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**Lanzhou Zhuangyuan Pasture Co., Ltd.\***

**蘭州莊園牧場股份有限公司**

*(a joint stock limited liability company incorporated in the People's Republic of China)*

**(Stock Code: 1533)**

## **2020 THIRD QUARTERLY REPORT**

**October 2020**

### **I. IMPORTANT NOTE**

The Board of Directors and the supervisory committee of the Company, its Directors, supervisors and senior management personnel warrant that the contents of this quarterly report are true, accurate and complete, and that there is no false representation or misleading statement contained in or material omission from this quarterly report, and assume several and joint legal liabilities.

All Directors have attended the meeting of the Board of Directors held to consider this quarterly report.

The officer-in-charge of the Company, the officer-in-charge of accounting operations, and the head of the accounting firm (head of accounting) warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

## II. GENERAL INFORMATION OF THE COMPANY

### I. PRINCIPAL ACCOUNTING DATA AND FINANCIAL INDICATORS

Whether the Company is required to make retrospective adjustments to or restatements of the accounting data of the previous years

☐ Yes ☒ No

	As at the end of the reporting period	As at the end of last year	Increase/decrease as at the end of the reporting period compared with the end of last year	
Total assets (RMB)	2,779,514,177.60	2,492,726,974.51	11.50%	
Net assets attributable to shareholders of the listed company (RMB)	1,221,456,614.90	1,225,407,188.36	-0.32%	
	For the reporting period	Increase/ decrease in the reporting period compared with the corresponding period of last year	Beginning of the year to the end of the reporting period	Increase/ decrease in the period from the beginning of the year to end of the reporting period compared with the corresponding period of last year
Operating revenue (RMB)	200,885,807.57	-3.87%	525,873,018.45	-13.20%
Net profit attributable to shareholders of the listed company (RMB)	8,197,825.14	-28.42%	6,222,770.75	-83.69%
Net profit attributable to shareholders of the listed company after deduction of non-recurring gain or loss (RMB)	6,832,616.36	-45.20%	2,088,103.77	-94.23%
Net cash flows from operating activities (RMB)	22,965,821.19	-359.23%	112,579,422.44	-17.45%
Basic earnings per share (RMB/share)	0.04	-33.33%	0.03	-85.00%
Diluted earnings per share (RMB/share)	0.04	-20.00%	0.03	-84.21%
Weighted average rate of return on net assets	0.67%	-0.27%	0.51%	-2.66%

Items and amounts of non-recurring gain or loss

☒ Applicable ☐ N/A

Item	Amount for the period from beginning of year to the end of the reporting period	Note
Gain or loss on disposal of non-current assets, including the offset part of the asset impairment allowance provided	279,818.52	Mainly due to the disposal of fixed assets
Government subsidies included in the profits or losses for the period (except for government subsidies which are closely related to the Company's operations, and entitled in a fixed amount or quantity in conformity with the common standards of the State)	4,430,158.23	Mainly to the fact that the Company obtained various governmental subsidies
Other non-operating income and expenses other than those described above	-35,720.41	Mainly to the gains from disposal of wastes, etc.
Less: Effect of income tax	539,589.36	
Total	4,134,666.98	—

Please explain the reasons for including the non-recurring gain or loss items defined by the Company according to the definition of the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities — Extraordinary Gain or Loss Items” by the Company and the non-recurring gain or loss items stated in the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities — Non-recurring Gain or Loss Items” by the Company in the recurring gain or loss items.

☐ Applicable ☒ N/A

During the reporting period, there was no circumstance that the Company defined the non-recurring gain or loss items as defined and stated under the “Explanatory Announcement No. 1 for Information Disclosure by Public Issuers of Securities — Extraordinary Gain or Loss Items” by the Company as the recurring gain or loss item.

**II. TABLE SETTING OUT THE TOTAL NUMBER OF SHAREHOLDERS AND THE PARTICULARS OF SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS AT THE END OF THE REPORTING PERIOD**

**1. Table setting out the total number of ordinary shareholders and preferential shareholders with reinstated voting rights and the particulars of shareholdings of the top 10 shareholders**

Unit: share

Total number of ordinary shareholders at the end of the reporting period		19,884 shareholders, including 19,870 A shareholders and 14 registered H shareholders	Total number of preferential shareholders with reinstated voting rights at the end of the reporting period (if any)		0	
Particulars of shareholdings of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Percentage of shareholding	Number of shares held	Number of shares held subject to the conditions of sale restrictions	Pledged or frozen	
					Status of shares	Number
HKSCC Nominees Limited	Overseas legal person	18.42%	35,121,847			
Ma Hongfu	Domestic natural person	16.89%	32,197,400	32,197,400		
Lanzhou Zhuangyuan Investment Co., Ltd.* (蘭州莊園投資股份有限公司)	Domestic non-state-owned legal person	16.20%	30,894,700	30,894,700	Pledged	30,000,000
Gansu Lucky Cow Investment Co., Ltd.* (甘肅福牛投資有限公司)	Domestic non-state-owned legal person	7.87%	15,000,000	15,000,000		

Shenzhen CDF Fukai Investment Enterprise (Limited Partnership)* (深圳市創東方 富凱投資企業(有限 合夥))	Domestic non-state- owned legal person	1.49%	2,847,500			
Tianjin Chuang Dongfang Fuhong Equity Investment Fund Partnership Enterprise LLP * (天津創東方富弘股 權投資基金合夥企 業(有限合夥))	Domestic non-state- owned legal person	0.51%	974,200			
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.43%	824,173			
Zhang Jian	Domestic natural person	0.40%	757,200			
Yan Li	Domestic natural person	0.34%	656,900			
Zhang Qiqi	Domestic natural person	0.34%	655,900			

Particulars of shareholdings of the top 10 shareholders not subject to sale restrictions			
Name of shareholders	Number of shares held not subject to trading restrictions	Class of shares	
		Class of shares	Number
HKSCC Nominees Limited	35,121,847	Overseas-listed foreign shares	35,121,847
Shenzhen CDF Fukai Investment Enterprise (Limited Partnership)* (深圳市創東方富凱投資企業(有限合夥))	2,847,500	RMB ordinary shares	2,847,500
Tianjin Chuang Dongfang Fuhong Equity Investment Fund Partnership Enterprise LLP * (天津創東方富弘股權投資基金合夥企業(有限合夥))	974,200	RMB ordinary shares	974,200
Hong Kong Securities Clearing Company Limited	824,173	RMB ordinary shares	824,173
Zhang Jian	757,200	RMB ordinary shares	757,200
Yan Li	656,900	RMB ordinary shares	656,900
Zhang Qiqi	655,900	RMB ordinary shares	655,900
He Yi	581,600	RMB ordinary shares	581,600
Hao Xuejun	486,900	RMB ordinary shares	486,900
Zhang Zhixiong	424,200	RMB ordinary shares	424,200
Explanations on the connected relationship or acting in concert among the above shareholders	Mr. Ma Hongfu has actual control on 78,092,100 shares of the Company through his direct ownership and control of Zhuangyuan Investment and Lucky Cow Investment, and he is one of the controlling shareholders and the actual controller of the Company. Mr. Ma Hongfu and Zhuangyuan Investment and Lucky Cow Investment are parties acting in concert.		
Explanations on the participation in the business of securities margin trading (if any) by the top 10 ordinary shareholders	Nil		

Any agreed repurchase transaction conducted by the top 10 ordinary shareholders or top 10 ordinary shareholders who are not subject to trading restrictions of the Company during the reporting period

☐ Yes ☒ No

**2. Total number of preferential shareholders and particulars of shareholdings of the top 10 preferential shareholders of the Company**

