854.77	5,126,867.22	14,404,782.76
(1) Disposal or scrap		5,811,060.77	3,466,854.77	5,126,867.22	14,404,782.76
Other decrease					
4.Ending balance	1,039,002,914.64	532,316,124.36	17,662,383.74	68,287,685.82	1,657,269,108.56
II. Accumulated depreciation					
1.Opening balance	191,240,117.01	232,572,819.43	13,702,651.03	40,480,125.26	477,995,712.73
2.Current amount increased	26,821,191.07	25,194,225.24	2,017,897.21	8,268,562.94	62,301,876.46
(1) Accrual	26,821,191.07	25,194,225.24	2,017,897.21	8,268,562.94	62,301,876.46
Other increase					
3.Current amount decreased	463,296.04	2,588,019.21	3,202,850.60	4,425,144.35	10,679,310.20
(1) Disposal or scrap	463,296.04	2,588,019.21	3,202,850.60	4,425,144.35	10,679,310.20
Other decrease					
4.Ending balance	217,598,012.04	255,179,025.46	12,517,697.64	44,323,543.85	529,618,278.99
III. Impairment provision					
1.Opening balance	689,332.71	4,285,356.15		13,871.12	4,988,559.98
2.Current amount increased					
(1) Accrual					
Other increase					
3.Current amount decreased		26,239.71		3,981.25	30,220.96
(1) Disposal or scrap		26,239.71		3,981.25	30,220.96
Other decrease					
4.Ending balance	689,332.71	4,259,116.44		9,889.87	4,958,339.02
IV. Book value					

1. Ending book value	820,715,569.89	272,877,982.46	5,144,686.10	23,954,252.10	1,122,692,490.55
2. Opening book value	704,588,952.05	215,167,905.69	5,018,870.48	20,266,304.47	945,042,032.69

(2) Temporarily idle fixed assets

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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(3) Fixed assets by financing leased

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
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(4) Fixed assets leased out by operation

In RMB

Item	Ending book value
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(5) Fix assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
House buildings	89,570,964.26	Still under processing
House buildings	15,346,460.84	At present, the relevant application and approval procedures are being restarted.
House buildings	10,904,898.71	Simple and temporary buildings etc, cannot handle the property right certificate
House buildings	1,512,425.18	Simple and temporary buildings etc, cannot handle the property right certificate
House buildings	103,589,180.24	Berth of wharf has right of use, no need to handle the certificate

Other explanation

(6) Fixed assets disposal

In RMB

Item	Ending balance	Opening balance
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Other explanation

22. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	1,045,643,295.57	771,971,469.43
Total	1,045,643,295.57	771,971,469.43

(1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shenbao Plaza project	3,842,333.64	3,842,333.64		3,842,333.64	3,842,333.64	
Dongguan grain storage and wharf matching project	266,376,815.54		266,376,815.54	197,140,797.10		197,140,797.10
Deep processing of Dongguan Industry and Trading Food	513,729.78		513,729.78	120,065,528.37		120,065,528.37
CDE storage of Dongguan Food Industrial Park and wharf mating projects	720,076,609.48		720,076,609.48	399,913,306.49		399,913,306.49
Grain storage and processing	43,334,291.04		43,334,291.04	42,489,084.80		42,489,084.80
Workshop transformation of Flour Company				868,932.37		868,932.37
Low-temperature renovation reconstruction and expansion project in Pinghu				7,096,256.57		7,096,256.57
Water Leakage Project of Pinghu Reservoir	2,763,915.81		2,763,915.81			
Shuguang Warehouse	1,992,099.16		1,992,099.16			

No. 3 & No. 6 Refrigeration Reconstruction Project						
Renovation of supporting loading and unloading facilities in Pinghu Reservoir	1,169,025.00		1,169,025.00			
Cold chain intelligent system	3,645,282.94		3,645,282.94			
Other	6,674,716.56	903,189.74	5,771,526.82	5,300,753.47	903,189.74	4,397,563.73
Total	1,050,388,818.95	4,745,523.38	1,045,643,295.57	776,716,992.81	4,745,523.38	771,971,469.43

(2) Changes of major construction in progress

In RMB

Item Name	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in Period	Interest capitalization rate in Period	Capital resources
Dongguan grain storage and wharf matching project	1,242,000.00	197,140.79710	89,264,579.33	179,203.55	19,849,357.34	266,376,815.54	76.00	76.00	32,236,906.64	7,774,902.91	4.90	Own funds and borrowings
Deep processing of Dongguan Industry and Tradin	292,000.00	120,065,528.37	632,929.65	120,184,728.24		513,729.78	42.00	42.00	4,812,867.06			Own funds and borrowings

g Food												
CDE storag e of Dongg uan Food Industr ial Park and wharf mating project s	1,087, 300.00 0.00	399,91 3,306. 49	320,16 3,302. 99			720,07 6,609. 48	93.00	93.00	72,847 ,368.9 8	25,118 ,696.4 4	4.90	Own funds and borrow ings
Total	2,621, 300.00 0.00	717,11 9,631. 96	410,06 0,811. 97	120,36 3,931. 79	19,849 ,357.3 4	986,96 7,154. 80			109,89 7,142. 68	32,893 ,599.3 5		

(3) The provision for impairment of construction in progress

In RMB

Item	Amount accrual in the period	Reasons of accrual
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Other explanation

(4) Engineering material

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Other explanation:

23. Productive biological asset

(1) Measured by cost

Applicable Not applicable

In RMB

Item	Plant	Livestock	Forestry	Fisheries	Total
			Tea tree		

I. Original book value					
1. Opening balance			416,771.28		416,771.28
2. Current amount increased					
(1) Outsourcing					
(2) self-cultivate					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance			416,771.28		416,771.28
II. Accumulated depreciation					
1. Opening balance			19,384.72		19,384.72
2. Current amount increased			9,692.36		9,692.36
(1) Accrual			9,692.36		9,692.36
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance			29,077.08		29,077.08
III. Impairment provision					
1. Opening balance					
2. Current amount increased					
(1) Accrual					
3. Current amount decreased					

(1)Disposal					
(2)Other					
4.Ending balance					
IV. Book value					
1.Ending book value			387,694.20		387,694.20
2. Opening book value			397,386.56		397,386.56

(2) Measured by fair value

Applicable Not applicable

24. Oil and gas asset

Applicable Not applicable

25. Right-of-use asset

In RMB

Item	Total
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Other explanation:

26. Intangible assets

(1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	630,510,783.19	47,245,918.89	11,311,677.63	32,955,523.47	722,023,903.18
2. Current amount increased	2,926,847.00		29,466,211.93	1,051,853.78	33,444,912.71
(1) Purchase	2,926,847.00		9,616,854.59	811,853.78	13,355,555.37
(2) internal R&D			19,849,357.34	240,000.00	20,089,357.34

(3) Increased by combination					
Internal transfer					
3.Current amount decreased					
(1) Disposal					
Internal transfer					
4.Ending balance	633,437,630.19	47,245,918.89	40,777,889.56	34,007,377.25	755,468,815.89
II. Accumulated depreciation					
1.Opening balance	84,816,102.13	25,893,578.33	5,018,387.91	10,445,149.92	126,173,218.29
2.Current amount increased	15,608,256.29	1,780,103.90	4,019,382.54	1,898,006.41	23,305,749.14
(1) Accrual	15,608,256.29	1,780,103.90	4,019,382.54	1,898,006.41	23,305,749.14
Increase in business combination					
3.Current amount decreased					
(1) Disposal					
Internal transfer					
4.Ending balance	100,424,358.42	27,673,682.23	9,037,770.45	12,343,156.33	149,478,967.43
III. Impairment provision					
1.Opening balance		5,553,283.54	1,130,341.88		6,683,625.42
2.Current amount increased					
(1) Accrual					
Internal transfer					
3.Current amount decreased					
(1) Disposal					
Internal transfer					

4. Ending balance		5,553,283.54	1,130,341.88		6,683,625.42
IV. Book value					
1. Ending book value	533,013,271.77	14,018,953.12	30,609,777.23	21,664,220.92	599,306,223.04
2. Opening book value	545,694,681.06	15,799,057.02	5,162,947.84	22,510,373.55	589,167,059.47

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end

(2) Land use rights without certificate of ownership

In RMB

Item	Book value	Reasons for without the property certification
Land use right	34,583,708.10	Still under processing
Total	34,583,708.10	

Other explanation:

27. Expense on Research and Development

In RMB

Item	Opening balance	Current amount increased			Current amount decreased			Ending balance
		Internal development expenditure	Other		Confirmed as intangible assets	Transfer to current profit and loss		
Total								

Other explanation

28. Goodwill

(1) Goodwill Original book value

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination		Dispose		

Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

(2) Goodwill impairment provision

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Accrual		Dispose		
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

Relevant information about the assets group or portfolio goodwill included

In May 2016, the 15% equity of Pu'er Tea Trading Center held by Yunnan Heng Feng Xiang Investment Co., Ltd was acquired by Ju Fang Yong Holding, the sub-subsidiary of the Company, after completion of the acquisition, the Company has control over the Pu'er Tea Trading Center. The balance between the combined cost and the fair value of net assets on the combining date formed goodwill of RMB 673,940.32. As of December 31, 2020, the impairment provision has been fully accrued.

Instructions for goodwill impairments test process and key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, and forecast period when estimating the present value of the future cash flow), and the method of confirming the impairment loss of goodwill:

Impact of goodwill impairment test

Other explanation

29. Long-term expenses to be apportioned

In RMB

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Improve expenditure for fix assets	9,211,089.66	5,624,467.11	1,947,965.54		12,887,591.23
Decoration fee	4,528,548.18	6,783,030.56	2,344,910.48		8,966,668.26
Improve expenditure for investment real estate		4,560,358.70	274,586.76		4,285,771.94

Affiliated project of resident area in Wuyuan Ju Fang Yong	124,210.64		27,470.77		96,739.87
Other	5,991,380.21	838,469.54	1,334,296.04		5,495,553.71
Total	19,855,228.69	17,806,325.91	5,929,229.59		31,732,325.01

Other explanation

30. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Impairment provision for assets	67,113,321.86	16,501,454.23	58,355,685.95	14,290,490.90
Unrealized profits in internal transactions	3,078,755.60	769,722.53	973,157.01	243,289.25
Deferred income	53,846.20	13,461.55	183,076.96	45,769.24
Credit impairment loss	96,768,909.47	24,063,313.81	98,478,516.09	24,503,161.57
Total	167,014,833.13	41,347,952.12	157,990,436.01	39,082,710.96

(2) Deferred income tax liability without offset

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of enterprise combine under different control	48,600,140.52	12,150,035.13	50,255,008.79	12,563,752.22
Total	48,600,140.52	12,150,035.13	50,255,008.79	12,563,752.22

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		41,347,952.12		39,082,710.96
Deferred income tax liabilities		12,150,035.13		12,563,752.22

(4) Details of uncertain deferred income tax assets

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	183,270,008.13	309,898,433.67
Deductible loss	351,368,763.83	330,162,451.72
Total	534,638,771.96	640,060,885.39

(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year

In RMB

Year	Ending amount	Opening amount	Note
2020		15,622,381.14	
2021	23,943,774.18	31,968,611.91	
2022	84,999,252.69	101,026,486.11	
2023	79,916,541.92	79,916,541.92	
2024	83,190,940.40	101,628,430.64	
2025	79,318,254.64		
Total	351,368,763.83	330,162,451.72	--

Other explanation:

31. Other non-current asset

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid for equipment	611,965.84		611,965.84	611,965.84		611,965.84
Prepaid for	1,864,208.49		1,864,208.49	1,260,000.00		1,260,000.00

system						
Total	2,476,174.33		2,476,174.33	1,871,965.84		1,871,965.84

Other explanation:

32. Short-term loans

(1) Category

In RMB

Item	Ending balance	Opening balance
Loan in credit	110,318,727.12	23,595,000.00
Total	110,318,727.12	23,595,000.00

Explanation on category of short-term loans:

(2) Overdue short-term loans without payment

RMB 0 short-term loans over due without paid at period-end, including follow major amount:

In RMB

Borrower	Ending balance	Loan rate	Overdue time	Overdue interest

Other explanation:

33. Tradable financial liability

In RMB

Item	Ending balance	Opening balance
Including:		
Including:		

Other explanation:

34. Derivative financial liability

In RMB

Item	Ending balance	Opening balance

Other explanation:

35. Note payable

In RMB

Category	Ending balance	Opening balance

Notes expired at year-end without paid was 0 Yuan.

