Distribution of DCE Members

By Dec. 31, 2015

- Guangdong
- H.K.
- Macao
- Hainan
- Guangxi
- Taiwan
- Fujian
- Jiangxi
- Guizhou
- Yunnan
- Sichuan
- Chongqing
- Hubei
- Hunan
- Anhui
- Henan
- Hebei
- Tianjin
- Heilongjiang
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I. Soybean Meal Contract Overview

Soybean meal is a by-product of soybean oil extraction. There are two types of soybean meal: single leaching soybean meal and dual leaching soybean meal. The first is the by-product after soybean oil extraction by way of leaching, and the latter is the by-product after soybean oil extraction by way of crushing and leaching. China’s soybean meal market is dominated by single leaching soybean meal, as it is more sophisticatedly processed and richer in protein.

Soybean meal is generally irregularly-shaped flakes, pale-yellow or light-brown-colored, and smells roasted soybeans. Among the 12 oil meal feeds including cottonseed meal, peanut meal and rapeseed meal, soybean meal is the one with the largest production and the widest application. As a raw material rich in protein, soybean meal is not only a major component of livestock and poultry feed, but also used in pastries, healthy food and cosmetics, as well as in making antibiotics. Besides, aqua-cultural need of soybean meal has been increasing rapidly in recent years. With the advancement of science and technology, soybean meal will be put into even wider use.

As an important source of vegetal protein, soybean meal is characterized with fluctuating price, long industrial pipeline, numerous engaging companies and widespread influence, provoking strong hedging and investment needs among relevant companies. Through the successive launches of soybean, soybean meal and soybean oil contracts, DCE offers a comprehensive portfolio and a perfect hedging system of soybean-relevant products, providing a handy and all-round hedging venue for relevant companies.
Soybean meal is primarily produced in the U.S., Brazil, Argentina, China, India and the E.U. China currently produces over 29% of the world’s total soybean meal. In recent years, with the rapid development of China’s crushing industry, China’s production of soybean meal maintains an annual growth rate of approximately 20%.

China is one of the major producers of soybean meal. China’s annual output of soybean meal reached 15 million tons in 2000, and maintains rapid growth rate since 2001. In 2009, China overtook the U.S. as the world’s largest soybean meal producer.

At the same time, China’s soybean meal production landscape changed drastically. Before mid 1990s, the three provinces in northeast China were the country’s major soybean meal production bases, producing over 60% of the country’s total. However, the position has been taken over by coastal regions such as Shandong, Jiangsu and Guangdong, as oil extraction plants in the coastal areas have been thriving since 2002.

The world’s consumption of soybean meal leaps forward in recent years, and expects to achieve 215.19 million tons in the year of 2015/16. Currently the soybean meal takes up over 60% of the world’s total consumption of protein meal.

The E.U. had been the world’s largest soybean meal consumer until 2008, and its annual demand remains around 30 million tons in recent years. In the year of 2008/09, China overtook the E.U. to become the world’s largest consumer of soybean meal, and its consumption stood at 62.08 million tons in the year of 2015/16. The global consumption of soybean meal is expected to reach 216.917 million tons in the year of 2015/16.
soybean meal was propelled in part by the momentous growth of soybean meal consumption in East Asian countries such as China, Korea and Japan and Southeast Asian countries since 2004.

### Global Consumption of Soybean Meal 1999/00-2015/16

| Country | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Brazil  | 7,086 | 7,063 | 7,580 | 8,055 | 7,696 | 8,960 | 9,328 | 11,118| 12,257| 12,418| 13,000| 13,950| 14,100| 14,200| 14,650| 15,250| 15,550|
| China   | 12,562| 14,995| 15,204| 20,157| 19,547| 23,437| 27,776| 27,630| 30,849| 31,673| 37,546| 43,382| 47,435| 50,091| 52,534| 57,471| 62,080|

Source: U.S. Department of Agriculture

Chinese residents’ intake of meat, eggs, poultry and fish increases significantly as their living standards improve, propelling the booming of feed processing industry. The rapid increase of feeds for poultry and quality lean hogs stimulates the demand for quality protein feeds. Meal products are various in China and the outputs of rapeseed meal and cottonseed meal are both large. However, as both kinds of meal cannot be used in feeds unless detoxified, the most widely used quality meal in China is soybean meal.