☐ Applicable ☒ N/A

### III. SIGNIFICANT EVENTS

#### I. CHANGES IN MAJOR FINANCIAL FIGURES AND FINANCIAL INDICATORS DURING THE REPORTING PERIOD AND REASONS THEREFOR

☒ Applicable ☐ N/A

Consolidated Balance Sheet				
Item	30 September 2020	31 December 2019	Increase or decrease	Reasons for changes
Monetary funds	607,724,887.68	413,741,623.19	46.89%	Mainly due to low settlement amount as the new long-term borrowings of RMB126 million of the subsidiary Ruijia Farming was near the reporting date.
Other receivables	8,491,466.86	17,694,289.75	-52.01%	Mainly due to the collation of the performance compensation income receivable from former shareholders of Xi'an Dongfang Dairy Company Limited during the reporting period.
Construction in progress	145,158,494.09	59,188,174.44	145.25%	Mainly due to the construction of "Recycling Industrial Park Project of a Dairy Farm for 10,000 Dairy Cows in Jinchuan District" during the reporting period.
Long-term deferred expenses	4,701,289.11	7,137,784.31	-34.14%	Mainly due to the amortization for the current period.
Other non-current assets	89,432,822.81	57,851,819.54	54.59%	Mainly due to the increase in the prepayments for purchase of cows for the current period.
Bills payable	436,860,000.00	283,014,000.00	54.36%	Mainly due to the increase in financing of notes payable by the Company arising from the larger demand for the funds of project construction.
Long-term borrowings	311,438,789.34	227,326,823.87	37.00%	Mainly due to the larger demand for the funds of project construction and the increase in the borrowings by the Company.
Lease liabilities	42,742,052.69	30,945,676.02	38.12%	Mainly due to the lease of the land use rights of the new subsidiaries during the reporting period.



Consolidated Income Statement				
Item	January — September 2020	January — September 2019	Increase or decrease	Reasons for changes
Selling expenses	46,686,389.56	66,783,016.59	-30.09%	Mainly due to the decrease in the expenses for various marketing activities of the Company arising from the effect of the epidemic.
Interest expenses	23,524,186.65	17,533,986.15	34.16%	Mainly due to the corresponding increase in the interest on the lease liabilities of the Company arising from the increase in the lease and the corresponding increase in the interest on the borrowings arising from the increase in the borrowings of the Company.
Interest income	4,104,510.68	1,881,194.38	118.19%	Mainly due to the interest income on the increased note margins as a result of higher note financing.
Investment income	-7,726,174.22			Mainly due to the derecognition of the discount interest on the notes of the Company.
Gains from changes in fair value	-8,051,272.48	5,262,793.08	-252.98%	Mainly due to the proactive elimination of cows for population optimisation and the higher feeding cost for the current period.
Impairment losses on credit	-164,497.51	-693,088.54	-76.27%	Mainly due to the decrease in the expected credit loss of the Company for the current period.
Gains from asset disposal	278,729.80	-2,063.05	-13610.57%	Mainly due to the disposal of the fixed assets during the reporting period.
Non-operating income	393,146.37	2,086,623.89	-81.16%	Mainly due to the decrease in the government grants not related to daily activities.
Non-operating expenses	356,870.93	3,073,018.06	-88.39%	Mainly due to the decrease in the decrease in the damage and obsolescence of the non-current assets for the current period.
Income tax expenses	-857,933.76	6,537,114.55	-113.12%	Mainly due to the loss making of the subject of tax payment for income tax for the current period and the recognition of the deferred income tax assets.

Consolidated Cash Flow Statement				
Item	January — September 2020	January — September 2019	Increase or decrease	Reasons for changes
Refund of taxes and levies	914,079.53			Mainly due to the refund of value-added tax received for the current period.
Payment of various taxes and levies	20,328,607.12	32,168,530.41	-36.81%	Mainly due to the withholding and payment of the original shareholder's individual income tax after the acquisition of Dongfang Dairy for the previous period. There was no such extraordinary matter for the current period.
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	14,152,978.00	80,073.00	17575.09%	Mainly due to the disposal of certain long-term assets for the current period.
Cash paid for investments		3,822,500.00	-100.00%	Mainly due to the cash paid for the acquisition of Dongfang Dairy for the previous period. There was no such matter for the current period.
Other payment of cash relating to investing activities		212,045,071.93	-100.00%	Mainly due to the structured deposits for the previous period. There was no such matter for the current period.
Proceeds from investors		23,250,576.00	-100.00%	Mainly due to the implementation of the restricted share incentive scheme for the previous period.
Cash received from borrowings	531,000,000.00	828,768,735.34	-35.93%	Mainly due to the adjustment of financing structure and term.
Other cash received relating to financing activities	448,786,828.78	1,146,034.00	39059.99%	Mainly due to the increase in cash received and paid relating to other financing activities resulted from conducting bill financing business, financing and payments due.
Other cash paid relating to financing activities	321,000,406.80	6,797,810.29	4622.11%	Mainly due to the increase in cash received and paid relating to other financing activities resulted from conducting bill financing business, financing and payments due.
Effect of foreign exchange rate changes on cash and cash equivalents	-9,001.42	85,844.38	-110.49%	Mainly due to the changes in exchange rate for the current period.

## II. ANALYSIS AND DESCRIPTION ON THE PROGRESS OF SIGNIFICANT EVENTS AND THEIR IMPACT AND SOLUTION

☒ Applicable ☐ N/A

### (I) Non-public issuance of A shares

In order to further optimize the financial structure of the Company and promote the long-term stable development of the Company, the Company published the Proposal on the Non-Public Issuance of A shares on 6 December 2019, and intended to finance the “Recycling Industrial Park Project of a Dairy Farm for 10,000 Dairy Cows in Jinchuan District” and the repayment of bank loans with the proceeds raised through the non-public issuance of A shares not exceeding 38,000,000 Shares (including the figure stated), the proposal was considered and approved at the first Extraordinary General Meeting of 2020 and the first A Shareholders’ Class Meeting of 2020 and the first H Shareholders’ Class Meeting of 2020 convened on 17 January 2020. The Company submitted the application of administrative permission for the Approval of Non-public Issuance of New Shares of Listed Companies to the CSRC, and received the Administrative License Application Acceptance Form from the China Securities Regulatory Commission (Acceptance serial number: 200128) issued by the CSRC on 21 January 2020. CSRC issued the Feedback Notice of the First Review of the Application for Administrative Licensing from China Securities Regulatory Commission (《中國證監會行政許可項目審查一次反饋意見通知書》) on 24 March 2020. In accordance with relevant laws and regulations such as the prevailing Administrative Measures on Securities Issuance of Listed Companies and Implementation Rules for the Non-Public Issuance of Shares of Listed Companies issued by the China Securities Regulatory

Commission, the Company held the 36th meeting of the third session of the board of directors on 3 April 2020, at which the adjustments and amendments were made to the plan and proposal for the non-public issuance of A shares, and adjustment was made to the number of shares to be issued under the non-public issuance, the number of A shares to be issued under the non-public issuance has been adjusted to no more than 43,000,000 shares. The revised proposal for the non-public issuance of A shares was passed at the second Extraordinary General Meeting of 2020, the second A Shareholders' Class Meeting of 2020 and the second H Shareholders' Class Meeting of 2020 convened on 25 May 2020. The Company published the Announcement on Feedback for the 'Feedback Notice of the First Review of the Application for Administrative Licensing from China Securities Regulatory Commission' (《關於對<中國證監會行政許可項目審查一次反饋意見通知>反饋回復的公告》) and the Announcement on Reply to Feedback for the 'Feedback Notice of the First Review of the Application for Administrative Licensing from China Securities Regulatory Commission' (《關於對<中國證監會行政許可項目審查一次反饋意見通知>反饋回復修訂的公告》) on the designated media on 12 May and 26 May, respectively.