36. Account payable

(1) Account payable

In RMB

Item	Ending balance	Opening balance
Trade accounts payable	221,632,903.56	201,806,654.53
Account payable for engineering	254,410,372.45	55,979,629.86
Other	4,853,241.63	8,337,186.59
Total	480,896,517.64	266,123,470.98

(2) Major accounts payable with age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
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Other explanation:

37. Accounts received in advance

(1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Other	3,376,262.66	2,276,375.02
Total	3,376,262.66	2,276,375.02

(2) Important account received in advance with account age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
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38. Contractual liabilities

In RMB

Item	Ending balance	Opening balance
Sales price	108,975,866.82	134,935,456.98
Total	108,975,866.82	134,935,456.98

Amount and reasons for important changes of book value in the period

In RMB

Item	Amount changed	Reasons of changes
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39. Wage payable

(1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	170,486,447.93	339,674,084.28	267,120,078.95	243,040,453.26
II. After-service welfare-defined contribution plans	23,551,781.02	12,192,999.87	19,005,849.09	16,738,931.80
III. Dismissed welfare	1,038,347.60	2,004,029.15	2,307,202.15	735,174.60
Total	195,076,576.55	353,871,113.30	288,433,130.19	260,514,559.66

(2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	160,062,092.35	308,018,487.14	233,724,509.75	234,356,069.74
2. Employees' welfare	675,866.67	10,829,615.32	11,348,529.64	156,952.35
3. Social insurance charges	86,045.19	4,952,895.68	4,840,300.63	198,640.24
Including: medical insurance premium	41,753.99	4,526,795.42	4,453,149.34	115,400.07
Industrial injury insurance premiums	605.17	64,299.16	63,636.92	1,267.41
Maternity insurance premiums	2,300.25	361,801.10	323,514.37	40,586.98
other	41,385.78			41,385.78
4. Housing public reserve	124,800.30	11,412,855.87	11,475,797.70	61,858.47
5. Trade union fee and education fee	9,537,643.42	4,460,230.27	5,730,941.23	8,266,932.46

Total	170,486,447.93	339,674,084.28	267,120,078.95	243,040,453.26
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(3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums	423,432.45	3,074,583.59	3,104,908.30	393,107.74
2. Unemployment insurance premiums	2,554.47	30,761.21	32,340.27	975.41
3. Enterprise annuity	23,125,794.10	9,087,655.07	15,868,600.52	16,344,848.65
Total	23,551,781.02	12,192,999.87	19,005,849.09	16,738,931.80

Other explanation:

40. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	2,792,128.64	2,206,356.73
Enterprise income tax	59,929,311.33	30,123,982.59
Personal income tax	975,572.27	1,251,969.61
Urban maintenance and construction tax	117,101.01	104,892.72
House property tax	1,041,691.54	1,348,616.75
Educational surtax	84,670.40	78,996.91
Use tax of land	191,383.02	275,026.35
Stamp tax	1,066,139.48	599,525.05
Other	42,509.76	1,058,246.76
Deed tax	664,227.84	
Total	66,904,735.29	37,047,613.47

Other explanation:

41. Other account payable

In RMB

Item	Ending balance	Opening balance
Interest payable		1,411,457.29
Dividend payable	2,933,690.04	2,933,690.04
Other account payable	394,392,029.46	232,032,023.80

Total	397,325,719.50	236,377,171.13
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(1) Interest payable

In RMB

Item	Ending balance	Opening balance
Long-term loans interest for installment		1,411,457.29
Total		1,411,457.29

Major overdue interest:

In RMB

Borrower	Overdue amount	Overdue causes

Other explanation:

(2) Dividend payable

In RMB

Item	Ending balance	Opening balance
Shenzhen Investment Management Company	2,690,970.14	2,690,970.14
Unmanaged shares	242,719.90	242,719.90
Total	2,933,690.04	2,933,690.04

Other explanation, including important dividend payable over one year without payment, disclose reasons for un-paid:

(3) Other account payable**1) By nature**

In RMB

Item	Ending balance	Opening balance
Engineering quality retention money and fund of tail	737,356.67	3,797,078.78
Deposit and margin	191,086,945.49	116,032,480.36
Intercourse funds and other	191,229,002.98	105,177,684.59
Drawing expenses in advance	11,338,724.32	7,024,780.07
Total	394,392,029.46	232,032,023.80

2) Significant other account payable with over one year age

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
Special funds for poverty alleviation	7,988,954.17	Not yet expired
Shenzhen Yulunda Investment Development Co., Ltd.	4,423,983.35	Not yet expired
Total	12,412,937.52	--

Other explanation

42. Liability held for sale

In RMB

Item	Ending balance	Opening balance
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Other explanation:

43. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term loans due within one year	104,225,183.07	67,420,012.16
Total	104,225,183.07	67,420,012.16

Other explanation:

44. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Subsidies for grain reserve services		219,151,968.63
VAT payable	2,329,512.69	
Other	4,920,907.99	
Total	7,250,420.68	219,151,968.63

Change of short-term bonds payable:

In RMB

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period	Ending balance
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Other explanation:

45. Long-term loans

(1) Category

In RMB

Item	Ending balance	Opening balance
Mortgage loan	841,864,531.75	673,642,296.22
Guarantee loan		162,270,260.19
Total	841,864,531.75	835,912,556.41

Explanation on category of long-term loans:

Other explanation, including interest rate range:

46. Bonds payable

(1) Bonds payable

In RMB

Item	Ending balance	Opening balance

(2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--	--	--								

(3) Convertible conditions and time for shares transfer for the convertible bonds

(4) Other financial instruments classify as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Basis for financial liability classification for other financial instrument

Other explanation

47. Lease liability

In RMB

Item	Ending balance	Opening balance
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Other explanation

48. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Special account payable	16,126,146.20	15,856,950.01
Total	16,126,146.20	15,856,950.01

(1) By nature

In RMB

Item	Ending balance	Opening balance
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Other explanation:

(2) Special account payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Depreciation fund for grain deposits	15,856,950.01	269,196.19		16,126,146.20	
Total	15,856,950.01	269,196.19		16,126,146.20	--

Other explanation:

Note : the finance allocated to the Company as a government investment in depreciation special funds of reserve grain depot and interest.

49. Long-term wage payable

(1) Long-term wage payable

In RMB

Item	Ending balance	Opening balance
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(2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

Item	Current Period	Last Period
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Scheme assets:

In RMB

Item	Current Period	Last Period
------	----------------	-------------

Net liability (assets) of the defined benefit plans

In RMB

Item	Current Period	Last Period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

50. Accrual liabilities

In RMB

Item	Ending balance	Opening balance	Causes
External guarantee	3,500,000.00	3,500,000.00	
Total	3,500,000.00	3,500,000.00	--

Other explanation, including relevant important assumptions and estimation:

Note : According to the civil judgment made by the Shenzhen Intermediate People's Court, in the disputes over loan contract between Changzhou Shenbao Chacang Electronic Commerce Co., Ltd. and Shenzhen Agricultural Products Financing Guarantee Co., Ltd., the Company shall assume joint and several liabilities for repayment of the debts of Changzhou Shenbao Chacang Electronic Commerce Co., Ltd. within the scope of 3.5 million yuan.

51. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies related to assets	101,750,431.65	5,106,615.38	6,147,008.71	100,710,038.32	
Government subsidies related to income	41,809.66		41,809.66		
Total	101,792,241.31	5,106,615.38	6,188,818.37	100,710,038.32	--

Item with government grants involved:

In RMB

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income related
Base of further processing for tea and nature plants	825,000.00			275,000.00			550,000.00	Assets-related
Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	1,783,276.57			204,024.60			1,579,251.97	Assets-related
Project grants for years for agricultural district, Xihu Zone	183,076.96	64,615.38		193,846.14			53,846.20	Assets-related
Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	235,113.94			235,113.94				Assets-related
Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	41,809.66			41,809.66				Income related
Industrialization of	1,887,690.79			196,445.88			1,691,244.91	Asset

instant tea powder								s-related
Grant for key technology research and industrialization of instant tea powder	138,766.19			14,245.02			124,521.17	Asset s-related
Special fund for the development of strategic emerging industries in Shenzhen(plant deep processing engineering) (Shen Development & Reform No. 20131601)	3,187,683.87			351,209.08			2,836,474.79	Asset s-related
Construction amount for 50 tons for clearly processing for Mingyou tea	374,999.98			125,000.04			249,999.94	Asset s-related
Subsidy for tea seeding of New Tea Garden in Wangkou	45,020.68			45,020.68				Asset s-related
Subsidy for supply system construction of agricultural products	550,000.00	42,000.00		242,000.00			350,000.00	Asset s-related
Grain storage project of Dongguan Shenliang Logistics Co., Ltd. - Storage A	7,980,160.71			262,257.12			7,717,903.59	Asset s-related
Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	31,937,399.00			1,031,300.52			30,906,098.48	Asset s-related
Grain, oil and food headquarters and innovative public service platform of Dongguan Shenliang	18,000,000.00						18,000,000.00	Asset s-related