In China, soybean meal is mainly consumed in the Pearl River Delta and the Yangtze River Basin, or to be specific, provinces and cities of Guangdong, Sichuan, Jiangsu, Hu’nan, Zhejiang, Jiangxi, Anhui, Hubei, Fujian, Beijing and Shanghai.

### 3. Export

Argentina, Brazil, the U.S. and India are currently the largest soybean meal exporters in the world, with Argentina and Brazil ranking the top two. In the year of 2015/16, 71% of the world’s soybean meal export was from Argentina and Brazil, and around 16% from the U.S. India’s soybean meal export mainly goes to Southeast Asia, accounting for around 0.4% of the global export volume.

The demand and supply landscape of soybean meal changed tremendously since mid 1990s. Before 1994, China was one of the major soybean meal exporters, with an annual export volume of over 1 million tons. However, as the domestic demand surged and the number of domestic soybean for oil extraction declined in the next several years, the production of soybean meal fell short of meeting consumption demands, making China one of the major importers. In the year of 1997/98, China imported 4 million tons of soybean meal.
It was when China ramped up soybeans imports since 1999 to accommodate the needs of domestic capacity-expanding oil extraction plants, that the domestic output of soybean meal finally met China’s rocketing consumption demand.

### Export Volumes of the World’s Major Soybean Meal Exporters 1999/00-2015/16

<table>
<thead>
<tr>
<th>Country</th>
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<th>00/01</th>
<th>01/02</th>
<th>02/03</th>
<th>03/04</th>
<th>04/05</th>
<th>05/06</th>
<th>06/07</th>
<th>07/08</th>
<th>08/09</th>
<th>09/10</th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
</tr>
</thead>
<tbody>
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<td>13,309</td>
<td>13,730</td>
<td>15,586</td>
<td>18,488</td>
<td>19,221</td>
<td>20,690</td>
<td>24,222</td>
<td>25,625</td>
<td>26,816</td>
<td>24,025</td>
<td>24,914</td>
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<td>26,043</td>
<td>23,667</td>
<td>24,972</td>
<td>26,545</td>
<td>31,250</td>
</tr>
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<td>Brazil</td>
<td>9,960</td>
<td>10,673</td>
<td>11,882</td>
<td>13,657</td>
<td>14,792</td>
<td>14,256</td>
<td>12,895</td>
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<td>49</td>
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<td>843</td>
<td>662</td>
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<td>357</td>
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<td>422</td>
<td>464</td>
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<td>884</td>
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Source: U.S. Department of Agriculture

### Supply and Demand Balance Sheet of Soybean Meal in China 1999/00-2015/16

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<td>38,390</td>
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<td>52,670</td>
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<td>319</td>
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<td>211</td>
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<td>16</td>
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<td>–652</td>
<td>–1,203</td>
<td>183</td>
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</tbody>
</table>

Source: National Grains and Oil Information Center

### III. Major Factors Influencing Soybean Meal Price

**I) Soybean Meal Supply**

1. Soybean Supply

The supply of soybean meal, the by-product of soybean processing, is determined by the supply of soybean. Generally speaking, the increase in soybean supply leads to the increase in soybean meal supply. There are two main sources of soybeans, i.e. from home and from abroad. China’s soybeans are mostly produced in Northeast China, the Yellow River Basin...
and the Huaihe River Basin. In recent years, China’s yearly production of soybeans hovers around 12 million tons, including 6 million tons of commodity soybeans. In the year of 2015/16, China’s soybean import will reach 80 million tons.

2. Soybean Price
Soybean price has an immediate effect on the cost of soybean meal production. In recent years, as many large domestic oil extraction companies prefer imported soybeans, the price of imported soybeans is exercising even more influence on that of soybean meal.

3. Soybean Meal Production
The current production of soybean meal is a variable subject to factors such as soybean supply, soybean crushing margin and production cost. Generally speaking, the production and price of soybean meal is negatively correlated, that is, the larger the production, the lower the price and vice versa.

4. Soybean Meal Stock
Soybean meal stock, integral to total production, indicates whether soybean meal is in short supply. The price goes up when there is a shortage and goes down when there is an ample supply. As soybean meal is not easy to preserve, the price will drop once the stock increases.