The Company published the Announcement on Reply to the 'Letter on Preparation Works for Issuance Examination Committee Meeting on the Non-public Issuance of Lanzhou Zhuangyuan Pasture Co., Ltd.' (《關於<請做好蘭州莊園牧場股份有限公司非公開申請發審委會議準備工作的函>的回復公告》) on the designated media on 14 July 2020. The Company published the Announcement on the Review and Approval by Issuance Examination Committee of China Securities Regulatory Commission for the Non-Public Issuance of A Shares (《關於非公開發行A股股票申請獲得中國證監會發審委審核通過的公告》) on the designated media on 11 August 2020 and the Company received the Reply on Approval of Non-public Issuance of Shares by Lanzhou Zhuangyuan Pasture Co., Ltd.\* (Zheng Jian Xu Ke [2020] No. 1864) (《關於核准蘭州莊園牧場股份有限公司非公開發行股票的批復》(證監許可(2020)1864號)) issued by China Securities Regulatory Commission on 25 August 2020.

## **(II) Policy-based relocation of the wholly-owned subsidiaries**

### ***1. About Ningxia Zhuangyuan Pasture Co., Ltd., our wholly-owned subsidiary***

To further promote the feedback and rectification opinions of the inspector from the Central Environmental Protection Inspection Team, control the pollution of animal and poultry breeding, and protect the ecological environment, Ningxia Zhuangyuan Pasture Co., Ltd. ("Ningxia Zhuangyuan"), a wholly-owned subsidiary of the Company, received the Notice on Closure and Relocation of Farms in the Animal and Poultry Forbidden Areas (《關於畜禽禁養區養殖場關閉搬遷的通告》) and the Litong District Implementation Plan for Closure or Relocation of Farms (Communities) in the Animal and

Poultry Forbidden Areas (《利通區進一步做好畜禽禁養區養殖場(小區)關閉或搬遷工作的實施方案》) issued by the People's Government of Litong District, Wuzhong City, according to which, the core dairy breeding area in Jinyin Beach, where Ningxia Zhuangyuan is located, has been included in the Animal and Poultry Breeding Forbidden Areas and the scope of closure and relocation. Considering the feedback and rectification opinions of the inspector from the Central Environmental Protection Inspection Team and respecting the deployment of the pollution prevention and control work of Litong District, Wuzhong City, Ningxia Zhuangyuan has proactively responded to the work arrangement of the Government for relocation and closure, and has been proactively negotiating with the People's Government of Litong District, Wuzhong City in respect of the compensation matters. According to the relevant requirements of the Regulation on the Prevention and Control of Pollution Caused by Large Scale Breeding of Livestock and Poultry (《畜禽規模養殖污染防治條例》), the Regulation on Acquisition and Compensation of the Houses on the State-owned Land (《國有土地上房屋征收與補償條例》) and etc., Ningxia Zhuangyuan has suffered from economic losses due to the policy-based relocation, and the People's Government of Litong District, Wuzhong City shall compensate us against losses in accordance with the laws. However, we have not yet received any substantive compensation decision from the People's Government of Litong District, Wuzhong City, nor has it entered into any compensation agreement with Ningxia Zhuangyuan.

In order to protect the legitimate interest and overall interest of the Company and its shareholders, Ningxia Zhuangyuan filed an administrative indictment to the Intermediate People's Court in Wuzhong City, Ningxia Hui Autonomous Region. On 5 March 2020, Ningxia Zhuangyuan received the Notice of Acceptance by the Intermediate People's Court in Wuzhong City, Ningxia Hui Autonomous Region ([2020] Ning 03 Xing Chu No. 6) (《寧夏回族自治區吳忠市中級人民法院受理案件通知書》((2020)寧03行初6號)) and the Summon of the Intermediate People's Court in Wuzhong City, Ningxia Hui Autonomous Region ([2020] Ning 03 Xing Chu No. 6) (《寧夏回族自治區吳忠市中級人民法院傳票》((2020)寧03行初6號)) serviced by the Intermediate People's Court in Wuzhong City, Ningxia Hui Autonomous Region. The administrative indictment has been formally accepted by the Intermediate People's Court in Wuzhong City, Ningxia Hui Autonomous Region and was heard on 8 April 2020.

The Company had received the Administrative Judgment ([2020] Ning 03 Xing Chu No. 6) (行政判決書((2020)寧03行初6號)) served by the Intermediate People's Court of Wuzhong City of Ningxia Hui Autonomous Region on 27 July. The Intermediate People's Court of Wuzhong City of Ningxia Hui Autonomous Region considered that as the request for

administrative compensations raised by Ningxia Zhuangyuan as plaintiff was still subject to the investigation and assessment of the People's Government of Litong District of Wuzhong City as defendant for determining the scope, standard and amount of the compensations, the People's Government of Litong District of Wuzhong City as defendant shall compensate Ningxia Zhuangyuan Pasture as plaintiff for the closure and relocation. According to the provisions of Article 72 of the "Administrative Procedure Law of the People's Republic of China" and Article 91 of the "Explanation of the Supreme People's Court for Application of the 'Administrative Procedure Law of the People's Republic of China'", it is hereby ruled that "the People's Government of Litong District of Wuzhong City as defendant shall compensate Ningxia Zhuangyuan Pasture as plaintiff for the closure and relocation within 60 days from the date on which this Judgment takes effect. The case acceptance fee is RMB50 and shall be assumed by the People's Government of Litong District of Wuzhong City as defendant. The defendant who is not satisfied with this judgment may file an appeal with our court within 15 days of the delivery of this judgment and provide the corresponding number of copies thereof according to the number of the other parties concerned for appealing to the Higher Peoples' Court of the Ningxia Hui Autonomous Region".

**2. *About Qinghai Shengyuan Pasture Co., Ltd., our wholly-owned subsidiary***

According to the relevant requirements in the Notice of the General Office of Xining City People's Government on Printing and Distributing the Relocation Plan of the Farms along the Huangshui River in Xining City (Ning Zheng Ban [2016] No. 107), the Ordinance on Pollution Prevention and Control in Huangshui Watershed of Qinghai Province, the Ordinance on Water Pollution Prevention and Control in Qinghai Province, the Work Plan of Water Pollution Prevention and Control in Qinghai Province, the Notice of the General Office of Xining City People's Government on Printing and Distributing the Delimitation Plan for Forbidden Areas & Restriction Areas for Animal and Poultry Breeding in Xining City (Trial) (Ning Zheng Ban [2017] No. 143) and the Delimitation Plan of Forbidden Areas, Restricted Areas and Breeding Areas for Animal and Poultry Breeding in Huangyuan County (Yuan Zheng Ban [2016] No. 163), the area, where Qinghai Shengyuan Pasture Co., Ltd. (青海聖源牧場有限公司) ("Qinghai Shengyuan"), a wholly-owned subsidiary of the Company, is located, has been delimited into forbidden areas for animal and poultry and included in the range of closure and relocation. Qinghai Shengyuan received the Notice of Closure within a Time Limit issued by the People's Government of Huangyuan County, Xining City. Respecting the deployment of the pollution prevention and control work of Huangyuan County, Xining City, Qinghai Shengyuan has proactively responded to the



work arrangement of the Government for relocation and closure, and has been proactively negotiating with the People's Government of Huangyuan County, Xining City in respect of the compensation matters. According to the relevant requirements of the Regulation on the Prevention and Control of Pollution Caused by Large Scale Breeding of Livestock and Poultry, the Regulation on Acquisition and Compensation of the Houses on the State-owned Land, etc., Qinghai Shengyuan has suffered from economic losses due to the policy-based relocation, and the People's Government of Huangyuan County, Xining City shall compensate us against losses in accordance with laws. However, we have not yet received any substantive compensation decision from the People's Government of Huangyuan County, Xining City, nor has it entered into any compensation agreement with Qinghai Shengyuan.