Logistics Co., Ltd.								
Special funds for intelligent upgrading and transformation of grain warehouse for the 2017 “Grain Safety Project”	11,320,000.00			397,916.65			10,922,083.35	Asset s-related
Construction of 450000 ton silos and 60000 ton film silos -CDE warehouse. Gas storage bin	17,387,647.07			557,022.42			16,830,624.65	Asset s-related
Special fund for agricultural development of 2016- agricultural product safety testing project- capacity building of the third party inspection institution expansion evaluation	328,000.00			164,000.00			164,000.00	Asset s-related
Agricultural product safety testing project of the special fund for agricultural development of 2016 - Central investment fund	684,000.00			342,000.00			342,000.00	Asset s-related
Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	1,750,835.16			38,576.04			1,712,259.12	Asset s-related
Industrialization of Doximi E-commerce platform	1,961,094.13			827,543.33		155,269.66	978,281.14	Asset s-related
Commercial circulation development project	524,000.00						524,000.00	Asset s-related

funding for year of 2017								
Intelligent management of grain depot based on mobile internet	666,666.60			200,000.04			466,666.56	Asset s-related
Government central government grant funds		5,000,000.00		289,217.55			4,710,782.45	Asset s-related
Total	101,792,241.31	5,106,615.38		6,033,548.71		155,269.66	100,710,038.32	Asset s-related

Other explanation:

52. Other non-current liabilities

In RMB

Item	Ending balance	Opening balance
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Other explanation:

53. Share capital

In RMB

	Opening balance	Increased (decreased) in this year +,-					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	1,152,535,254.00						1,152,535,254.00

Other explanation:

54. Other equity instrument

(1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

(2) Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instrument, change reasons and relevant accounting treatment basis:

Other explanation:

55. Capital public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	1,413,996,347.50			1,413,996,347.50
Other capital reserve	8,896,381.86			8,896,381.86
Total	1,422,892,729.36			1,422,892,729.36

Other instructions, including changes in the current period, reasons for the change:

56. Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance

Other explanation, including changes and reasons for changes:

57. Other comprehensive income

In RMB

Item	Opening balance	Current Period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

58. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Production safety fee	522.55	1,124,329.18	1,124,851.73	
Total	522.55	1,124,329.18	1,124,851.73	

Other explanation, including changes and reasons for changes:

59. Surplus public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	350,187,601.06	32,179,974.31		382,367,575.37
Total	350,187,601.06	32,179,974.31		382,367,575.37

Other explanation, including changes and reasons for changes:

60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at the end of the previous year before adjustment	1,495,135,080.60	1,269,933,487.26
Total retained profit at the beginning of the previous year before adjustment	1,495,135,080.60	1,269,933,487.26
Add: net profit attributable to shareholder of parent company	405,088,385.54	363,501,809.52
Less: withdrawal of legal surplus reserve	32,179,974.31	23,046,690.78
Common stock dividends payable	230,507,050.80	115,253,525.40
Retained profit at period-end	1,637,536,441.03	1,495,135,080.60

Details about adjusting the retained profits at the beginning of the period:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan.
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan.

61. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	11,877,315,782.17	10,724,158,547.46	11,051,848,153.57	9,951,267,980.45
Other business	7,211,724.17	854,385.88	8,136,182.35	4,039,025.44
Total	11,884,527,506.34	10,725,012,933.34	11,059,984,335.92	9,955,307,005.89

Whether the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative

Yes No

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 108,975,866.82 yuan, among them, 108,975,866.82 yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation

62. Tax and surcharges

In RMB

Item	Current period	Last period
Consumption tax	834,166.18	1,054,759.39
Urban maintenance and construction tax	605,281.65	905,661.54
House property tax	6,564,972.11	9,130,490.81
Use tax of land	1,683,656.55	1,464,071.73
Vehicle and vessel use tax	14,094.32	12,208.24

Stamp duty	2,189,511.56	1,436,656.82
Other	485,520.04	16,663.83
Total	12,377,202.41	14,020,512.36

Other explanation:

63. Sales expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	79,782,639.14	63,227,886.99
Port terminal fee	37,296,574.33	37,714,735.12
Handling charges	27,375,876.53	19,398,184.34
Depreciation and amortization of long-term assets	12,947,254.76	10,964,871.58
Equivalent loss for low value perishable goods	6,610,770.31	4,062,667.43
After-sale services	5,706,789.04	5,415,990.35
Utilities and office expenses	5,481,335.39	6,423,386.32
Rental	4,599,158.22	7,964,035.99
Logistics transportation fee	4,527,232.81	72,027,183.21
Travel expenses	2,364,534.09	2,959,299.74
Sales commission	1,749,680.45	360,654.27
Business hospitality	1,532,069.82	1,210,508.19
Advertisement charge	844,284.38	812,177.09
Property insurance premium	707,503.79	614,149.77
Automobile expenses	671,397.95	1,264,797.18
Other	9,107,741.29	16,237,163.67
Total	201,304,842.30	250,657,691.24

Other explanation:

64. Administration expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	208,921,378.42	179,821,022.25
Communication fee	1,265,413.26	1,455,481.34
Vehicle usage fee	958,223.56	1,642,650.49

Low-value consumables	519,410.79	455,282.37
Repair cost	1,576,305.28	1,648,734.20
Depreciation and amortization of long-term assets	28,899,326.56	25,150,631.86
Travel expenses	1,667,900.78	2,916,317.33
Business hospitality	2,671,957.93	3,009,307.39
Office expenses	13,279,553.23	11,683,054.84
Rental	4,231,857.35	1,341,629.55
Intermediary fees	6,189,913.85	9,081,062.59
Relocation and shutdown expenses	2,040,350.03	3,971,983.34
Other	12,861,862.87	18,515,858.05
Total	285,083,453.91	260,693,015.60

Other explanation:

65. R&D expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	9,123,103.91	7,047,609.33
Depreciation cost	3,008,677.44	3,038,532.74
Office expenses	1,057,176.90	133,060.44
Travel expenses	199,563.72	220,835.28
Logistics consumption	1,502,184.44	1,088,573.52
Intermediary fees	8,161.30	13,509.80
Maintenance and inspection fee	573,724.23	642,430.88
Other	1,109,062.54	1,350,709.87
Material costs	36,289.77	64,264.97
Total	16,617,944.25	13,599,526.83

Other explanation:

66. Financial expenses

In RMB

Item	Current period	Last period
Interest expenses	16,958,179.81	9,387,920.21
Less: Interest income	3,529,030.44	11,068,571.50

Exchange loss	304,160.59	240,479.24
Other	1,174,453.98	803,557.13
Total	14,907,763.94	-636,614.92

Other explanation:

67. Other income

In RMB

Sources	Current Period	Last Period
Base of further processing for tea and nature plants	275,000.00	275,000.00
Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	204,024.60	204,024.60
Project grants for years for agricultural district, Xihu Zone	193,846.14	129,230.76
Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	235,113.94	8,119.68
Industrialization of instant tea powder	196,445.88	196,445.88
Grant for key technology research and industrialization of instant tea powder	14,245.02	14,245.02
Special fund for the development of strategic emerging industries in Shenzhen	351,209.08	351,209.08
Construction amount for 50 tons for clearly processing for Mingyou tea	125,000.04	125,000.02
Subsidy for tea seeding of New Tea Garden in Wangkou	45,020.68	1,109.28
Subsidy for supply system construction of agricultural products	242,000.00	200,000.00
Grain storage project of Dongguan Shenliang Logistics Co., Ltd. - Storage A	262,257.12	262,257.12
Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	1,031,300.52	1,031,300.52
Special funds for intelligent upgrading	397,916.65	

and transformation of grain warehouse “Grain Safety Project”		
Construction of 450000 ton silos and 60000 ton film silos -CDE warehouse. Gas storage bin	557,022.42	104,117.64
Special fund for agricultural development of agricultural product safety testing project- capacity building of the third party inspection institution expansion evaluation	164,000.00	164,000.00
Agricultural product safety testing project of the special fund for agricultural development of Central investment fund	342,000.00	342,000.00
Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	38,576.04	38,576.04
Industrialization of Doximi E-commerce platform	827,543.33	852,589.88
Intelligent management of grain depot based on mobile internet	200,000.04	200,000.04
Government central government grant funds	289,217.55	
Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	41,809.66	199,513.92
Financial discount		337,222.22
Nanshan District Independent Changxin Industrial Development Special Fund Support Project (Modern Agricultural Development Funding Project)		588,300.00
Industrial development guiding fund	2,611,248.00	170,697.00
Employment subsidy funds	2,238,992.01	13,950.34
Special funds for industrial development in Futian District (annual and quarterly growth support, headquarters identification and operation support, e-commerce sales and operation support)	674,400.00	1,050,000.00
Post stabilization subsidy	90,938.66	12,140.94
Shenzhen Market Supervision Bureau's 2019 Annual Agricultural Development		1,793,200.00

Special Fund Modern Agriculture Project Funding		
Shenzhen Market Supervision Administration Project Leading Enterprise Award		200,000.00
Shenzhen Futian District Enterprise Development Service Center Retail Industry Growth Reward	800,000.00	250,000.00
Receipt of subsidies for the intermediary expenses of the merger and reorganization of Nanshan District Economic Promotion Bureau		738,700.00
Futian Bureau of Industry and Information Technology's 2019 Wholesale and Retail Industry Growth Award	2,000,000.00	
Other	3,937,389.71	2,444,974.26
Total	18,386,517.09	12,297,924.24

68. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by equity	2,065,265.42	3,411,761.86
Investment income from disposal of long-term equity investment	2,288,570.32	127,368.82
Income from financial products	12,918,317.97	6,299,093.96
Other	129,491.67	
Total	17,401,645.38	9,838,224.64

Other explanation:

69. Net exposure hedge gains

In RMB

Item	Current period	Last period
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Other explanation:

70. Income of fair value changes

In RMB

Sources	Current Period	Last Period
Tradable financial assets	-544,403.21	41,281.76
Total	-544,403.21	41,281.76

Other explanation:

71. Credit impairment loss

In RMB

Item	Current period	Last period
Loss of bad debt of other account receivable	2,843.82	137,334.11
Loss of bad debt of account receivable	1,009,844.21	3,359,422.26
Total	1,012,688.03	3,496,756.37

Other explanation:

72. Assets impairment loss

In RMB

Item	Current period	Last period
II. Inventory price drop loss and contract performance cost impairment loss	-210,190,362.81	-158,272,990.37
Total	-210,190,362.81	-158,272,990.37

Other explanation:

73. Income from assets disposal

In RMB

Sources	Current Period	Last Period
Profit and loss on disposal of non current assets	-47,312.84	-170,437.85

74. Non-operating income

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government grants	116,855.22	10,238.81	116,855.22
Profit	3,926.51		3,926.51
Other	1,536,846.85	1,237,818.64	1,536,846.85

Liquidated damages compensation income	2,268,309.26	8,647.80	2,268,309.26
Total	3,925,937.84	1,256,705.25	3,925,937.84

Government grants reckoned into current gains/losses:

In RMB

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related

Other explanation:

75. Non-operating expenditure

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
External donations	681,235.18	2,138,196.59	681,235.18
Penalty expenses (and liquidated damages)		1,487,782.43	
Inventory loss	114,032.24	8,590.79	114,032.24
Loss of scrap from non-current assets	168,726.06	1,546,307.69	168,726.06
Tax overdue fine		50.03	
Compensation		30,371.37	
Other	590,559.34	590,007.88	590,559.34
Total	1,554,552.82	5,801,306.78	