Major Factors Influencing Soybean Meal Price

- Prices and demand of cottonseed meal, rapeseed meal etc.
- Soybean Meal Price
- Prices of related goods
- Supply of soybean meal
- Spot and futures prices of soybean and soybean meal at home and abroad
- Soybean production / import / soybean meal production / stock etc.
- Import, export and trade policies
- Livestock / poultry inventories and their prices
- Feed industry prosperity index
- Supply of soybean meal
- Soybean Meal demand
(II) Soybean Meal Consumption

China is a large consumer of soybean meal with an annual growth rate of over 8% in recent years. As soybean meal accounts for 52% of poultry feeds, the price of livestock and poultry has an immediate effect on the demand of feeds. Generally speaking, there is a positive correlation between the price of livestock and poultry and that of soybean meal. According to statistics, over 90% soybean meal is used in producing various feeds. As a result, the demand of soybean meal will be boosted by a robust feeds industry and be suppressed by a weak one.

(III) The Influence of Prices of Related and Substitute Goods

1. The price relations between soybean meal and soybean and soybean oil

Soybean meal is the by-product of soybean processing. Every ton of soybean produces approximately 0.18 tons of soybean oil and 0.8 tons of soybean meal. The price of soybean meal and soybean is closely related. Generally speaking, the price of soybean meal is affected by the yearly yield of soybean: the price goes down when it’s a bumper year and up when it’s a poor year. The prices of soybean oil and soybean meal are also related to a certain degree. The price of soybean meal goes down when that of soybean oil goes up. If soybean oil is unmarketable, the production of soybean meal will decrease, leading to an increase in soybean meal price.

Soybean crushing margin is one of the determinants of soybean meal supply. Some plants will halt production if the margin remains low, leading to a decrease in soybean meal supply.

2. The influence of the price of substitute goods

The price of soybean meal can be affected by the prices of substitute goods, such as cottonseed meal, peanut meal and rapeseed meal as well. Feeds companies will turn to the substitute goods if the price of soybean meal stays high.

(IV) Relevant Agricultural, Trade and Food Policies

New food policies, which are adopted by an increasing number of countries in response to the outbreaks of avian influenza, bovine spongiform encephalopathy (BSE) and foot-and-mouth disease (FMD), and the concern of the healthiness of GMFs, could have an immediate impact on the livestock breeding industry and the demand of soybean meal.
(V) Relevant Websites

Food and Agriculture Organization of the United Nations  http://www.fao.org
American Soybean Association  http://www.soygrowers.com
CME Group  http://www.cmegroup.com
U.S. Grains Council  http://www.grains.org
Ministry of Agriculture of China  http://www.agri.gov.cn
China Animal Agriculture Association  http://www.caaa.cn
China Feed Online  http://www.chinafeedonline.com
China Feed Information  http://www.china-feed.com
China JCI  http://www.chinajci.com
21Agri  http://www.21agri.com
China Soybean Online  http://www.dadou.com.cn

IV. Measures of Risk Management of Soybean Meal Futures Trading

(I) Margin Requirements

The minimum trading margin of soybean meal futures contract is 5% of the contract value. The Exchange sets up different levels of margins which are increased with the size of open interest and the time approaching the delivery day.

1. Margins of Soybean Meal Futures Contract Approaching Delivery Day

<table>
<thead>
<tr>
<th>Trading Date</th>
<th>Levels of Margins (RMB/Contract)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 15th trading day of the month immediately</td>
<td>10% of contract value</td>
</tr>
<tr>
<td>preceding the spot-month</td>
<td></td>
</tr>
<tr>
<td>The 1st trading day of the spot-month</td>
<td>20% of contract value</td>
</tr>
</tbody>
</table>
2. Margins of Soybean Meal Futures Contract with Different Sizes of Open Interest

The Exchange may increase the levels of margins subject to the increase of open interest of a contract, and release them to the market.

(II) Position Limits

The position limit refers to the Exchange-stipulated maximum amount of speculative positions of a certain contract that a member or client can hold.

### Non-Spot-month Position Limits

(Unit: Contract)

<table>
<thead>
<tr>
<th>Open interests</th>
<th>Non-Brokerage members</th>
<th>Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤200,000</td>
<td>40,000</td>
<td>20,000</td>
</tr>
<tr>
<td>&gt;200,000</td>
<td>Unilateral open interests×20%</td>
<td>Unilateral open interests×10%</td>
</tr>
</tbody>
</table>

### Position limits from the month immediately preceding the spot-month to the spot-month

(Unit: Contract)

<table>
<thead>
<tr>
<th>Trading Date</th>
<th>Non-Brokerage members</th>
<th>Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the 10th trading day of the month immediately preceding the spot-month</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>The spot-month</td>
<td>5,000</td>
<td>2,500</td>
</tr>
</tbody>
</table>

The position limit for a futures contract in a certain period of trading will be implemented as of the time of settlement one trading day before the beginning day of such period of trading. Positions established for the purpose of hedging, which should go through the approval procedures, are exempted from position limit.
V. Procedures and Relevant Rules for Delivery of Soybean Meal Futures

(I) Major articles on delivery of soybean meal futures

1. The delivery warehouses designated for soybean meal are divided into the delivery warehouses on par and other delivery warehouses, including warehouses and factory warehouses.

