



## RESPONSE TO PERIODIC DISCLOSURE QUERY

a) The company has provided a revised aging analysis to its Trade receivables account which is significantly different from the Company's previous response on 20 September 2019.

In the Company's response released on 20 September 2019:

### Trade receivables

| Outstanding period  | Financial period ended<br>30 September 2018 | Financial period ended<br>31 March 2019 |
|---------------------|---|---|
| 3 to 6 months       | 7,713,989                                   | 7,094,841                               |
| 6 to 12 months      | 635,019                                     | 2,125,964                               |
| 12 to 24 months     |   |   |
| 24 to 36 months     |   |   |
| More than 36 months |   |   |
| <b>Total</b>        | <b>8,349,008</b>                            | <b>9,220,805</b>                        |

In the Company's response released on 18 October 2019:

| Outstanding period  | Financial period ended<br>30 September 2018 | Financial period ended<br>31 March 2019 |
|---------------------|---|---|
| 3 to 6 months       | 2,154,289                                   | 840,129                                 |
| 6 to 12 months      | 3,642,460                                   | 4,007,187                               |
| 12 to 24 months     | 2,552,259                                   | 4,373,489                               |
| 24 to 36 months     |   |   |
| More than 36 months |   |   |
| <b>Total</b>        | <b>8,349,008</b>                            | <b>9,220,805</b>                        |

b) In the Company's response to question 6 released on 18 October 2019 regarding " other receivables- Third Parties'

| Outstanding period  | Financial period ended<br>30 September 2018 | Financial period ended<br>31 March 2019 |
|---------------------|---|---|
| 3 to 6 months       | 5,330,209                                   | 4,669,826                               |
| 6 to 12 months      |   |   |
| 12 to 24 months     |   |   |
| 24 to 36 months     |   |   |
| More than 36 months |   |   |
| <b>Total</b>        | <b>5,330,209</b>                            | <b>4,669,826</b>                        |

The amount of \$5,330,209 is the prepayment the company made to owner of rural land for using land every year, when the company made the payment the company recorded as other receivable, when the actual amount need to be paid are available then the company do the adjustment accordingly, after doing the adjustment the company recorded as cost of using land.

c) In note 6 of the Annual Report on page 18, the Company provided a breakdown as follows:

|                                   | The Company |            | The Group  |            |
|-----------------------------------|-------------|------------|------------|------------|
|                                   | 2019<br>\$  | 2018<br>\$ | 2019<br>\$ | 2018<br>\$ |
| Trade receivables                 | -           | -          | 9,220,805  | 6,559,313  |
| Prepayment                        | -           | -          | 900,026    | 840,864    |
| Other receivables-Third parties   | -           | -          | 3,769,800  | 3,747,571  |
| Other receivables-Related parties | -           | -          | 4,347,305  | 2,753,843  |
| Amount due from staff             | -           | -          | 20,000     | 9,063      |

In relation to the above, please respond to the following questions.

1. In relation to a), please explain why the Company has provided different responses to the Exchanges' queries.

A: The company has classified trade receivables in four categories: 30 days, 60 days, 90 days and more than 90 days. In the annual report FY 2019 showed that all trade receivables pass due more than 90 days. The company accounting software cannot produce the aging report in the format same as above a) automatically. The company's accountant classified trade receivables manually, she made mistake in the first time to classify the accounts and found mistake in the second time when she prepared the accounts related to query on 18 October 2019.

2. The Company's response in b), States that the amount of \$5,330,209 in " other receivables-third parties" is the prepayment the Company " made to owner of rural land for using land every year'. However, in the Annual Report reference in C), the " prepayment" and "other receivables-third parties" are separate accounts. Can the Company confirm whether the full amount of \$4,669,826 mentioned in b) as the " other receivables- Third parties" also related to a prepayment to the owner of rural land used by the Company?

A: Yes.

3. If the answer to question 2 is yes, please explain why the " prepayment " account and the " other receivables-third parties" were recorded separately in its Annual Report?

A: In the Annual Report the prepayment account and other receivables-third parties are separate because by doing this the company can present the account more accurately. The amount \$3,769,800 was made to owner of rural land before 31 Dec 2018 was recorded as other receivables-third parties and \$900,026 was made after 31 Dec 2018 was recorded as prepayment because the financial year in China follows the calendar year and ends on 31 December. The accountant think this is the better way to record the accounts.

4. If the answer to question 2 is no, please explain what the full account of \$4,669,826 mentioned in b) relates to.

For and on behalf of  
**JGY HOLDINGS LIMITED**

WANG Caifu  
Executive Director  
15 November 2019