Other explanation:

76. Income tax expense

(1) Income tax expense

In RMB

Item	Current period	Last period
Current income tax expenses	56,749,544.35	33,845,702.24
Deferred income tax expenses	-2,678,958.25	10,667,197.47
Total	54,070,586.10	44,512,899.71

(2) Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	457,842,432.55
Income tax expenses calculated by statutory tax rate	114,460,608.14
Impact from different tax rate apply with the subsidiary	-2,087,607.90
Effect of adjusting income tax in the previous period	799,705.21
Impact of non taxable income	-176,494,977.11
Impact on cost, expenses and losses that unable to deducted	111,698,335.91
Impact of the deductible loss on deferred income tax assets not recognized in the prior period of use	-12,726,282.88
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	19,016,710.64
Additional deductible expenses required by tax law——Impact on R&D costs deduction	-595,905.91
Income tax expenses	54,070,586.10

Other explanation

77. Other comprehensive income

Found more in annotations

78. Annotation of cash flow statement**(1) Cash received with other operating activities concerned**

In RMB

Item	Current period	Last period
Intercourse funds and deposit	337,317,609.85	315,742,774.48
Government grants	17,576,438.98	13,481,962.54
Interest income	3,529,030.44	11,068,571.50
Other	2,744,100.71	1,687,675.71
Total	361,167,179.98	341,980,984.23

Note of cash paid with other operating activities concerned:

(2) Cash paid with other operating activities concerned

In RMB

Item	Current period	Last period
Intercourse funds and deposit	183,890,826.39	345,269,655.51
Operating daily expenses	166,210,083.22	187,235,981.81
Other	1,699,332.12	1,309,829.12
Total	351,800,241.73	533,815,466.44

Note of cash paid with other operating activities concerned:

(3) Cash received with other investment activities concerned

In RMB

Item	Current period	Last period
Performance compensation	337,500.00	
Total	337,500.00	

Note of cash received with other investment activities concerned:

(4) Cash paid related with investment activities

In RMB

Item	Current period	Last period
Other	6,600.00	
Total	6,600.00	

Note of cash paid related with investment activities:

(5) Cash received with other financing activities concerned

In RMB

Item	Current period	Last period

Note of cash received with other financing activities concerned:

(6) Other cash paid related with financing activities

In RMB

Item	Current period	Last period
Other	58,702.23	72,997.72
Total	58,702.23	72,997.72

Note of other cash paid related with financing activities:

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

In RMB

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	403,771,846.45	384,516,456.47
Add: Impairment provision for assets	209,177,674.78	154,776,234.00
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	78,978,606.42	75,859,013.01
Depreciation of right-of-use assets		
Amortization of intangible assets	23,305,749.14	20,201,439.04
Amortization of long-term pending expenses	5,929,229.59	6,893,897.25
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	47,312.84	170,437.85
Losses on scrapping of fixed assets (income is listed with “-”)	168,726.06	1,546,307.69
Loss from change of fair value (income is listed with “-”)	544,403.21	-41,281.76
Financial expenses (income is listed with “-”)	17,262,340.40	9,387,920.21
Investment loss (income is listed with “-”)	-17,401,645.38	-9,838,224.64
Decrease of deferred income tax assets (increase is listed with “-”)	-2,265,241.16	11,091,880.02
Decrease of deferred income tax asset((increase is listed with “-”)	-413,717.09	-424,682.55
Decrease of inventory (increase is listed with “-”)	-358,984,132.03	-253,136,934.86
Decrease of operating receivable accounts (increase is listed with “-”)	128,157,029.48	219,606,344.91
Increase of operating payable accounts (decrease is listed with “-”)	-201,749,960.44	-430,554,982.67
Other		
Net cash flow arising from operating activities	286,528,222.27	190,053,823.97

2. Material investment and financing not involved in cash flow	--	--
Conversion of debt into capital		
Switching Company bonds due within one year		
financing lease of fixed assets		
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	190,494,225.94	154,954,757.85
Less: Balance of cash at year-begin	154,954,757.85	631,638,339.68
Add: Balance at year-end of cash equivalents		
Less: Balance at year-begin of cash equivalents		
Net increasing of cash and cash equivalents	35,539,468.09	-476,683,581.83

(2) Net cash paid for obtaining subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

(3) Net cash received by disposing subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

(4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	190,494,225.94	154,954,757.85
Including: Cash on hand	62,642.11	191,650.33

Bank deposit available for payment at any time	189,169,821.01	154,658,586.69
Other monetary fund available for payment at any time	1,261,762.82	104,520.83
III. Balance of cash and cash equivalent at period-end	190,494,225.94	154,954,757.85

Other explanation:

80. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period:

81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Reasons for restriction
Fix assets	509,480,512.18	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10, Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Intangible assets	69,569,979.70	According to the loan contract Yue DG 2017 NGDZ No. 006 signed by International Food Company and Bank of Communications Co., Ltd. Dongguan Branch, International Food Company mortgaged two pieces of land "DFGY

		(2009) DT No. 190” and “DFGY (2012) DT No. 152” to Bank of Communications Co., Ltd. Dongguan Branch as collateral for the loan.
Intangible assets	35,793,740.99	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Dongguan Branch of CMB, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2016) Dongguan Property Right No. 0028527 at No. 10, Jingang South Road, Machong Town, Dongguan City to Dongguan Branch of CMB.
Construction in progress	163,868,977.53	According to the long-term loan mortgage contract signed by Dongguan Logistics Company, a subsidiary of the Company, with Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC, Dongguan Logistics Company has mortgaged the real estate property rights of the structures of Yue (2020) Dongguan Property Right No. 0127118, Yue (2020) Dongguan Property Right No. 0127119, Yue (2020) Dongguan Property Right No. 0127120, and Yue (2020) Dongguan Property Right No.0119705 at No. 10, Jingang South Road, Machong Town, Dongguan City and other aground buildings to Shenzhen Branch of Agricultural Development Bank and Huizhou Zhongkai Sub-branch of HSBC in sequence as loan collateral.
Total	778,713,210.40	--

Other explanation:

82. Foreign currency monetary items

(1) Foreign currency monetary items

In RMB

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund	--	--	1,275,607.92
Including: USD	169,220.13	6.5249	1,104,144.43
EURO			
HKD	203,735.13	0.8416	171,463.49
Account receivable	--	--	1,131,771.66
Including: USD	158,121.36	6.5249	1,031,726.06
EURO			
HKD	118,875.48	0.8416	100,045.60
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons

Applicable Not applicable

83. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative information for the arbitrage risks:

84. Government grants

(1) Government grants

In RMB

Category	Amount	Item	Amount reckoned into current gains/losses
Government grants related to assets	100,710,038.32	Deferred income	5,991,739.05

Government grants related to income	12,511,633.26		12,511,633.26
Total	113,221,671.58		18,503,372.31

(2) Government grants rebate

Applicable Not applicable

Other explanation:

85. Other

VIII. Changes of consolidation range

1. Enterprise merger not under the same control

(1) Enterprise merger not under the same control

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

(2)Combination cost and goodwill

In RMB

Combination cost	
------------------	--

Determination method for fair value of the combination cost and contingent consideration and changes:

Main reasons for large goodwill resulted:

Other explanation:

(3) Identifiable assets and liability on purchasing date under the acquiree

In RMB

	Fair value on purchasing date	Book value on purchasing date

Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree bear during combination:

Other explanation:

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

Yes No

(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally

(6)Other explanation

2.Combine under the same control

(1)Enterprise combined under the same control in the Period

In RMB

Acquiree	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-beginn of combination to the combination date	Net profit of the combined party from period-beginn of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

(2)Combination cost

In RMB

Combination cost	
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Explanation on contingent consideration and its changes:

Other explanation:

(3) Book value of the assets and liability of the combined party on combination date

In RMB

	Combination date
	At end of last period

Contingent liability of the combined party bear during combination:

Other explanation:

3. Reverse purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction:

4. Disposal Subsidiary

Whether there is a subsidiary disposal on one time, which is loss control of rights

Yes No

Whether there is a subsidiary disposal by steps through multiple trading and loss control of rights in the period

Yes No

5. Other reasons for consolidation range changed

Consolidation scope changes caused by other reasons (eg, newly establish subsidiaries, liquidate subsidiaries, etc.) and the related circumstances:

During the reporting period, the Company newly established the Shenzhen Shenliang Hongjun Catering Management Co., Ltd., and canceled Shenzhen Shenbao Tea Co., Ltd and Dongguan Jinying Biotechnology Co., Ltd.

6. Other

IX. Equity in other entity

1. Equity in subsidiary

(1) Constitute of enterprise group

Subsidiary	Main place of operation	Registration place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenbao Huacheng	Shenzhen City	Shenzhen City	Manufacturing	100.00%		Establishment
Wuyuan Ju Fang Yong	Shangrao City	Shangrao City	Manufacturing		100.00%	Establishment
Shenbao Tea Culture	Shenzhen City	Shenzhen City	Commercial trade		100.00%	Establishment
Ju Fang Yong Trading	Hangzhou City	Hangzhou City	Wholesale business		60.00%	Establishment
Ju Fang Yong Holding	Hangzhou City	Hangzhou City	Comprehensive		100.00%	Establishment
Fuhaitang Catering	Hangzhou City	Hangzhou City	Catering industry		100.00%	Establishment

Fuhaitang Ecological	Hangzhou City	Hangzhou City	Tea planting, production and sales		100.00%	Acquisition
Shenbao Rock Tea	Wuyishan City	Wuyishan City	Manufacturing		100.00%	Establishment
Pu'er Tea Supply Chain	Pu'er City	Pu'er City	Wholesale business		100.00%	Establishment
Shenbao Food	Huizhou City	Huizhou City	Wholesale business		100.00%	Establishment
Pu'er Tea Trading Center	Pu'er City	Pu'er City	Service industry		55.00%	Establishment
Shenbao Investment	Shenzhen City	Shenzhen City	Investment management	100.00%		Establishment
Shenbao Sanjing	Huizhou City	Shenzhen City	Manufacturing	100.00%		Establishment
Huizhou Shenbao	Huizhou City	Huizhou City	Comprehensive	100.00%		Establishment
Shenbao Property	Shenzhen City	Shenzhen City	Property management	100.00%		Establishment
Shenbao Technology	Shenzhen City	Shenzhen City	Development, consulting and transfer of technology	100.00%		Establishment
Shenbao Industry & Trade	Huizhou City	Shenzhen City	Wholesale business	100.00%		Establishment
SZCG	Shenzhen City	Shenzhen City	Grain & oil trading	100.00%		Combine under the same control
Hualian Grain & Oil	Shenzhen City	Shenzhen City	Grain & oil trading		100.00%	Combine under the same control
Shenzhen Flour	Shenzhen City	Shenzhen City	Flour processing		100.00%	Combine under the same control
Shenliang Quality Inspection	Shenzhen City	Shenzhen City	Inspection		100.00%	Combine under the same control
Hainan Grain and Oil	Haikou City	Haikou City	Feed production		100.00%	Combine under the same

						control
Doximi	Shenzhen City	Shenzhen City	E-commerce		100.00%	Combine under the same control
Big Kitchen	Shenzhen City	Shenzhen City	Sales and processing of grain ,oil and products		70.00%	Combine under the same control
Yingkou Storage	Yingkou City	Yingkou City	Storage		100.00%	Combine under the same control
Cold-Chain Logistic	Shenzhen City	Shenzhen City	Fresh food management on-line		100.00%	Combine under the same control
Shenliang Property	Shenzhen City	Shenzhen City	Property management		100.00%	Combine under the same control
Shenliang Real Estate	Shenzhen City	Shenzhen City	Real estate development and property management		100.00%	Combine under the same control
International Food	Dongguan City	Dongguan City	Port operation, food production		51.00%	Combine under the same control
Dongguan Grain and Oil	Dongguan City	Dongguan City	Food production		51.00%	Combine under the same control
Dongguan Logistics	Dongguan City	Dongguan City	Storage, logistics		51.00%	Combine under the same control
Hongxinglong	Shuangyashan City	Shuangyashan City	Construction of food base and development of related complementary facility		51.00%	Combine under the same control
Shuangyashan	Shuangyashan City	Shuangyashan City	Construction of food base and development of related complementary		51.00%	Combine under the same control

			facility			
Shenliang Hongjun	Shenzhen City	Shenzhen City	Catering		51.00%	Establishment