2. When the soybean meal is delivered into the warehouse for delivery, the vendor should provide to the delivery warehouse the following material:

   ① The manufacturer of the soybean meal;

   ② The manufacturing date of the soybean meal;

   ③ Product quality tester;

   ④ The certification and identification showing whether they are genetically modified products;

   ⑤ The photocopy of the manufacturer’s quality testing report.

3. The packages of the soybean meal should be the new woven sacks. Each package of the soybean meal must be printed with the marks of the product name, the manufacturer’s name, address and phone number, and the weight. The woven sack must be sewed with the label printed with the manufacturing date.

4. The number of the packages of the soybean meal should not be calculated. The packing prices of the woven sacks should be included in the contract trading price.

(II) Delivery Expenses

1. The delivery fee for soybean meal is 1 CNY/MT.

2. The charging standard for warehousing and dissipation costs is CNY 0.5 per day per ton.

3. The inspection fee for soybean meal is 3 CNY/MT.

4. A price ceiling is implemented for the delivery-in and delivery-out fees.

(III) Procedures for Delivery of Soybean Meal Futures

1. The delivery of soybean meal futures can be conducted in the forms of exchange of futures for physica (EFP), rolling delivery and one-off delivery.

2. Delivery workflows
## Flow Chart of EFP

<table>
<thead>
<tr>
<th>Time</th>
<th>Flow</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 11:30 of the application day</td>
<td>The seller and the buyer shall apply for EFP by submitting Application Form of Exchange of Futures for Physicals, the physical sale and purchase agreement, the applicable certification of the payments, the applicable certification of the warehouse receipts on par, the entrance receipts, the inventory receipts and other goods ownership certifications.</td>
<td>Applications for EFP by warehouse receipts on par shall be submitted with the right amount of payment and receipts. Delivery fees of EFP by warehouse receipts on par will be examined and approved on the very same day upon receiving of the application; Trading fees of EFP by other warehouse receipts are examined and approved within three days upon receiving of the application. The eligible period for EFP is the time from the launch day of the contract to the third to the last trading day (including the very same day) of the month preceding the spot-month.</td>
</tr>
<tr>
<td>After the close of the application day</td>
<td>The positions of eligible buying and selling applicants in the opposition directions shall be closed out at the negotiated price.</td>
<td>Positions of EFP shall be deducted from the open interests of that very day, and the trading result shall not be counted into the settlement price and trading volume of that very day. After ending of each trading day, the Exchange will publish the EFP information of that very day.</td>
</tr>
<tr>
<td>After the settlement of the approval day</td>
<td>The transfer of goods and payments in EFP by other warehouse receipts shall be negotiated and settled by both trading parties. With respect to the warehouse receipts on par EFP, the Exchange shall handle the handover of the warehouse receipts on par and the payment of the payments. After the settlement of the approval day, the Exchange shall pay the payments to the seller and issue the Voucher of Warehouse Receipts On Par to the buyer.</td>
<td>Value-Added Tax invoices shall be handled according to the relevancies in the Detailed Settlement Rules of Dalian Commodity Exchange.</td>
</tr>
</tbody>
</table>

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.

## Flow Chart of Rolling Delivery

(As of the first trading day of the spot-month through the trading day immediately preceding the last trading day of the spot-month)