In order to protect the legitimate interest and overall interest of the Company and its shareholders, Qinghai Shengyuan filed an administrative indictment to the Intermediate People's Court in Xining City, Qinghai Province. On 11 March 2020, Qinghai Shengyuan received the Notice of Acceptance by the Intermediate People's Court in Xining City ([2020] Qing 01 Xing Chu No. 16) serviced by the Intermediate People's Court in Xining City, Qinghai Province. The administrative indictment has been formally accepted by the Intermediate People's Court in Xining City, Qinghai Province and was heard on 7 August 2020.

The Company had received the Administrative Judgment ([2020] Qing 01 Xing Chu No. 16) served by the Intermediate People's Court of Xining City, Qinghai Province on 31 August 2020. The Intermediate People's Court of Xining City, Qinghai Province considered that as the request for administrative compensations raised by Qinghai Shengyuan as plaintiff was still subject to the investigation and assessment of the People's Government of Huangyuan County of Xining City as defendant for determining the scope, standard and amount of the compensations, the People's Government of Huangyuan County of Xining City as defendant shall compensate Qinghai Shengyuan as plaintiff for the closure and relocation. According to the provisions of Article 72 of the "Administrative Procedure Law of the People's Republic of China" and Article 91 of the "Explanation of the Supreme People's Court for Application of the 'Administrative Procedure Law of the People's Republic of China'", it is hereby ruled that "the People's Government of Huangyuan County, Xining City as defendant is ordered to compensate Qinghai Shengyuan Pasture Co., Ltd. as plaintiff for the closure and relocation within 60 days from the date on which this Judgment takes effect, and the other requests of Qinghai Shengyuan Pasture Co., Ltd. as plaintiff are rejected. The case acceptance fee is RMB50 and shall be assumed by the People's Government of Huangyuan County of Xining City as defendant. The defendant who is not satisfied with this judgment may file an appeal with our

court within 15 days of the delivery of this judgment and provide the corresponding number of copies thereof according to the number of the other parties concerned for appealing to the Higher Peoples' Court of Qinghai Province”.

Summary of significant events	Disclosure date	Enquiry index for the disclosure website of provisional report
Non-public issuance of A shares	6 December 2019	CNINFO (www.cninfo.com.cn), the Announcement on the Resolution of the 29th Meeting of the Third Session of the board of directors (Announcement No.: 2019-087) and the Announcement on the Resolution of the 18th Meeting of the Third Session of the Supervisory Committee (Announcement No.: 2019-088)
	18 January 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Resolution of the 2020 First Extraordinary General Meeting, the 2020 First A Shareholders' Class Meeting and the 2020 First H Shareholders' Class Meeting (Announcement No.: 2020-001)
	7 April 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Resolution of the 36th meeting of the third session of the board of directors (Announcement No.: 2020-024), the Announcement on the Resolution of the 22nd meeting of the third session of the Supervisory Committee (Announcement No.: 200-025), the Announcement on Explanation of Amendments to Proposal for the Non-public Issuance of A shares by the Company (Announcement No.: 2020-026) and the Notice for Convening the 2020 Second Extraordinary General Meeting, the 2020 Second A Shareholders' Class Meeting and the 2020 Second H Shareholders' Class Meeting (Announcement No.: 2020-029)



Summary of significant events	Disclosure date	Enquiry index for the disclosure website of provisional report
	12 May 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Reply to the Feedbacks from Lanzhou Zhuangyuan Pasture Co., Ltd. to the ‘Notice on the Feedbacks to the Review of the Project with Administrative Permission from China Securities Regulatory Commission (Announcement No.: 2020-051)
	26 May 2020	CNINFO (www.cninfo.com.cn), the Announcement on the 2020 Second Extraordinary General Meeting, the 2020 Second A Shareholders’ Class Meeting and the 2020 Second H Shareholders’ Class Meeting (Announcement No.: 2020-059), and the Announcement on the Revised Reply to the Feedbacks from Lanzhou Zhuangyuan Pasture Co., Ltd. to the ‘Notice on the Feedbacks to the Review of the Project with Administrative Permission from China Securities Regulatory Commission (Announcement No.: 2020-062)
	14 July 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Reply on the Letter from Lanzhou Zhuangyuan Pasture Co., Ltd. for Application with the Issuance Examination Committee of China Securities Regulatory Commission for Preparation of the Meeting for Non-public Issuance of A Shares (Announcement No.: 2020-065)
	11 August 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Review and Approval of the Issuance Examination Committee of China Securities Regulatory Commission for Non-public Issuance of A Shares (Announcement No.: 2020-073)

Summary of significant events	Disclosure date	Enquiry index for the disclosure website of provisional report
	27 August 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Approval of China Securities Regulatory Commission for Non-public Issuance of A Shares (Announcement No.: 2020-075)
Policy-based relocation of the wholly-owned subsidiaries	25 April 2018	CNINFO (www.cninfo.com.cn), the Indicative Announcement of Lanzhou Zhuangyuan Pasture Co., Ltd. on Receipt of the Policy-based Relocation Notice by the Wholly-owned Subsidiary (Announcement No.: 2018-040)
	27 April 2019	CNINFO (www.cninfo.com.cn), the Indicative Announcement of Lanzhou Zhuangyuan Pasture Co., Ltd. on Receipt of the Policy-based Relocation Notice by the Wholly-owned Subsidiary (Announcement No.: 2019-037)
	10 March 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Progress of the Policy-based Relocation of the Wholly-owned Subsidiary (Announcement No.: 2020-014)
	14 March 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Progress of the Policy-based Relocation of the Wholly-owned Subsidiary (Announcement No.: 2020-018)
	6 August 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Progress of the Policy-based Relocation of the Wholly-owned Subsidiary (Announcement No.: 2020-069)
	16 September 2020	CNINFO (www.cninfo.com.cn), the Announcement on the Progress of the Policy-based Relocation of the Wholly-owned Subsidiary (Announcement No.: 2020-076)

**III. OVERDUE UNDERTAKING NOT YET PERFORMED DURING THE REPORTING PERIOD BY THE DE FACTO CONTROLLER OF THE COMPANY, SHAREHOLDERS, RELATED PARTIES, PURCHASERS, THE COMPANY AND OTHER UNDERTAKING PARTIES**

☐ Applicable ☒ N/A

There was no overdue and unfulfilled undertaking from the de facto controller of the Company, shareholders, related parties, purchasers, the Company and other relevant parties of the Company within the reporting period.

**IV. INVESTMENTS IN FINANCIAL ASSETS**

**1. Investments in Securities**

☐ Applicable ☒ N/A

There was no investment in securities during the reporting period.

**2. Investments in Derivatives**

☐ Applicable ☒ N/A

There was no investment in derivatives during the reporting period.

## V. PROGRESS OF THE INVESTMENT PROJECTS FUNDED BY THE PROCEEDS

☒ Applicable ☐ N/A

As approved by the “Approval for the Initial Public Offering of Shares of Lanzhou Zhuangyuan Pasture Co., Ltd.\* (Zheng Jian Xu Ke [2017] No. 1779)” (《關於核准蘭州莊園牧場股份有限公司首次公開發行股票的批復》(證監許可[2017]1779號)) issued by China Securities Regulatory Commission, the Company carried out the public offering of 46,840,000 RMB-denominated ordinary shares (A shares) of RMB1.00 each at an issue price of RMB7.46 per share to the society. The total proceeds were RMB349,426,400 and after deducting underwriting expenses and sponsor’s fee, issuance registration fee and other transaction expenses of RMB39,922,700 in total, the net proceeds amounted to RMB309,503,700.

On 24 October 2017, KPMG Huazhen LLP has inspected the availability of the proceeds from the initial public offering of A shares by the Company and issued KPMG Huazhen Capital Verification Report (Yan Zi No. 1700634) for verification and confirmation.