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

Basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights:

Major structured entity included in consolidates statement:

Basis of termination of agent or consignor:

Other explanation:

(2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Dongguan Logistics	49.00%	-2,920,382.56		158,426,927.29

Explanation on holding ratio different from the voting right ratio for minority shareholders:

Other explanation:

(3) Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities
Dongguan Logistics	314,669,005.39	1,894,004,868.17	2,208,673,873.56	644,688,849.68	1,240,664,764.11	1,885,353,613.79	179,203,637.28	1,469,042,115.86	1,648,245,753.14	208,523,832.06	930,441,696.91	1,138,965,528.97

In RMB

Subsidiary	Current Period				Last Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Dongguan Logistics	1,971,874,865.24	-5,959,964.40	-5,959,964.40	56,693,201.35	2,104,716,248.04	30,329,316.32	30,329,316.32	55,873,900.07

Other explanation:

(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group

(5) Financial or other supporting offers to the structured entity included in consolidated financial statement

Other explanation:

2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights

(1) Owners equity shares changed in subsidiary

(2) Impact on minority's interest and owners' equity attributable to parent company

In RMB

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Other explanation

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture/Associated enterprise	Main place of operation	Registration place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Zhuhai Hengxing Feed Industrial Co., Ltd.	Zhuhai	Zhuhai	Aquatic fee and animal fee		40.00%	Equity method
Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Shenzhen	Shenzhen	Equity investment; investment consultant		49.02%	Equity method

Description of the percentage of shareholding in joint ventures or associates different from the percentage of voting rights:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

(2) Main financial information of the important joint venture

In RMB

	Ending balance/Current Period		Opening balance/Last Period	

Other explanation

(3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current Period		Opening balance/Last Period	
	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)
Current assets	98,242,527.52	20,459,246.10	74,426,214.45	21,145,350.77
Non current assets	29,365,806.23	33,102,244.01	31,819,375.02	31,759,785.55
Total assets	127,608,333.75	53,561,490.11	106,245,589.47	52,905,136.32
Current liabilities	47,923,417.38		26,931,271.22	
Non current liabilities	537,345.69		629,319.69	
Total liabilities	48,460,763.07		27,560,590.91	
Shareholders' equity attributable to the parent company	82,098,329.55	53,561,490.11	78,684,998.56	52,905,136.32
Adjustment items	32,839,331.82	26,255,842.45	31,473,999.42	25,934,097.82
--Goodwill	162,707.80	-174.47	162,707.80	-174.47
Book value of equity investment in associated enterprises	162,707.80	-174.47	162,707.80	-174.47
Fair value of the equity investments in associated enterprise with a publicly quoted prices	33,002,039.62	26,255,667.98	31,636,707.22	25,933,923.35
Operating revenue	617,635,043.97		519,490,991.03	
Net profit	3,413,330.99	656,353.79	5,314,840.28	5,769,606.00
Total comprehensive income	3,413,330.99	656,353.79	5,314,840.28	5,769,606.00

Other explanation

(4) Financial summary for non-important Joint venture and associated enterprise

In RMB

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:	--	--
Amount based on share-holding ratio	--	--
Associated enterprise:	--	--
Total book value of investment	13,957,440.24	15,790,681.53
Amount based on share-holding ratio	--	--
--Net profit	378,188.39	-1,542,435.11
--Total comprehensive income	378,188.39	-1,542,435.11

Other explanation

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

(6) Excess loss occurred in joint venture or associated enterprise

In RMB

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Changzhou Shenbao Chacang E-business Co., Ltd.	8,650,425.68	92,229.37	8,742,655.05
Shenzhen Shichumingmen Catering Management Co., Ltd.	3,815,595.01	999,730.69	4,815,325.70

Other explanation

(7) Unconfirmed commitment with joint venture investment concerned

No unconfirmed commitment with joint venture investment concerned in the period.

(8) Intangible liability with joint venture or affiliates investment concerned

No intangible liability with joint venture or affiliates investment concerned in the period.

4. Major conduct joint operation

Name	Main place of operation	Registration place	Business nature	Shareholding ratio/ shares enjoyed	
				Directly	In-directly

Share-holding ratio or shares enjoyed different from voting right ratio:

If the co-runs entity is the separate entity, basis of the co-runs classification:

Other explanation

5. Structured body excluding in consolidate financial statement

Explanation:

6. Other**X. Disclosure of risks relating to financial instruments**

Our business operation makes the Company exposed to various financial risks: credit risk, liquidity risk and market risk (mainly refers to exchange rate risk and interest risk). The general risk management policy of the Company is to minimize potential negative effects on our financial performance in view of the unforeseeable financial market.

(i) Credit risk

Credit risk refers to the risk of a financial loss caused by the counter party's failure to fulfill its contractual obligations.

The credit risk mainly arises from monetary funds, account receivable and other account receivable so on. The management has established adequate credit policies and continues to monitor exposure of these credit risks.

The monetary funds held by the Company are mainly deposited in state-controlled banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status and have no major credit risk, and won't create any major losses caused by the breach of contract of the opposite side.

For account receivables and other account receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

As of 31 December 2020, the account receivable from top five customers accounted for 35.48% of the Company's total account receivable.

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk except for the financial guarantee carried in Note “X.Related party and related transaction”

(ii) Liquidity risk

Liquidity risk refers to the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

The finance department continues to monitor capital requirement for short and long term, to ensure adequate cash reserve. In addition, it continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

(iii) Market risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1. Interest risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Company determines the relative proportions of fixed interest rate and floating interest rate contracts based on the prevailing market environment.

The financial department of the Company continuously monitors the interest rate of the Company. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expense of the Company's unpaid interest-bearing debts with floating interest rates, management will make timely adjustments based on the latest market conditions.

2. Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The major operation of the Company is located in the PRC, and its major operation is settled in Renminbi. However, there is also exchange risk in respect of the recognized foreign currency assets and liabilities and future foreign currency transactions which are mainly denominated in US dollar. Our finance department is responsible for monitoring scale of foreign currency assets and liabilities and foreign currency transactions, to minimize its exposure to exchange risks. In reporting period, the Company did not sign forward exchange contract or monetary exchange contract.

The foreign exchange risk faced by the company mainly comes from financial assets and financial liabilities denominated in US dollars. For the amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB, please refer to Note (56) Foreign Currency Monetary Items of V. Consolidated Financial Statement.

3.Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

The Company purchases and sells products at market prices, therefore it is affected by fluctuation of these prices.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
1.Financial assets measured by fair value and with variation reckoned into current gains/losses	621,806.51		160,000,000.00	160,621,806.51
(1)Debt instrument investment			160,000,000.00	160,000,000.00
(2)Equity instrument investment	621,806.51			621,806.51
Other non-current financial assets			57,500.00	57,500.00
II. Non-persistent measure	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order

4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order

5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order

6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point

7. Changes of valuation technique in the Period

8. Financial assets and liability not measured by fair value

9. Other

XII. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Food Materials Group Co., Ltd	Shenzhen	Investing in industry, development, operation and management of the own property	5000 million Yuan	63.79%	63.79%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission

Other explanation:

2. Subsidiary

Subsidiary of the Company found more in Note "1. Equity in subsidiaries" of Note IX-Equity in other entity

3. Joint venture and associated enterprise

Important joint venture and associated enterprise of the Company found more in the Note Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission.

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period:

Joint venture/Associated enterprise	Relationship with the Enterprise
-------------------------------------	----------------------------------

Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen Agricultural Products Group Co., Ltd	Shareholder of the Company, subsidiary of the actual controller, controlled by the same ultimate controlling party
Zhanjiang Haitian Aquatic Feed Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	Minority shareholder of controlling subsidiary
Taizhong Agricultural Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Shenzhen Investment Holdings Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Shenzhen Investment Management Co., Ltd	Former shareholder of the Company, Controlled by the same ultimate controlling party
Fujian Wuyishan Yuxing Tea Co., Ltd	Minority shareholder of former controlling subsidiary
Shenzhen Fruits and Vegetables Trading Co., Ltd	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Controlling subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Has the same parent company
Shenzhen Shenliang Cold Transport Co., Ltd.	Holding subsidiary of the company's associated enterprise
Shenzhen Yixin Investment Co., Ltd	Former shareholder of Shenzhen Agricultural Products Group Co., Ltd, Controlled by the same ultimate controlling party
Guangxi Higreen Agricultural Products International Logistics Co., Ltd.	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Guangxi Higreen Business Management Co., Ltd.	Controlling subsidiary of Shenzhen Agricultural Products Group Co., Ltd
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Controlling subsidiary of Shenzhen Agricultural Products

	Group Co., Ltd
Shenzhen Shennong Kitchen Co., Ltd	Wholly-owned subsidiary of Shenzhen Agricultural Products Group Co., Ltd

Other explanation

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Shenzhen Shenliang Cold Transport Co., Ltd.	Warehousing Services/Transportation services	719,046.39			
Shenzhen Shenyuan Data Technology Co., Ltd.	Information software development	11,652,658.88			14,950,911.00

Goods sold/labor service providing

In RMB

Related party	Related transaction content	Current Period	Last Period
Guangxi Higreen Agricultural Products International Logistics Co., Ltd.	Grain and oil sales	8,240.71	
Guangxi Higreen Business Management Co., Ltd.	Grain and oil sales	8,240.71	
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Grain and oil sales	40,700.34	
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Grain and oil sales/Cleaning services fee	38,083.07	3,888.50
Shenzhen Agricultural Products Group Co., Ltd	Grain and oil sales	56,920.35	257,685.89
Shenzhen Shenliang Cold Transport Co., Ltd.	Grain and oil sales/Warehousing Services	106,873.75	659,146.82
Shenzhen Shennong Kitchen	Grain and oil sales	108,027.61	