<table>
<thead>
<tr>
<th>Time</th>
<th>Flow</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading hours on matching day</td>
<td>The seller and the buyer declare the delivery.</td>
<td>The seller who declares the delivery shall hold both the warehouse receipts on par and the one-way buying positions of the spot-month. The buyer who declares the delivery shall hold the one-way buying positions of the spot-month.</td>
</tr>
<tr>
<td>Market closing on matching day</td>
<td>Liquidation after confirmation of the valid declaration intent of the buyer and the seller.</td>
<td>If a client’s quantity of positions is smaller than that of its declaration intent, or it has both buying and selling positions (including positions held under the same client number at other members), it declaration intent shall be invalid. If the selling intent is smaller than the buying intent, the buying intent will be transacted with the equal selling intent according to the declaration time sequence of the intent. If the selling intent is larger than the buying intent, the buying intent will all be transacted and the difference will be matched with the buying positions with the longest holding time. Matched positions will be deducted from the positions of the contract in the spot-month, and will thus neither be restricted by the position limit nor be calculated into the trading volume.</td>
</tr>
<tr>
<td>Settlement on matching day</td>
<td>The settlement price of the then-current day shall be the delivery settlement price for rolling delivery and be used to calculate the profit or loss of the liquidation. The buyer’s trading margins shall be transformed to be the delivery payments.</td>
<td>The seller and the buyer can inquire about the corresponding Delivery Pair Table in the Member Service System and in the “data service/ statistical data” section of the website of the Exchange. The margins of the matching seller shall be returned.</td>
</tr>
<tr>
<td>Settlement on handover day (the second trading day following the matching day)</td>
<td>The buyer shall make up the payments in full before closing of the market. After settlement, the Exchange will issue the Voucher of Warehouse Receipts On Par to the buyer without default, and pay 80% of the delivery payments to the seller.</td>
<td>Value-Added Tax invoices shall be handled according to the relevant rules in the Detailed Settlement Rules of Dalian Commodity Exchange. The rolling delivery default refers to the buyer’s failure to fully pay the payments within the prescribed period. Any delivery default shall be handled subject to the applicable provisions on delivery default in the Detailed Delivery Rules of Dalian Commodity Exchange.</td>
</tr>
</tbody>
</table>

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*. 

---

**Soybean Meal Futures Trading Manual**
## Flow Chart of Rolling Delivery

### (Last trading day)

<table>
<thead>
<tr>
<th>Time</th>
<th>Flow</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>After the settlement of the</td>
<td>The Exchange matches the contracts that remain open on the principle</td>
<td>Natural persons shall not be allowed to participate in the delivery; the offsetting positions held under the same trading code shall be closed out at the delivery settlement price; after matching, the members can inquire about the corresponding Delivery Pair Table in the Member Service System and in the “data service/statistical data” section of the website of the Exchange.</td>
</tr>
<tr>
<td>last trading day</td>
<td>of “Least Matched Pairs”</td>
<td></td>
</tr>
<tr>
<td>Before 15:00 of the last</td>
<td>The buyer shall complete the payment of commodities; the seller will</td>
<td>The seller shall issue VAT invoices to the buyer whose name is provided in the Delivery Pair Table; prices of commodities traded in the Exchange include taxes, which is also true of prices of packaging materials.</td>
</tr>
<tr>
<td>delivery day</td>
<td>submit all corresponding warehouse receipts on par and VAT invoices.</td>
<td></td>
</tr>
<tr>
<td>15:00 on the last delivery</td>
<td>The Exchange shall allocate warehouse receipts, and transfer the</td>
<td>The corresponding storage fees of the warehouse receipts on par on the very day shall be paid by the buyer. Defaults shall be handled according to the relevant rules in Detailed Delivery Rules of Dalian Commodity Exchange.</td>
</tr>
<tr>
<td>day</td>
<td>payments and warehouse receipts on par of the buyer and the seller</td>
<td></td>
</tr>
<tr>
<td>After 15:00 of the last</td>
<td>The buyer who hasn’t defaulted claims the Voucher of Warehouse Receipt</td>
<td>Sellers who haven’t submitted VAT invoices shall be dealt with according to the Detailed Settlement Rules of Dalian Commodity Exchange.</td>
</tr>
<tr>
<td>delivery day</td>
<td>with the receiving of payment issued by the settlement department.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The seller who hasn’t defaulted and who has submitted corresponding VAT</td>
<td></td>
</tr>
<tr>
<td></td>
<td>invoice gets the full amount of payment.</td>
<td></td>
</tr>
</tbody>
</table>

Note: For detailed procedures, see *Detailed Delivery Rules of Dalian Commodity Exchange*.

### 3. One-off Delivery

**1. Definition**

After the last trading day of the contract, all non-liquidated contract holders must perform the contracts through delivery; and the portions of positions corresponding to the buying and selling positions under the same client number shall be deemed to be automatically liquidated, no delivery shall be handled therefor and the liquidation price shall be calculated as per the delivery settlement price.