From January to September 2020, we utilized the proceeds of RMB43,569,428, replenished current capital of RMB50,000,000 in April. The interest income of the special account of the proceeds for the current period after deducting handling fee amounted to RMB74,468. As of 30 September 2020, the Company had used proceeds from issuance of A shares of RMB246,969,428 accumulatively. The accumulated net interest income of the proceeds net of handling fee amounted to RMB1,428,665. The balance of the special account of the proceeds amounted to RMB13,962,937, the accumulatively replenished current capital amounted to RMB50,000,000 and the balance of the unutilized proceeds amounted to RMB63,962,937.

Actual use of proceeds raised from issuance of A shares  
from January to September 2020

Unit: RMB

Total proceeds			309,503,700			Total proceeds invested during the period	43,569,428			
Total proceeds with changes in use during the reporting period						Total proceeds invested accumulatively	246,969,428			
Total accumulated proceeds with changes in use			256,103,700							
Proportion of total accumulated proceeds with changes in use			83%							
Committed investment projects and investment directions of over-subscription funds	Whether the project has been changed (including partial changes)	Total committed investment of proceeds	Total investment after adjustment (1)	The amount invested during the period	Accumulated amount invested as of the end of the period (2)	Investment progress as of the end of the period (%) (3)=(2)/(1)	Date when the project reaches the scheduled usable status	The benefit realized during the period	Whether the expected benefits are realized	Whether the project feasibility has been changed significantly
Committed investment projects										
1. 10,000 imported fine cows farming construction project	Yes	260,193,300	53,400,000		53,400,000	100%	N/A	N/A	N/A	No
2. Self-service milk machine and supporting facilities construction project	Yes	49,310,400					N/A	N/A	N/A	Yes
3. Acquisition of 82% equity interests of Xi'an Dongfang Dairy Co., Ltd.			150,000,000		150,000,000	100%	2018	1,447,898.35	No	No
4. Recycling Industrial Park Project of a Dairy Farm with 10,000 Dairy Cows in Jinchuan District			106,103,700	43,569,428	43,569,428	41%	N/A	N/A	N/A	No
Subtotal of committed investment projects		309,503,700	309,503,700	43,569,428	246,969,428	80%				
Investment directions of over-subscription funds										
No										
Repayment of bank loans (if any)										
Replenishment of current capital (if any)										
Subtotal of investment directions of over-subscription funds										
Total		309,503,700	309,503,700	43,569,428	246,969,428	80%				

## VI. FORECAST ON OPERATING RESULTS FOR 2020

Forecast of a probable loss in respect of the accumulated net profit from the beginning of the year to the end of the next reporting period or warning in respect of any significant changes of profit as compared with that of the corresponding period of last year and the reasons therefor.

☒ Applicable ☐ N/A

Performance forecast: decrease

Type of the information to be completed in the performance forecast: interval number

	From the beginning of the year to the end of the next reporting period			The same period of last year	Increase or decrease			
Estimated accumulated net profit (RMB'0,000)	800	—	1,200	5,132.12	Decrease	-84.41%	—	-76.62%
Basis earning per share (RMB/share)	0.04	—	0.06	0.27	Decrease	-85.19%	—	-77.78%
Explanation of performance forecast	The outbreak of “novel coronavirus (COVID-19)” pandemic in early 2020 caused losses to the Company in the first quarter of 2020. As the pandemic has been mitigated, the Company has proactively adjusted its market strategies and strengthened its market position. As a result, the Company recorded profit in the second and third quarters, but the profit of the Company in the first three quarter of 2020 slightly decreased compared to that over the same period last year. It is expected that there will be a decrease in the profit for the period from the beginning of the year to the end of the next reporting period compared to that over the same period last year.							

## VII. MATERIAL CONTRACTS REGARDING DAILY OPERATION

☐ Applicable ☒ N/A

## VIII. ENTRUSTED WEALTH MANAGEMENT

☐ Applicable ☒ N/A

The Company did not entrust any party for wealth management during the reporting period.

## IX. GUARANTEES FOR THIRD PARTIES IN VIOLATION OF REGULATIONS

☐ Applicable ☒ N/A

There was no guarantee for any third parties provided by the Company in violation of regulations during the reporting period.

**X. APPROPRIATION OF NON-OPERATING FUNDS OF THE LISTED COMPANY BY THE CONTROLLING SHAREHOLDER AND ITS CONNECTED PARTIES**

☐ Applicable ☒ N/A

There was no appropriation of non-operating funds of the listed company by the controlling shareholder and its connected parties during the reporting period of the Company.

**XI. REGISTRATION RECORD OF ANALYST RECEPTIONS, COMMUNICATIONS AND PRESS INTERVIEWS DURING THE REPORTING PERIOD**

☒ Applicable ☐ N/A

Time of reception	Place of reception	Way of reception	Type of receptionist	Receptionist	Main contents of discussion and the information provided	Enquiry index for the basic information of the survey
18 May 2020	<a href="http://rs.p5w.net">http://rs.p5w.net</a>	Others	Individuals	Investors	The Company has conducted thorough interchange and communication with the investors, responded to the major issues concerned by the investors, and ensured that it has disclosed the information truly, accurately, completely, timely and fairly in strict compliance with the requirements of the Information Disclosure Management System, without instance of not publicly disclosing major information leakage, etc.	Please see the more details of the record for investor relation activity dated 18 May 2020 (no.: 2020-001) published on the website of CNINFO ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> ) and of the same published on <a href="http://irm.cninfo.com.cn">http://irm.cninfo.com.cn</a> .

#### IV. FINANCIAL STATEMENTS

##### I. FINANCIAL STATEMENTS

##### 1. Consolidated Balance Sheet

Prepared by: Lanzhou Zhuangyuan Pasture Co., Ltd.\*

Unit: RMB

Item	30 September 2020	31 December 2019
Current assets:		
Cash at bank and on hand	607,724,887.68	413,741,623.19
Balances with clearing companies		
Loans to banks and other financial institutions		
Trading financial assets	20,412,321.24	20,412,321.24
Derivative financial assets		
Bills receivable		
Trade receivables	33,341,923.85	29,649,222.81
Receivables financing		
Prepayments	18,132,507.12	16,185,019.75
Premium receivable		
Amounts receivable from reinsurers		
Provision for reinsurance contracts receivable		
Other receivables	8,491,466.86	17,694,289.75
Including: Interest receivable		
Dividends receivable		
Purchase of repo financial assets		
Inventories	85,618,004.42	94,831,729.43
Contract assets		
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	12,883,169.42	17,595,389.06
Total current assets	786,604,280.59	610,109,595.23
Non-current assets:		
Grant of loans and advances		
Debt investments		



Item	30 September 2020	31 December 2019
Other debt investments		
Long-term receivables		
Long-term equity investment		
Other equity instruments investment	44,471.00	44,471.00
Other non-current financial assets		
Investment properties		
Fixed assets	1,190,710,284.42	1,247,639,084.13
Construction in progress	145,158,494.09	59,188,174.44
Bearer biological assets	399,806,601.11	360,094,572.01
Oil & gas assets		
Right-of-use assets	54,783,448.99	43,436,905.74
Intangible assets	90,176,741.02	90,609,440.20
Research & development expenses		
Goodwill	9,971,195.21	9,971,195.21
Long-term deferred expenses	4,701,289.11	7,137,784.31
Deferred income tax assets	8,124,549.25	6,643,932.70
Other non-current assets	89,432,822.81	57,851,819.54
Total non-current assets	1,992,909,897.01	1,882,617,379.28
Total assets	2,779,514,177.60	2,492,726,974.51
Current liabilities:		
Short-term borrowings	356,014,166.66	315,183,517.92
Borrowings from central bank		
Placements from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	436,860,000.00	283,014,000.00
Accounts payable	219,972,222.53	228,221,075.90
Advances from customers		
Contract liabilities	11,783,941.47	16,470,211.39
Amounts from disposal and repurchase of financial assets		
Customer deposits and deposits due to banks and other financial institutions		