Co., Ltd			
Shenzhen Investment Holdings Co., Ltd.	Grain and oil sales	24,250.00	
Shenzhen Shenyuan Data Technology Co., Ltd.	Sales of tea	8,217.70	13,769.92
Shenzhen Agricultural Products Group Co., Ltd	Sales of tea	2,299.12	
Shenzhen Food Materials Group Co., Ltd	Asset Management	3,725,827.37	2,204,153.02
Shenzhen Food Materials Group Co., Ltd	Sales of tea	2,600.00	19,650.58
Shenzhen Shichumingmen Catering Management Co., Ltd.	Grain and oil sales		59.60
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Sales of tea		6,557.52

Explanation on goods purchasing, labor service providing and receiving

(2) Related trusteeship management/contract & entrust management/ outsourcing

Trusteeship management/contract:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings

Related managed/contract:

Entrusted management/outsourcing:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings

Related management/ outsourcing:

(3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized last Period
Shenzhen Shichumingmen Catering Management Co., Ltd.	Operating site	666,258.42	1,105,650.14
Shenzhen Food Materials Group Co., Ltd	Operating site		160,571.43
Shenzhen Shenyuan Data Technology Co., Ltd.	Operating site	433,320.00	288,066.67
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Office space	257,255.00	

As lessee:

In RMB

Lessor	Assets type	Lease income recognized in the Period	Lease income recognized last Period
Lessor	Assets type		
Shenzhen Investment Holdings Co., Ltd.	Operating site		2,183,266.63
Shenzhen Food Materials Group Co., Ltd	Warehouse leasing		28,434,200.00
Shenzhen Food Materials Group Co., Ltd	Office space	680,308.56	667,290.27

Explanation on related lease

(4) Related guarantee

As guarantor

In RMB

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Changzhou Shenbao Chacang E-business Co., Ltd.	5,000,000.00	2011-12-20		N

As secured party

In RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	33,637,799.68	2016-12-27	2021-12-26	N
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	293,579,986.49	2018-07-27	2032-08-29	N
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	18,587,157.80	2019-01-25	2034-10-19	N
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	45,874,627.78	2019-05-09	2027-05-08	N

Explanation on related guarantee

(5) Related party's borrowed funds

In RMB

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Lending				

(6) Related party's assets transfer and debt reorganization

In RMB

Related party	Related transaction content	Current Period	Last Period
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(7) Remuneration of key manager

In RMB

Item	Current Period	Last Period
------	----------------	-------------

(8) Other related transaction**6. Receivable and payable of related party****(1) Receivable item**

In RMB

Item Name	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	113,286.17	7,029.57		
	Shenzhen Shennong Kitchen Co., Ltd	63,672.00	636.72		
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	8,701.00	87.01		
	Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	38,259.42	382.59		
	Shenzhen Food Materials Group Co., Ltd	740,878.31	7,408.78		
	Shenzhen Agricultural Products Group Co., Ltd	2,598.00	25.98		
Other account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	578.00	5.78	3,831.12	
	Shenzhen Higreen International Agricultural Products Logistic	50,000.00		50,000.00	

	Management Co., Ltd				
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	5,520.00	5,520.00		
	Shenzhen Shenyuan Data Technology Co., Ltd.	8,972,895.54	89,728.96		
	Changzhou Shenbao Chacang E-business Co., Ltd.	24,494,677.07	22,007,578.79	24,350,611.65	21,803,513.37
	Shenzhen Shichumingmen Catering Management Co., Ltd.	2,092,197.67	581,383.34	1,382,651.77	469,107.98
	Shenzhen Investment Holdings Co., Ltd.	415,644.52		415,644.52	

(2) Payable item

In RMB

Item Name	Related party	Ending book balance	Opening book balance
Dividend payable			
	Shenzhen Investment Management Co., Ltd	2,690,970.14	2,690,970.14
Other account payable			
	Shenzhen Shenliang Cold Transport Co., Ltd.	2,790.00	2,790.00
	Shenzhen Food Materials Group Co., Ltd	146,520,998.86	219,472.47
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	8,009,954.17	7,988,954.17

	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	41,486.00	41,486.00
	Shenzhen Shichumingmen Catering Management Co., Ltd.	184,275.00	
	Shenzhen Investment Management Co., Ltd	3,510,297.20	3,510,297.20
Account received in advance			
	Shenzhen Shenliang Cold Transport Co., Ltd.	210.00	

7. Related party commitment

8. Other

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

5. Other

XIV. Commitment or contingency

1. Important commitments

Important commitments on balance sheet date

The Company has no important commitments that need to disclosed up to 31 December 2020.

2. Contingency

(1) Contingency on balance sheet date

2.1 Lawsuits

2.1.1 Contract disputes between Hualian Grain & Oil and Zhuhai Doumen Huabi Feed Factory

On December 9, 2004, Hualian Grain & Oil signed an purchase and sale contract with Zhuhai Doumen Huabi Feed Factory to sell 2,000.00 tons of corn to it, with a total payment of 2,396,300 yuan. The payment has not been recovered. In April 2005, Hualian Grain & Oil discovered that Zhuhai Doumen Huabi Feed Factory had basically stopped production, the goods were transferred, and the legal representative Liang Dongxing had absconded. On July 2, 2005, the public security organs arrested Liang Dongxing and brought him to justice. Hualian Grain & Oil has filed a lawsuit against him and won the case. The case has been closed and is currently being executed. The defendant shall pay liquidated damages of 239,600 yuan to the plaintiff; The case processing fee of 33,200 yuan shall be borne by the defendant.

As of December 31, 2020, Hualian Grain & Oil had receivable payments of 2,396,300 yuan from Zhuhai Doumen Huabi Feed Factory, and Hualian Grain & Oil had made 100.00% bad-debt provisions for this payment.

2.1.2 Disputes over import agency contract among SZCG, Hualian Grain & Oil, and Guangzhou Jinhe Feed Co., Ltd. and Huang Xianning

From October 2005 to January 2007, SZCG and Hualian Grain & Oil signed 20 "Import Agency Contracts" with Guangzhou Jinhe Feed Co., Ltd. (hereinafter referred to as "Guangzhou Jinhe"), which agreed that SZCG and Hualian Grain & Oil would agent Guangzhou Jinhe to import Peruvian fish meal. In August 2007, Hualian Grain & Oil, Guangzhou Jinhe, and Huang Xianning signed the "Guarantee Contract", which agreed that Huang Xianning would guarantee the timely payment of Guangzhou Jinhe's payables under all trade contracts signed between Hualian Grain & Oil and Guangzhou Jinhe. Later, due to Guangzhou Jinhe's failure to pay the payment for goods and the import agency fees in full, SZCG and Hualian Grain & Oil filed a lawsuit with the Futian District People's Court of Shenzhen.

On February 16, 2015, the Futian District People's Court of Shenzhen issued a judgment of first instance ([2014] SFFMECZ No. 786), ruling that Guangzhou Jinhe should pay 10,237,400 yuan to SZCG and Hualian Grain & Oil, and bear the litigation fee of 83,200 yuan; Huang Xianning does not need to bear joint and several liability for compensation.

As Guangzhou Jinhe dissatisfied with the above-mentioned first-instance judgment, it appealed to the Shenzhen Intermediate People's Court, claiming that the prosecution of SZCG and Hualian Grain & Oil had exceeded the limitation of action. On March 30, 2017, the Shenzhen Intermediate People's Court issued a second-instance judgment ([2015] SZFSZZ No. 1767 Civil Judgment), which rejected the appeal of Guangzhou Jinhe and upheld

the original judgment.

The case is currently still being executed, and the other party has not paid any money. SZCG has made a provision for bad debts at a rate of 100.00% for the receivable payment of 10,455,600 yuan from Guangzhou Jinhe.

According to the "Letter of Commitment from Shenzhen Fude State Capital Operation Co., Ltd. on the Pending Litigation of Shenzhen Cereals Group Co., Ltd.", Shenzhen Fude State Capital Operation Co., Ltd. (now renamed Shenzhen Food Materials Group Co., Ltd.) will bear the compensation or losses caused by the lawsuit on its behalf for any claims, compensation, losses or expenditures caused by the disputes over import agency contract among SZCG and its holding subsidiaries with Guangzhou Jinhe and Huang Xianning.

2.1.3 Contract disputes between Hualian Grain & Oil and Foshan Huaxing Feed Factory

In August and October 2007, Hualian Grain & Oil sold products to Foshan Shunde Huaxing Feed Factory and received commercial acceptance bills totaling 2,958,600 yuan. Due to the company's failure to repay the overdue payment, Hualian Grain & Oil filed a lawsuit with the Shunde District People's Court of Foshan City on October 29, 2007, requesting Foshan Shunde Huaxing Feed Factory to repay the payment and pay the corresponding interest. From June to July 2011, a total of 1,638,900 yuan of the company's bankruptcy assets was recovered. As of December 31, 2020, Hualian Grain & Oil had a receivable payment of 1,319,700 yuan from Foshan Shunde Huaxing Feed Factory. This amount has been withdrawn bad debt reserves by 100.00%.

2.1.4 Mung bean business disputes between SZCG and Jilin Tongyu County Shengda Company

In August 2007, SZCG and Tongyu County Shengda Cereals and Oils Trading Co., Ltd. (hereinafter referred to as "Shengda Company") signed the "Mung Bean Entrusted Acquisition, Processing and Storage Contract". From October 2007 to May 2008, a total of 4,918.00 tons of mung beans were purchased, and the Company had paid 30 million yuan for purchasing. The contract stipulated that Shengda Company has the obligation to assist in the sale of the goods on behalf of the agent and buy back after the entrusted acquisition is completed. Shengda Company did not fully fulfilled its obligations, and SZCG has also carried out various forms of collection. In September 2010, SZCG sued Shengda Company and demanded that it should repay the arrears and interest. Both parties reached a settlement during the trial, and the Futian District People's Court of Shenzhen issued a "paper of civil mediation". However, Shengda Company still did not fully fulfill its obligation of repayment. SZCG has applied to the court for compulsory execution, as of December 31, 2020, the accounts receivables were 5,602,500 yuan, and the execution of the remaining amount has greater uncertainty. The Company has made a full provision for bad debts of 5,602,500 yuan for this payment.

2.1.5 Disputes over loan contract among Changzhou Shenbao Chacang E-business Co., Ltd., the Company and Shenzhen Agricultural Products Financing Guarantee Co., Ltd.