**2. Delivery Workflows**

**3. Notes**

- All the products listed on the Exchange may adopt one-off delivery.
- The delivery settlement price shall be the weighted average price of all transaction prices of the futures contract during the period as of the first trading day of the spot-month through the last trading day.
- The VAT special (ordinary) invoice shall be issued by the delivery selling client to the appropriate buying client; and the VAT special (ordinary) invoice issued by the client shall be forwarded, obtained, and confirmed with assistance from, the members of both parties.
- Any Member’s delay or failure in submission of the VAT special (ordinary) invoice shall be handled subject to the applicable provisions of the Detailed Settlement Rules of Dalian Commodity Exchange.
Flow Chart of One-off Delivery

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Buyer</th>
<th>Seller</th>
<th>The Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last trading day</td>
<td>After market closing</td>
<td></td>
<td>Transform the trading margins of the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>buying positions of the spot-month to be the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>delivery advances</td>
<td></td>
</tr>
<tr>
<td>The 1st trading day</td>
<td>Before Market Closing</td>
<td>Submit to the Exchange all the warehouse</td>
<td>Publish such information as the</td>
<td></td>
</tr>
<tr>
<td>after the last trading day</td>
<td></td>
<td>receipts on par</td>
<td>products delivered at each delivery</td>
<td></td>
</tr>
<tr>
<td>(The day for submitting the</td>
<td></td>
<td></td>
<td>warehouse and the quantities of the</td>
<td></td>
</tr>
<tr>
<td>warehouse receipts on par</td>
<td></td>
<td></td>
<td>warehouse receipts on par</td>
<td></td>
</tr>
<tr>
<td>The 2nd trading day</td>
<td>Before Market Closing</td>
<td>Declare the delivery intent to the Exchange</td>
<td>Carry out delivery matching, and the</td>
<td></td>
</tr>
<tr>
<td>after the last trading day</td>
<td></td>
<td></td>
<td>matching result and other information will</td>
<td></td>
</tr>
<tr>
<td>(The matching day)</td>
<td></td>
<td></td>
<td>be sent to the buying member and the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>After market closing</td>
<td></td>
<td>selling member through the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>member service system.</td>
<td></td>
</tr>
<tr>
<td>The 3rd trading day</td>
<td>Before Market Closing</td>
<td>After the determination of the matching</td>
<td></td>
<td></td>
</tr>
<tr>
<td>after the last trading day</td>
<td></td>
<td>result, the buyer shall, within one trading</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(The handover day)</td>
<td></td>
<td>day after the matching day, notify the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>After market closing</td>
<td>seller of the items related to issuance of</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>the VAT special invoice, including the</td>
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<tr>
<td></td>
<td></td>
<td>name, address, taxpayer’s registration</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>number, amount and other information, in</td>
<td></td>
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<td></td>
<td></td>
<td>accordance with the provisions of the tax</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>authorities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Additionally pay the balance payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>corresponding to its spot-month contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>positions</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Submit the VAT special invoice within seven</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>days after matching</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Note: For details, see</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailed Delivery Rules of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dalian Commodity Exchange.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Delivery Comparison

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>EFP</th>
<th>Rolling Delivery</th>
<th>Rolling Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handling time</td>
<td>Last trading day</td>
<td>As of the contract listing date through</td>
<td>As of the contract listing date through the last but</td>
<td>Last trading day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>the last but three trading day (inclusive)</td>
<td>three trading day (inclusive) of the month preceding</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>of the month preceding the</td>
<td>the first trading day of the spot-month</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>spot-month</td>
<td>the trading day immediately preceding the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>last trading day of the spot-month</td>
<td></td>
</tr>
<tr>
<td>Matching time</td>
<td>After market closure of</td>
<td>Negotiated by the buyer and the seller</td>
<td>The day when the seller submits the application for</td>
<td>After market closure of last trading day</td>
</tr>
<tr>
<td></td>
<td>last trading day</td>
<td>within the handling period</td>
<td>rolling delivery</td>
<td></td>
</tr>
<tr>
<td>Matching principle</td>
<td>After market closure of</td>
<td>Negotiated by the buyer and the seller</td>
<td>Priority goes to sellers, buy positions with</td>
<td>“Least Matched Pairs”</td>
</tr>
<tr>
<td></td>
<td>last trading day</td>
<td></td>
<td>delivery intent, and buy positions with</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>longest holding time</td>
<td></td>
</tr>
<tr>
<td>Settlement price</td>
<td>Settlement price of the</td>
<td>Negotiated by the buyer and the seller</td>
<td>Settlement price of the matching day</td>
<td>Delivery settlement price</td>
</tr>
<tr>
<td></td>
<td>matching day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main features</td>
<td>Match after market</td>
<td>Negotiated by the buyer and the seller;</td>
<td>Seller priority principle: qualified sellers</td>
<td>Match after market closure of last trading day;</td>
</tr>
<tr>
<td></td>
<td>closure of last</td>
<td>either warehouse receipt on par EFP or</td>
<td>are ensured of successful matching on the very day</td>
<td>centralized handling of delivery by the Exchange</td>
</tr>
<tr>
<td></td>
<td>trading day</td>
<td>non-standard warehouse receipt EFP</td>
<td>when they submit their applications. The buyers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>matched shall pay</td>
<td></td>
</tr>
<tr>
<td>Note: For details, see Detailed Delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rules of Dalian Commodity Exchange.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(IV) Flow of Receipts Delivered at Warehouse and Factory Warehouse