Item	30 September 2020	31 December 2019
Amounts of securities trading as agent		
Amounts of securities underwriting as agent		
Employee remuneration payable	3,171,432.19	2,621,242.48
Taxes payable	6,951,364.70	7,503,971.80
Other payables	65,168,920.54	50,724,524.18
Including: Interests payable		
Dividends payable		
Handling charge and commission payable		
Amounts due to reinsurers		
Liabilities held for sale		
Non-current liabilities due within 1 year	57,333,220.48	56,248,766.99
Other current liabilities		
Total current liabilities	1,157,255,268.57	959,987,310.66
Non-current liabilities:		
Provision for insurance contracts		
Long-term loans	311,438,789.34	227,326,823.87
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	42,742,052.69	30,945,676.02
Long-term payables		
Long-term employee remuneration payable		
Estimated liabilities	485,642.78	514,657.82
Deferred income	37,358,100.03	39,518,307.13
Deferred income tax liabilities	8,777,709.29	9,027,010.65
Other non-current liabilities		
Total non-current liabilities	400,802,294.13	307,332,475.49
Total liabilities	1,558,057,562.70	1,267,319,786.15
Owners' equity:		
Share capital	190,680,600.00	190,680,600.00
Other equity instruments		

Item	30 September 2020	31 December 2019
Including: Preferred shares		
Perpetual bonds		
Capital reserves	531,433,250.39	531,119,161.60
Less: Treasury shares	23,250,576.00	23,250,576.00
Other comprehensive income		
Special reserves		
Surplus reserves	43,387,412.25	43,387,412.25
Provisions for general risk		
Retained profits	479,205,928.26	483,470,590.51
Total equity attributable to the owners of the Parent Company	1,221,456,614.90	1,225,407,188.36
Non-controlling interests		
Total owners' equity	1,221,456,614.90	1,225,407,188.36
Total liabilities and owners' equity	2,779,514,177.60	2,492,726,974.51

Legal Representative:      The person in charge of accounting affairs:      The head of the accounting department:

## 2. BALANCE SHEET OF THE PARENT COMPANY

Unit: RMB

Item	30 September 2020	31 December 2019
Current assets:		
Cash at bank and on hand	480,029,983.79	359,426,779.89
Financial assets held for trading	20,412,321.24	20,412,321.24
Derivative financial assets		
Bills receivable		
Accounts receivable	11,809,417.20	13,002,212.57
Receivables financing		
Prepayments	5,139,863.39	14,463,932.67
Other receivables	476,054,774.24	593,143,581.24
Including: Interests receivable		
Dividends receivable		
Inventories	36,497,590.81	21,362,490.87
Contract assets		
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	11,071,376.12	17,116,807.59
Total current assets	1,041,015,326.79	1,038,928,126.07
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investment	703,788,965.98	533,788,965.98
Other equity instruments investment	44,471.00	44,471.00
Other non-current financial assets		
Investment properties		
Fixed assets	510,179,893.40	529,886,648.14
Construction in progress	6,816,351.83	
Bearer biological assets		
Oil & gas assets		
Right-of-use assets	3,004,682.70	4,033,228.26
Intangible assets	56,872,399.21	56,926,933.65

Item	30 September 2020	31 December 2019
Research & development expenses		
Goodwill		
Long-term deferred expenses	4,674,630.81	6,946,129.01
Deferred income tax assets	4,487,583.46	2,932,649.46
Other non-current assets	20,239,970.00	29,735,133.23
Total non-current assets	1,310,108,948.39	1,164,294,158.73
Total assets	2,351,124,275.18	2,203,222,284.80
Current liabilities:		
Short-term borrowings	316,014,166.66	315,183,517.92
Financial liabilities held for trading		
Derivative financial liabilities		
Bills payable	436,860,000.00	283,014,000.00
Accounts payable	93,601,584.71	123,726,217.02
Advances from customers		
Contract liabilities	9,289,587.46	12,376,552.22
Employee remuneration payable	2,433,170.51	2,012,865.04
Taxes payable	3,786,452.68	2,871,746.56
Other payables	136,372,296.81	61,442,437.80
Including: Interests payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within 1 year	43,742,511.74	33,565,635.79
Other current liabilities		
Total current liabilities	1,042,099,770.57	834,192,972.35
Non-current liabilities:		
Long-term loans	185,438,789.34	227,326,823.87
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,029,243.29	3,122,041.34
Long-term payables		
Long-term employee remuneration payable		
Estimated liabilities	4,122.11	44,340.42

Item	30 September 2020	31 December 2019
Deferred income	15,472,116.72	16,597,888.86
Deferred income tax liabilities	4,276,706.34	4,276,706.34
Other non-current liabilities		
Total non-current liabilities	207,220,977.80	251,367,800.83
Total liabilities	1,249,320,748.37	1,085,560,773.18
Owners' equity:		
Share capital	190,680,600.00	190,680,600.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	553,944,942.46	553,630,853.67
Less: Treasury shares	23,250,576.00	23,250,576.00
Other comprehensive income		
Special reserves		
Surplus reserves	43,387,412.25	43,387,412.25
Retained profits	337,041,148.10	353,213,221.70
Total owners' equity	1,101,803,526.81	1,117,661,511.62
Total liabilities and owners' equity	2,351,124,275.18	2,203,222,284.80

### 3. Consolidated Income Statement for the Reporting Period

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Total operating revenue	200,885,807.57	208,964,384.02
Including: Operating revenue	200,885,807.57	208,964,384.02
Interest income		
Earned premium		
Handling charges and commission income		
II. Total operating cost	187,947,646.67	195,655,214.18
Including: Operating cost	145,535,078.57	141,949,560.91
Interest expenses		
Handling charges and commission expense		
Surrenders		
Net compensation payout		
Provisions for reinsurance contracts, net		
Policy dividend expenses		
Reinsurance cost		
Taxes and surcharges	1,529,318.64	1,188,628.25
Selling expenses	15,919,798.74	24,198,038.36
Administrative expenses	18,734,044.57	20,088,357.84
Research and development expenses	1,933,510.99	3,599,270.93
Financial expenses	4,295,895.16	4,631,357.89
Including: Interest expenses	7,774,286.50	4,826,360.67
Interest income	1,863,702.04	1,011,119.21

Item	Amount for the current period	Amount for the previous period
Add: Other income	1,366,590.35	1,321,933.66
Investment income (loss is indicated by “—”)	-2,550,997.98	
Including: Investment income from associated enterprises and joint ventures		
Termination of recognized income of financial assets measured at amortized cost	-2,550,997.98	
Exchange gains (loss indicated by “—”)		
Gain from net exposure to hedging (loss is indicated by “—”)		
Gains from changes in fair value (loss is indicated by “—”)	-2,887,316.21	1,964,396.82
Impairment losses on credit (loss is indicated by “—”)	-45,659.31	-219,388.44
Impairment loss on assets (loss is indicated by “—”)		
Gains from asset disposal (loss is indicated by “—”)	278,729.80	
III. Operating profit (loss is indicated by “—”)	9,099,507.55	16,376,111.88
Add: Non-operating income	28,262.68	556,402.82
Less: Non-operating expenses	118,938.59	2,835,426.49
IV. Total profit (total loss is indicated by “—”)	9,008,831.64	14,097,088.21
Less: Income tax expenses	811,006.50	2,644,981.99
V. Net profit (net loss is indicated by “—”)	8,197,825.14	11,452,106.22
(I) Classification by operating continuity		
1. Net profit from continuing operations (net loss is indicated by “—”)	8,197,825.14	11,452,106.22
2. Net profit from Discontinued operations (net loss is indicated by “—”)		



Item	Amount for the current period	Amount for the previous period
(II) Classification by ownership		
1. Net profit attributable to owners of the Parent Company	8,197,825.14	11,452,106.22
2. Non-controlling interests		
VI. Other net comprehensive income after tax		
Other net comprehensive income after tax attributable to owners of the Parent Company		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Change in fair value of the Enterprise's own credit risk		
5. Others		

Item	Amount for the current period	Amount for the previous period
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Exchange rate differences of financial statements denominated in foreign currency		
7. Others		
Other net comprehensive income after tax attributable to non-controlling interests		
VII. Total comprehensive income	8,197,825.14	11,452,106.22
Total comprehensive income attributable to the owners of the Parent Company	8,197,825.14	11,452,106.22
Total comprehensive income attributable to non-controlling interests		
VIII. Earnings per share:		
(I) Basic earnings per share	0.04	0.06
(II) Diluted earnings per share	0.04	0.05

For the current period, net profit prior to the merger of the merged party in a business consolidation under common control amounted to RMB. Net profit of the merged party for the previous period amounted to RMB.