On July 15, 2016, Shenzhen Agricultural Products Financing Guarantee Co., Ltd. ("Agricultural Products

Guarantee" for short) submitted a "Civil Complaint" to the Futian District People's Court of Shenzhen, requiring Changzhou Shenbao Chacang E-business Co., Ltd. ("Changzhou Shenbao Chacang " for short) to repay the loan principal of 5.0 million yuan, interest of 353,900 yuan, and penalty interest (penalty interest is temporarily calculated from September 7, 2013 according to the annual standard of 21.6% .The defendant Changzhou Shenbao Chacang shall, within ten days from the date of the judgment coming into effect, pay the plaintiff the attorney's fee of 193,400 yuan as a guarantee for agricultural products. Refusing the plaintiff's other claims for agricultural product guarantee. The case acceptance fee of 73,600 yuan shall be borne by the defendant Changzhou Shenbao Chacang of 71,900 yuan and the plaintiff shall bear 1,700 yuan. Preservation fee of 5,000 yuan, by the defendant Changzhou Shenbao Chacang burden. On May 31, 2017, Futian District People's Court of Shenzhen made a judgment of first instance, ruling Changzhou Shenbao Chacang to repay the loan principal of 5.0 million yuan plus interest and penalty interest. The Company does not have to bear joint and several liabilities for the loan of 5.0 million yuan of Changzhou Shenbao Chacang .

On July 4, 2017, Agricultural Products Guarantee filed an appeal, and on October 13, 2017, the Shenzhen Intermediate People's Court held a second-instance trial. On April 26, 2019, the Shenzhen Intermediate People's Court issued a civil judgment (Civil Judgment (2017) Yue 03 Min Zhong No. 12296), ruling that the Company shall be jointly and severally liable for the debts of Changzhou Shenbao Chacang within the range of 3.5 million yuan . The Company has the right to claim compensation from Changzhou Shenbao Chacang after the liquidation on its behalf. At present, the judgment has come into effect and is still in the execution stage.

As of December 31, 2020, the Company confirmed estimated liabilities of 3.5 million yuan.

2.1.6 Contract disputes of the Company's subsidiaries, Shenbao Rock Tea, Jufangyong Holdings, Mount Wuyi Jiuxing Tea Co., Ltd. (hereinafter referred to as "Jiuxing Company"), Fujian Wuyishan Yuxing Tea Co., Ltd. (hereinafter referred to as "Yuxing Company") , Xingjiu Tea Co., Ltd., and Chen Yuxing, Chen Guopeng

On September 22, 2016, Jufangyong Holdings, Xingjiu Tea Co., Ltd., Yuxing Company, Chen Yuxing and Chen Guopeng signed the "Formal Agreement Regarding the Separation of Fujian Wuyishan Shenbao Yuxing Tea Co., Ltd.", according to the separation agreement, the original Shenbao Yuxing Company was separated. After the separation, Jufangyong Holdings holds 100.00% equity of the newly established company (i.e. Shenbao Rock Tea), and Yuxing Company and Xingjiu Tea Company jointly hold 100.00% equity of the surviving company (Jiuxing Company); Shenbao Rock Tea receives accounts receivable of 7,273,800 yuan, and Jiuxing Company shall ensure the realization of 2 million yuan within 1 year after the separation, and the remaining amount shall be returned within 2 years. As the actual controllers of Jiuxing Company, Yuxing Company, and Xingjiu Tea Company, Chen Yuxing and Chen Guopeng assume joint and several joint guarantee responsibilities to Shenbao Rock Tea and Jufangyong Holdings for all the obligations and responsibilities stipulated in the "Separation Agreement".

As of September 22, 2018, the time limit for the realization of the receivables of the four companies stipulated by

the "Separation Agreement" had expired, and Shenbao Rock Tea still had outstanding amount of 5,212,300 yuan. On December 3, 2018, Shenbao Rock Tea and Jufangyong Holding applied to the Shenzhen Court of International Arbitration (Shenzhen Arbitration Commission) for arbitration in respect of the above matters, requesting Jiuxing Company to pay Shenbao Rock Tea 5,272,900 yuan, the liquidated damages are 1,581,900 yuan, totaling 6,854,800 yuan and requesting Yuxing Company, Xingjiu Tea Company, Chen Yuxing and Chen Guopeng to bear joint and several liabilities.

On April 18, 2019, the Shenzhen Court of International Arbitration opened a court session to hear the arbitration case. As related matters have yet to be determined and ascertained, both parties involved in the case should submit their defense materials to the arbitration court. At present, the Shenzhen Court of International Arbitration has not yet issued an arbitration award on this case.

As of the date of approval for the report of this financial statement, the Shenzhen Arbitration Commission has not yet determined the arbitrator and the date of the hearing. As of December 31, 2020, the Company has accrued a total of 4,469,500 yuan for bad-debt reserves.

2.1.7 Contract disputes between Hualian Grain & Oil Company and Liangshuntong Company

On July 3, 2020, the Futian District People's Court issued a civil judgment of the first instance ([2019] Yue 0304 Min Chu No. 49562), which judged: 1. The plaintiff Liangshuntong Company should pay 595,800 yuan to Hualian Grain & Oil; 2. Rejected Liangshuntong Company's litigation request; 3. Rejected other litigation requests of Hualian Grain & Oil; 4. The plaintiff Liangshuntong Company should pay in advance the litigation fee of 208,900 yuan, which should be assumed by the plaintiff, and the defendant Hualian Grain & Oil should pay in advance the counterclaim fee of 113,000 yuan, of which the plaintiff should assume 1,800 yuan, and the defendant should assume 111,200 yuan. The plaintiff Liangshuntong Company refused to accept the judgment of the first instance and appealed to the Shenzhen Intermediate People's Court. At present, the Shenzhen Intermediate People's Court has accepted the appeal case, and the second instance court date is June 8, 2021.

On December 31, 2020, the Futian District People's Court served the "Civil Judgment" of the first instance ([2020] Yue 0304 Min Chu No. 2824),, which judged: 1. Liangshuntong Company shall pay Hualian Grain & Oil an advance fee of 461,900 yuan and capital cost of 4,030,000 yuan within ten days from the date when the judgment becomes legally effective; 2. Liangshuntong Company shall pay the capital occupation fee to Hualian Grain & Oil within ten days from the date when the judgment becomes legally effective (Based on 461,900 yuan, calculate from December 11, 2019 to the date when the payment is actually paid at the annual interest rate of 10.00%); 3. The litigation fee of 42,700 yuan shall be borne by Liangshuntong Company. Liangshuntong Company submitted an appeal to the Shenzhen Intermediate People's Court on January 22, 2021.

2.1.8 Disputes over the Construction Contract between Hongxinglong and Zhishengda Company

In April 2020, Zhishengda Company filed a lawsuit with Heilongjiang Hongxinglong People's Court with the following claims: 1. Request the People's Court to confirm that the "Letter on Rectification of Completed Projects and Cancellation of Not Constructed Projects" sent by Hongxinglong on April 7, 2020 does not have the effect of canceling the contract, the cancellation of the contract made by it is invalid, and judge that the defendant should continue to perform the contract (the project cost required to perform the contract was 5,137,800 yuan). 2. The litigation fee and other legal costs should be assumed by Hongxinglong.

On July 29, 2020, Hongxinglong filed a counterclaim with the Heilongjiang Hongxinglong People's Court with the following claims: 1. Request the court to confirm the validity of the cancellation of the construction contract between Hongxinglong and Zhishengda in accordance with the law. 2. Request the court to rule that the Zhishengda should pay Hongxinglong liquidated damages of 1,003,200 yuan, of which liquidated damages for overdue completion of the project of 253,200 yuan, repair costs for unqualified project quality of about 240,000 yuan (the specific amount is to be determined by a third party), liquidated damages for project manager's absence from the construction site without permission of 500,000 yuan, liquidated damages for the migrant worker's collective petitions of 10,000 yuan. 3. The counterclaim fee and appraisal fee shall be borne by Zhishengda. At present, all parties involved in the case have filed applications for judicial appraisal to the court of first instance, and the case has not yet been heard.

2.1.9 Contract disputes between Jufangyong Commercial and Trading and Xingfu Feixiang Company

In July 2020, Jufangyong Commercial and Trading had filed a lawsuit with People's Court of Hangzhou Xiaoshan District due to the rent arrears of Xingfu Feixiang, and the amount involved was 2,454,700 yuan. The defendant was ordered to pay the Western Restaurant 699,700 yuan for the cooperation fee on July 1, 2019 and September 10, 2019 as well as the water and electricity charges (calculated according to the actual amount). Order the defendant to pay liquidated damages of 515,300 yuan. Order the defendant to pay liquidated damages (from April 16, 2020 to the date of repayment, based on 3,154,400 yuan, with a monthly interest rate of 2%). Order that the litigation costs of this case shall be borne by the defendant. Because Xingfu Feixiang filed for bankruptcy and the court has accepted the designated administrator, the court ruled in August to suspend the trial and directly declare the creditor's rights to the administrator, and the first creditors' meeting was held in September. On December 23, 2020, the People's Court of Hangzhou Xiaoshan District resumed trial of the case, the asset manager issued a creditor's right voucher, deducting 980,000 yuan paid to the airport and rent reduction of 220,000 yuan, confirmed the principal of the creditor's rights of 2,422,000 yuan, and the interest of 166,000 yuan, a total of 2,588,000 yuan, and we are now awaiting a judgment. Currently, Xingfu Feixiang's bankruptcy administrator, Shanghai City Development (Hangzhou) Law Firm, is working on the inspection of assets, we are now waiting for the property distribution plan.

2.2 Guarantee

2.2.1 Subsidiary of the Company -SZCG provide a guarantee to its subsidiary -Dongguan Logistics

SZCG provide a guarantee to Dongguan Logistics for the application of loans, amount of guarantee is 552.6871 million yuan. The loan is not yet due for repayment.

2.2.2 Associated guarantees and restricted assets

Restricted assets found more in the Note VII (81), associated guarantee found more in Note XII (5)

(2) If the Company has no important contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclose.