The soybean oil warehouse receipts on par of the Exchange, issued by the designated delivery warehouses, are divided into warehouse receipts on par and factory warehouse receipts on par.
1. Flow of Warehouse and Factory Warehouse Receipts

When the futures products under the warehouse receipts on par have been transferred to be
physicals or after the cash withdrawal with the Registration Application Form of Warehouse
Receipts on Par, the clients will no longer need to handle the delivery forecast, though re-inspection
is a must, if they want to re-generate the warehouse receipts on par at the same warehouse.

2. Flow:

Registration of warehouse receipts: The buyer pays the fees including that to purchase the soybean
meal to the oil factory, which will then issue the Registration Application Form of Warehouse
Receipts on Par to the seller before the Exchange allows registration upon examination of such
items as the letter of guarantee.

Receipt of warehouse receipts: During the delivery, the seller issues warehouse receipts and VAT
invoices and receives the payments for goods, while the buyer pays for the goods and receives the
warehouse receipts.

Cancellation of warehouse receipts: Holders of warehouse receipts shall handle the procedures for
cancellation of warehouse receipts at the Exchange to confirm the oil factories for picking up goods
and receive the Notification of Delivery.

Goods pick-up: The vendor shall pick up the goods at the factory warehouse within 4 days from the
day of issuance (inclusive) of the Notification of Delivery, and the factory warehouse shall arrange
for loading out of the goods according to relevant regulations. (For details, see Measures for
Warehouse Receipts on Par Management of Soybean Meal, Soybean Oil, RBD Palm Olein, Coke,
Coking Coal, Iron Ore and Egg of Dalian Commodity Exchange.)

Note: All warehouse receipts on par of soybean meal must be cancelled before the last business day
of each March, July and November.
### DCE Soybean Meal Futures Contract

<table>
<thead>
<tr>
<th>Product</th>
<th>Soybean Meal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading Unit</td>
<td>10 MT/contract</td>
</tr>
<tr>
<td>Price Quote</td>
<td>CNY/MT</td>
</tr>
<tr>
<td>Tick Size</td>
<td>1 CNY/MT</td>
</tr>
<tr>
<td>Daily Price Limit</td>
<td>4% of last settlement price</td>
</tr>
<tr>
<td>Contract Months</td>
<td>Jan, Mar, May, Jul, Aug, Sep, Nov, Dec</td>
</tr>
<tr>
<td>Trading Hours</td>
<td>9:00 - 11:30 am, 1:30 - 3:00 pm Beijing Time, Monday to Friday, and other hours noticed by DCE</td>
</tr>
<tr>
<td>Last Trading Day</td>
<td>10th trading day of the spot-month</td>
</tr>
<tr>
<td>Last Delivery Day</td>
<td>3rd business day after the last trading day of the spot-month</td>
</tr>
<tr>
<td>Deliverable Grades</td>
<td>DCE Soybean Meal Delivery Quality Standard</td>
</tr>
<tr>
<td>Delivery Location</td>
<td>The warehouses appointed by DCE</td>
</tr>
<tr>
<td>Trading Margin</td>
<td>5% of the contract value</td>
</tr>
<tr>
<td>Trading Fee</td>
<td>No more than 3 CNY/contract</td>
</tr>
<tr>
<td>Delivery Method</td>
<td>Physical delivery</td>
</tr>
<tr>
<td>Ticker Symbol</td>
<td>M</td>
</tr>
<tr>
<td>Exchange</td>
<td>DCE</td>
</tr>
</tbody>
</table>
Annex 2: DCE Soybean Meal Delivery Quality Standard

DCE Soybean Meal Delivery Quality Standard
(F/DCE D001-2006)

1. Content and Scope

1.1 The Standard herein dictates the quality requirements, testing methods, inspection rules, labeling, packaging, transportation and storage for soybean meal futures contracts delivered at DCE.