Legal Representative:      The person in charge of accounting affairs:      The head of the accounting department:

#### 4. Income Statement of the Parent Company for the Reporting Period

Unit: RMB

Item	Amount for the current period	Amount for the previous period
I. Operating revenue	125,827,733.09	124,605,019.27
Less: Operating cost	100,827,810.14	92,082,800.48
Taxes and surcharges	336,984.58	247,995.30
Selling expenses	8,718,137.99	13,991,457.45
Administrative expenses	7,617,967.78	10,658,507.75
Research and development expenses	1,608,206.82	1,362,304.20
Financial expenses	3,714,237.47	3,860,045.73
Including: Interest expenses	7,171,629.62	4,166,396.89
Interest income	1,774,995.33	887,309.89
Add: Other income	534,373.12	392,387.08
Investment income (loss is indicated by “—”)		
Including: Investment income from associated enterprises and joint ventures		
Termination of recognized income of financial assets measured at amortized cost		
Gain from net exposure to hedging (loss is indicated by “—”)		
Gains from changes in fair value (loss is indicated by “—”)		
Impairment losses on credit (loss is indicated by “—”)	23,030.94	-220,784.78
Impairment loss on assets (loss is indicated by “—”)		
Gains from asset disposal (loss is indicated by “—”)	278,729.80	
II. Operating profit (loss is indicated by “—”)	3,840,522.17	2,573,510.66
Add: Non-operating income	74,620.09	77,164.39
Less: Non-operating expenses	23,108.43	65,770.26
III. Total profit (total loss is indicated by “—”)	3,892,033.83	2,584,904.79
Less: Income tax expenses	114,807.27	1,765,127.76

Item	Amount for the current period	Amount for the previous period
IV. Net profit (net loss is indicated by “—”)	3,777,226.56	819,777.03
(I) Net profit from continuing operations (net loss is indicated by “—”)	3,777,226.56	819,777.03
(II) Net profit from discontinued operations (net loss is indicated by “—”)		
V. Other net comprehensive income after tax		
(I) Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Change in fair value of the Company’s own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Exchange rate differences of financial statements denominated in foreign currency		
7. Others		
VI. Total comprehensive income	3,777,226.56	819,777.03
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

**5. Consolidated Income Statement from the Beginning of the Year to the End of the Reporting Period**

Unit: RMB

Item	Amount for the current period	Amount the previous period
I. Total operating revenue	525,873,018.45	605,863,123.19
Including: Operating revenue	525,873,018.45	605,863,123.19
Interest income		
Earned premium		
Handling charges and commission income		
II. Total operating cost	509,190,493.59	568,079,215.57
Including: Operating cost	376,888,071.02	410,033,437.88
Interest expenses		
Handling charges and commission income		
Surrenders		
Compensation payout, net		
Provisions for reinsurance contracts, net		
Policy dividend expenses		
Reinsurance cost		
Taxes and surcharges	4,553,014.36	4,373,138.64
Selling expenses	46,686,389.56	66,783,016.59
Administrative expenses	53,165,489.91	59,632,439.36
Research and development expenses	7,111,765.68	8,889,201.31
Financial expenses	20,785,763.06	18,367,981.79
Including: Interest expenses	23,524,186.65	17,533,986.15
Interest income	4,104,510.68	1,881,194.38
Add: Other income	4,309,251.10	3,319,844.04
Investment income (loss is indicated by “—”)	-7,726,174.22	

Item	Amount for the current period	Amount the previous period
Including: Investment income from associated enterprises and joint ventures		
Gains from derecognition of financial assets measured at amortized cost	-7,726,174.22	
Exchange gains (loss indicated by “—”)		
Gain from net exposure to hedging (loss is indicated by “—”)		
Gains from changes in fair value (loss is indicated by “—”)	-8,051,272.48	5,262,793.08
Impairment losses on credit (loss is indicated by “—”)	-164,497.51	-693,088.54
Impairment loss on assets (loss is indicated by “—”)		
Gains from asset disposal (loss is indicated by “—”)	278,729.80	-2,063.05
III. Operating profit (loss is indicated by “—”)	5,328,561.55	45,671,393.15
Add: Non-operating income	393,146.37	2,086,623.89
Less: Non-operating expenses	356,870.93	3,073,018.06
IV. Total profit (total loss is indicated by “—”)	5,364,836.99	44,684,998.98
Less: Income tax expenses	-857,933.76	6,537,114.55
V. Net profit (net loss is indicated by “—”)	6,222,770.75	38,147,884.43
(I) Classification by operating continuity		
1. Net profit from continuing operations (net loss is indicated by “—”)	6,222,770.75	38,147,884.43
2. Net profit from discontinued operations (net loss is indicated by “—”)		

Item	Amount for the current period	Amount the previous period
(II) Classification by ownership		
1. Net profit attributable to owners of the Parent Company	6,222,770.75	38,147,884.43
2. Non-controlling interests		
VI. Other net comprehensive income after tax		
Other net comprehensive income after tax attributable to owners of the Parent Company		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Change in fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be re-classified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		

Item	Amount for the current period	Amount the previous period
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Translation differences of financial statements denominated in foreign currency		
7. Others		
Other net comprehensive income after tax attributable to non-controlling interests		
VII. Total comprehensive income	6,222,770.75	38,147,884.43
Total comprehensive income attributable to the owners of the Company	6,222,770.75	38,147,884.43
Total comprehensive income attributable to non-controlling interests		
VIII. Earnings per share:		
(I) Basic earnings per share	0.03	0.200
(II) Diluted earnings per share	0.03	0.190

For the current period, net profit prior to the merger of the merged party in a business consolidation under common control amounted to RMB. Net profit of the merged party for the previous period amounted to RMB.