3. Other

XV. Events after balance sheet date

1. Important non adjustment matters

In RMB

Item	Content	Impact on financial status and operation results	Reasons of fails to estimate the impact
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2. Profit distribution

Profit or dividend to be distributed	According to the resolution of 14 th session of 10 th BOD, the profit distribution plan for year of 2020 is: Based on total share capital of 1,152,535,254 on 31 Dec 2020, distributed cash dividend of 2 Yuan (tax included) for every 10 shares to all shareholders with zero share bonus (tax included), and no share converted from capital reserve, a total of 230,507,050.80 Yuan cash are distributed.
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In RMB

3. Sales return

4. Other events after balance sheet date

XVI. Other important events

1. Previous accounting errors collection

(1) Retrospective restatement

In RMB

Content of accounting error correction	Procedures	Items impact during vary comparative period	Accumulated impact
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(2)Prospective application

Content of accounting error correction	Approval procedure	Reasons for adopting the prospective applicable method
--	--------------------	--

2. Debt restructuring

3. Assets exchange

(1) Exchange of non-monetary assets

(2) Other assets exchange

4. Pension plan

For details of the main contents and important changes of the pension plan, please refer to the relevant description of the defined benefit plan in (22) Staff remuneration: “2.Accounting treatment for post employment benefits” carried under the “Note III. Important Accounting Policy and Estimate”

5. Discontinuing operation

In RMB

Item	Revenue	Expenses	Total profit	Income tax expenses	Net profit	Profit of discontinuing operation attributable to owners of parent company
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Other explanation

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

In RMB

Item		Offset between segment	Total
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(3)The Company has no segment, or unable to disclose total assets and liability of the segment, explain reasons

(4)Other explanation

7. Other major transaction and events makes influence on investor’s decision

8. Other

XVII. Principle notes of financial statements of parent company

1.Account receivable

(1)Account receivable classify by category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	28,453.08	0.69%	28,453.08	100.00%		28,453.08	76.27%	28,453.08	100.00%	
Including:										
	28,453.08	0.69%	28,453.08	100.00%		28,453.08	76.27%	28,453.08	100.00%	
Account receivable with bad debt provision accrual on portfolio	4,098,218.40	99.31%	10,537.22	0.26%	4,087,681.18	8,852.60	23.73%	885.26	10.00%	7,967.34
Including:										
Portfolio of sales receivable	796,996.91	19.31%	10,537.22	1.32%	786,459.69	8,852.60	23.73%	885.26	10.00%	7,967.34
Object-specific portfolio	3,301,221.49	80.00%			3,301,221.49					
Total	4,126,671.48	100.00%	38,990.30		4,087,681.18	37,305.68	100.00%	29,338.34		7,967.34

Accrual of bad debt provision on single item :

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Other accrual on single basis	28,453.08	28,453.08	100.00%	Slightly possibly taken back
Total	28,453.08	28,453.08	--	--

Accrual of bad debt provision on single item:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Portfolio of sales receivable	796,996.91	10,537.22	1.32%
Object-specific portfolio	3,301,221.49		
Total	4,098,218.40	10,537.22	--

Explanation on portfolio determines:

Accrual of bad debt provision on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

In RMB

Account age	Book balance
Within one year(including one year)	4,089,365.80
2-3 years	8,852.60
Over 3 years	28,453.08
Over 5 years	28,453.08
Total	4,126,671.48

(2)Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Accrual of bad debt provision on single item	28,453.08	28,453.08				28,453.08
Sales receivable	885.26	885.26	9,651.96			10,537.22
Total	29,338.34	29,338.34	9,651.96			38,990.30

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way

(3) Account receivable actually written-off in the period

In RMB

Item	Amount written-off

Including major account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)

Explanation on account receivable written-off:

(4)Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance (%)	Ending balance of bad debt reserve
First	3,301,221.49	80.00%	
Second	739,878.31	17.93%	7,398.78
Third	48,266.00	1.17%	482.66
Fourth	18,456.50	0.45%	18,456.50
Fifth	9,996.58	0.24%	9,996.58
Total	4,117,818.88	99.79%	

(5)Account receivables derecognized due to the transfer of financial assets

(6)Amount of assets and liabilities that formed the by transferring of account receivable and continue to be involved

Other explanation:

2. Other account receivable

In RMB

Item	Ending balance	Opening balance
Dividend receivable	390,000,000.00	260,000,000.00
Other account receivable	502,105,968.23	734,149,247.39
Total	892,105,968.23	994,149,247.39

(1)Interest receivable

1)Category of interest receivable

In RMB

Item	Ending balance	Opening balance

2) Important overdue interest

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis

Other explanation:

3)Accrual of bad debt provision

Applicable Not applicable

(2)Dividend receivable

1)Category of dividend receivable

In RMB

Item (or the invested entity)	Ending balance	Opening balance
SZCG	390,000,000.00	260,000,000.00
Total	390,000,000.00	260,000,000.00

2) Important dividend receivable with account age over one year

In RMB

Item (or the invested entity)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis

3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) Other account receivable classify by nature

In RMB

Nature	Ending book balance	Opening book balance
Margin and deposit	73,975.47	
Current payments and others	529,477,457.08	761,135,520.91
Total	529,551,432.55	761,135,520.91

2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	204,668.96		26,781,604.56	26,986,273.52
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual	53,593.86		405,596.94	459,190.80
Balance on 31 Dec. 2020	258,262.82		27,187,201.50	27,445,464.32

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

By account age

In RMB

Account age	Book balance
Within one year(including one year)	504,057,027.20
2-3 years	436,664.33
Over 3 years	25,057,741.02
3-4 years	436,664.33
4-5 years	436,664.33
Over 5 years	24,184,412.36
Total	529,551,432.55

3)Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Accrual of bad debt provision on single item	26,781,604.56	405,596.94				27,187,201.50
Accrual of bad debt provision on portfolio	204,668.96	53,593.86				258,262.82
Total	26,986,273.52	459,190.80				27,445,464.32

Including major amount with bad debt provision reverse or collected in the period:

In RMB

Enterprise	Amount reversal or collected	Collection way

4)Other account receivable actually written-off in the period

In RMB

Item	Amount written-off

Including important other account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)

Explanation on other account receivable written-off:

5) Top 5 other receivables at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Internal funds	155,985,833.33	Within one year	29.46%	
Second	Internal funds	142,591,610.30	Within one year	26.93%	
Three	Internal funds	120,336,677.69	Within one year	22.72%	
Fourth	Internal funds	56,307,019.04	Within one year	10.63%	
Fifth	Current payments	24,164,677.07	Over 5 years	4.56%	21,743,578.79
Total		499,385,817.43		94.30%	21,743,578.79

6) Other account receivables related to government grants

In RMB

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted

7) Other receivables derecognized due to the transfer of financial assets**8) Amount of assets and liabilities that formed the by transferring of other receivable and continue to be involved**

Other explanation:

3、 Long-term equity investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	3,713,214,425.09	5,500,000.00	3,707,714,425.09	3,713,214,425.09		3,713,214,425.09
Investment for associates and joint venture	2,927,628.53	2,927,628.53		5,139,058.21	2,927,628.53	2,211,429.68
Total	3,716,142,053.62	8,427,628.53	3,707,714,425.09	3,718,353,483.30	2,927,628.53	3,715,425,854.77

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance(book value)	Current changes (+, -)				Ending balance(book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
Shenbao Property	2,550,000.00					2,550,000.00	
Shenbao Industry & Trade	5,500,000.00			5,500,000.00		0.00	5,500,000.00
Shenbao Sanjing	80,520,842.36					80,520,842.36	
Shenbao Huacheng	168,551,781.80					168,551,781.80	
Huizhou Shenbao	60,000,000.00					60,000,000.00	
Shenbao Technology	54,676,764.11					54,676,764.11	
Shenbao Investment	50,000,000.00					50,000,000.00	
SZCG	3,291,415,036.82					3,291,415,036.82	
Total	3,713,214,425.09			5,500,000.00		3,707,714,425.09	5,500,000.00

(2)Investment for associates and joint venture

In RMB

Investment company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other		
I. Joint venture											
II. Associated enterprise											

Shenzhen Shenbao (Liaoyuan) Industrial Company											57,628.53
Shenzhen Shenbao (Xinmin) Foods Co., Ltd											2,870,000.00
Guangzhou Shenbao Mendo Tea Co., Ltd	2,211,429.68		2,211,429.68								0.00
Subtotal	2,211,429.68		2,211,429.68								2,927,628.53
Total	2,211,429.68										2,927,628.53

(3)Other explanation

4. Operating revenue and operating cost

In RMB

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	2,937,704.33	2,935,769.97	33,297,047.52	30,082,764.02
Other business	3,849,941.90	471,590.33		

Total	6,787,646.23	3,407,360.30	33,297,047.52	30,082,764.02
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Revenue-related information:

In RMB

Contract classification	Division 1	Division 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 411.00 yuan, among them, 0.00 yuan of revenue is expected to be recognized in 2021, 0.00 yuan of revenue is expected to be recognized in 2022, and 0.00 yuan of revenue is expected to be recognized in 2023.

Other explanation:

5. Investment income

In RMB

Item	Current Period	Last Period
Long-term equity investment income measured by equity		-1,614,296.02
Investment income from disposal of long-term equity investment	2,288,570.32	-109,778.22
Investment income during the period of tradable financial assets hold	392,551.01	
Dividend	390,473,276.41	289,407,372.80
Income from financial products		1,884,298.10
Total	393,154,397.74	289,567,596.66

6. Other

XVIII. Supplementary information

1. Current non-recurring gains/losses

√ Applicable Not applicable

Item	Amount	Note
Gains/losses from the disposal of non-current asset	2,072,531.42	
Tax refund, breaks approved beyond the authority or without official approval documents		
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	18,503,372.31	
Fund possession cost reckoned in current gain/loss charged from non-financial enterprise		
When an enterprise acquires a subsidiary, associated enterprise and joint venture, the investment cost is less than the income generated by the fair value of the identifiable net assets of the invested entity		
Gains/losses from exchange of non-monetary assets		
Profit and loss of assets delegation on others' investment or management	12,655,258.64	
Impairment provision for all assets due to force majeure, such as natural disasters		
Gains/losses of debt restructuring		
Enterprise restructuring costs, such as the staff placement expenses and integration costs etc.		
Gains/losses arising from the transaction whose transaction price is clearly unfair exceed the fair value		
Net gains/losses of the current period from beginning of the period to date of consolidation for those subsidiary arising from enterprise combined under the same control		
Gains/losses arising from the contingencies unrelated to the normal operation of the Company		
Gains and losses from change of fair values of held-for-transaction financial assets, derivative financial assets, held-for-transaction financial liability and derivative financial liability except for the effective hedge business related to normal business of the Company, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability, derivative financial liability and other debt investment.	-151,852.20	

Switch-back of provision of impairment of account receivable and contract assets which are treated with separate depreciation test	1,236,198.70	
Gains/losses obtained from external entrusted loans		
Gains/losses arising from change of the fair value of investment real estate, which is subsequently measured using the fair value model		
Impact on current gains/losses while a one-time adjustment to the current gains/losses, in accordance with the requirement of laws of taxation and accounting and regulations.		
Income of custody fee from entrusted operations		
Other non-operating income and expenditure except for the aforementioned items	2,423,255.86	
Other gains/losses items that conform to the definition of non-recurring gains/losses	496,383.61	
Less: impact on income tax	5,591,230.45	
Impact on minority interests	765,895.84	
Total	30,878,022.05	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits belong to common stock stockholders of the Company	8.99%	0.3515	0.3515
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	8.30%	0.3247	0.3247

3. Difference of the accounting data under accounting rules in and out of China**(1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)**√ Applicable Not applicable

In RMB

	Net profit		Net assets	
	Current Period	Last Period	Ending balance	Opening balance
Chinese GAAP	405,088,385.54	363,501,809.52	4,595,331,999.76	4,420,751,187.57
Items and amount adjusted by IAS:				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	405,088,385.54	363,501,809.52	4,596,398,999.76	4,421,818,187.57

(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles) Applicable Not applicable**(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute****4. Other**

Section XIII. Documents available for Reference

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original audit report with seal of accounting firms and signature and seals of CPA;
3. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) in the report period;
4. Original copies of 2020 Annual Report with signature of the Chairman.