Legal Representative:      The person in charge of accounting affairs:      The head of the accounting department:



**6. Income Statement of the Parent Company from the Beginning of the Year to the End of the Reporting Period**

Unit: RMB

Item	Amount for the current period	Amount the previous period
I. Operating revenue	347,271,244.67	366,793,879.42
Less: Operating cost	280,606,008.56	257,280,005.76
Taxes and surcharges	1,560,574.01	1,492,569.64
Selling expenses	26,667,869.05	38,092,172.51
Administrative expenses	22,730,763.55	29,008,569.91
Research and development expenses	6,113,389.63	4,005,813.83
Financial expenses	19,001,494.23	15,563,621.33
Including: Interest expenses	21,728,180.47	14,983,127.01
Interest income	3,893,123.12	1,634,983.60
Add: Other income	1,587,707.41	1,211,204.34
Investment income (loss is indicated by “—”)		
Including: Investment income from associates and joint ventures		
Derecognition income of financial assets measured at amortized cost		
Gain from net exposure to hedging (loss is indicated by “—”)		
Gains from changes in fair value (loss is indicated by “—”)		
Impairment losses on credit (loss is indicated by “—”)	47,784.33	-331,071.55
Impairment loss on assets (loss is indicated by “—”)		
Gains from asset disposal (loss is indicated by “—”)	278,729.80	-2,063.05
II. Operating profit (loss is indicated by “—”)	-7,494,632.82	22,229,196.18
Add: Non-operating income	301,434.75	304,734.51
Less: Non-operating expenses	46,376.53	256,841.50

Item	Amount for the current period	Amount the previous period
III. Total profit (total loss is indicated by “—”)	-7,239,574.60	22,277,089.19
Less: Income tax expenses	-1,554,934.00	4,336,333.12
IV. Net profit (net loss is indicated by “—”)	-5,684,640.60	17,940,756.07
(I) Net profit from continuing operations (net loss is indicated by “—”)	-5,684,640.60	17,940,756.07
(II) Net profit from discontinued operations (net loss is indicated by “—”)		
V. Other net comprehensive income after tax		
(I) Other comprehensive income that cannot be reclassified through profit or loss		
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instruments investment		
4. Change in fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Change in fair value of other debt investments		

Item	Amount for the current period	Amount the previous period
3. Financial assets reclassified into other comprehensive income		
4. Credit impairment provision for other debt investments		
5. Reserve for cash flow hedging		
6. Translation differences of financial statements denominated in foreign currency		
7. Others		
VI. Total comprehensive income	-5,684,640.60	17,940,756.07
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

**7. Consolidated Cash Flow Statement from the Beginning of the Year to the End of the Reporting Period**

Unit: RMB

Item	Amount for the current period	Amount the previous period
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	562,850,604.63	659,528,332.16
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received as premiums of original insurance contracts		
Cash received from reinsurance business, net		
Net increase in policyholder deposits and investment funds		
Cash received as interests, handling charges and commissions		
Net increase in placements		
Net increase in funds of repurchase business		
Net cash received from securities trading agency services		
Tax rebates received	914,079.53	
Cash received in connection with other operating activities	45,879,566.52	39,476,624.36
Sub-total of cash inflow from operating activities	609,644,250.68	699,004,956.52

Item	Amount for the current period	Amount the previous period
Payment for goods and services	349,668,829.33	391,214,720.66
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policyholder dividend		
Payment to and for employees	48,985,364.49	52,495,152.46
Payment of various taxes	20,328,607.12	32,168,530.41
Payment for other operating activities	78,082,027.30	86,746,310.46
Sub-total of cash outflows from operating activities	497,064,828.24	562,624,713.99
Net cash flows from operating activities	112,579,422.44	136,380,242.53
II. Cash flows from investing activities:		
Cash received upon disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	14,152,978.00	80,073.00
Cash received upon disposal of subsidiaries and other business units, net		
Proceeds from other investing activities	41,233,249.23	33,513,599.98
Sub-total of cash inflows from investing activities	55,386,227.23	33,593,672.98
Payment for acquisition of fixed assets, intangible assets and other long-term assets	231,906,865.95	263,571,571.62

Item	Amount for the current period	Amount the previous period
Cash paid for investments		3,822,500.00
Net increase in pledged loans		
Cash paid for acquisition of subsidiaries and other		
Payment for other investing activities		212,045,071.93
Sub-total of cash outflows from investing activities	231,906,865.95	479,439,143.55
Net cash flows from investing activities	-176,520,638.72	-445,845,470.57
III. Cash flows from financing activities:		
Proceeds from investors		23,250,576.00
Including: Cash received by subsidiaries as minority shareholders' investments		
Proceeds from borrowings	531,000,000.00	828,768,735.34
Cash received in connection with other financing activities	448,786,828.78	1,146,034.00
Sub-total of cash inflows from financing activities	979,786,828.78	853,165,345.34
Repayments of borrowings	406,082,536.00	453,438,550.05
Payment for dividends, profit distributions or interest	32,962,560.49	30,016,388.50
Including: Dividend and profit paid to minority shareholders by subsidiaries		
Payment for other financing activities	321,000,406.80	6,797,810.29
Sub-total of cash outflows from financing activities	760,045,503.29	490,252,748.84
Net cash flows from financing activities	219,741,325.49	362,912,596.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-9,001.42	85,844.38
V. Net increase in cash and cash equivalents	155,791,107.79	53,533,212.84
Add: Cash and cash equivalents at the beginning of the period	193,919,779.89	388,791,101.39
VI. Cash and cash equivalents at the end of the period	349,710,887.68	442,324,314.23

**8. Cash Flow Statement of Parent Company from the Beginning of the Year to the End of the Reporting Period**

Unit: RMB

Item	Amount for the current period	Amount the previous period
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	390,294,543.21	405,629,319.15
Tax rebates received	914,079.53	
Cash received in connection with other operating activities	238,660,524.69	146,305,061.37
Sub-total of cash inflow from operating activities	629,869,147.43	551,934,380.52
Payment for goods and services	157,234,897.53	303,967,886.14
Payment to and for employees	21,300,805.73	22,091,351.91
Payment of various taxes	7,477,106.13	16,768,786.17
Payment for other operating activities	74,772,977.81	76,323,436.78
Sub-total of cash outflows from operating activities	260,785,787.20	419,151,461.00
Net cash flows from operating activities	369,083,360.23	132,782,919.52
II. Cash flows from investing activities:		
Cash received upon disposal of investments		
Cash received from return on investments		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	576,300.00	10,000.00
Cash received upon disposal of subsidiaries and other business units, net		
Proceeds from other investing activities	22,333,249.23	14,300,079.98
Sub-total of cash inflows from investing activities	22,909,549.23	14,310,079.98
Payment for acquisition of fixed assets, intangible assets and other long-term assets	37,191,613.83	186,507,569.90
Cash paid for investments	170,000,000.00	12,822,500.00
Cash paid for acquisition of subsidiaries and other business units, net		
Payment for other investing activities		113,998,748.00
Sub-total of cash outflows from investing activities	207,191,613.83	313,328,817.90

<b>Item</b>	<b>Amount for the current period</b>	<b>Amount the previous period</b>
Net cash flows from investing activities	-184,282,064.60	-299,018,737.92
III. Cash flows from financing activities:		
Proceeds from investors		23,250,576.00
Proceeds from borrowings	365,000,000.00	655,000,000.00
Cash received in connection with other financing activities	115,092,000.00	1,146,034.00
Sub-total of cash inflows from financing activities	480,092,000.00	679,396,610.00
Repayments of borrowings	396,772,536.00	421,672,360.05
Payment for dividends, profit distributions or interest	31,216,554.31	27,868,304.76
Payment for other financing activities	208,799,000.00	3,640,344.04
Sub-total of cash outflows from financing activities	636,788,090.31	453,181,008.85
Net cash flows from financing activities	-156,696,090.31	226,215,601.15
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-9,001.42	85,844.38
V. Net increase in cash and cash equivalents	28,096,203.90	60,065,627.13
Add: Cash and cash equivalents at the beginning of the period	193,919,779.89	301,682,297.16
VI. Cash and cash equivalents at the end of the period	222,015,983.79	361,747,924.29



## **II. EXPLANATION OF ADJUSTMENTS TO FINANCIAL STATEMENTS**

- 1. Adjustments to relevant items in the financial statements at the beginning of the current year after initial adoption of new standards for income and new standards for lease in 2020**

☐ Applicable ☒ N/A

- 2. Retrospective adjustment of the previous comparative information by initial adoption of new standards for income and new standards for lease in 2020**

☐ Applicable ☒ N/A

## **III. AUDIT REPORT**

Whether the third quarterly report has been audited

☐ Yes ☒ No