1.2 Soybean meal dictated in DCE’s soybean meal futures contract refers to soybean meal for feeding that is produced after soybean oil extraction by way of crushing and leaching or leaching. There is no limit on production location.

1.3 The standard herein applies to soybean meal futures contracts on par delivered at the DCE.

2. Cited Rules

Subject to the relevant rules of GB/T19541—2004

3. Terms and Definitions

Subject to the relevant rules of GB/T19541—2004

4. Quality Requirements

4.1 Sensory characteristics: Pale brown or light yellow irregularly shaped pieces; powder or granular; not fermented or moldy; no extruding agglomerations, moth-eaten sections, or odors/smells.

4.2 Impurities and sundries: subject to the relevant rules of GB/T 19541—2004

4.3 Quality guidelines for products on par

4.4 Sanitation standard: subject to the relevant rules of GB/T 19541—2004

5. Testing methods, inspection rules, labeling, packaging, transportation and storage

Packaging: subject to the relevant rules of Detailed Delivery Rules of Dalian Commodity Exchange for Soybean Meal, Corn, Soybean Oil and No. 2 Soybean; Testing methods, inspection rules, labeling, transportation and storage: subject to the relevant rules of GB/T 19541—2004

6. Additional Notes

6.1 The DCE is responsible for the interpretation of the standard herein.

6.2 The standard herein shall be implemented starting from the March contract in 2007.

Table 1

<table>
<thead>
<tr>
<th>Item</th>
<th>Moisture (%)</th>
<th>Crude Protein (%)</th>
<th>Crude Fiber (%)</th>
<th>Ash Content (%)</th>
<th>Urea activity (ammonia nitrogen) [mg/(min.g)]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par</td>
<td>≤13.0</td>
<td>≥43.0</td>
<td>≤7.0</td>
<td>≤7.0</td>
<td>≤0.3</td>
</tr>
</tbody>
</table>

Note: Crude protein, crude fiber and ash content should be calculated based on 87% dry material.
Annex 3: List of Designated Delivery Warehouses for DCE Soybean Meal

List of Designated Delivery Warehouses for DCE Soybean Meal (Warehouses)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name Address</th>
<th>Characteristic Data</th>
<th>Contracted Capacity (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Zhangjiagang Storage &amp; Transportation Department of Jiangsu River &amp; Ocean Cereals and Oils Trade Co., Ltd., No. 1, West New Qian, Jiangsu, in Zhangjiagang, Jiangsu Province</td>
<td>251634 Xu Wen, 0512-68388866/68389530, Shipping: Jiangsu River &amp; Ocean Cereals and Oils Dock</td>
<td>Yes 0 10000</td>
</tr>
<tr>
<td>2</td>
<td>62 Rengang Rd., Nantong, Jiangsu Province</td>
<td>220606 Zhang Jie, 0513-83554727, Shipping: Dock of Nanjing Grain &amp; Oil Transportation Co., Ltd.</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>3</td>
<td>Nanjing Tecnique State Grain &amp; Oils Co., Ltd.</td>
<td>210012 Zhu Xianhua, 025-52808488/52809972/01351421618, Shipping: Nanjing South Railway Station, Shanghai Railway Bureau</td>
<td>Yes 0 10000</td>
</tr>
</tbody>
</table>

List of Designated Delivery Warehouses for DCE Soybean Meal (Factory Warehouses)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name Address</th>
<th>Characteristic Data</th>
<th>Contracted Capacity (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>COFCO Xinhua Grains &amp; Oils Industry (Dongguan) Co., Ltd., Science &amp; Technology Industrial Park, Xinhua Port, Dongguan, Guangdong Province</td>
<td>521147 Chen Xianan, 0769-68236500/52714678, Shipping: Dedicated Lines of Xinhua Port, Xinhua Railway</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>2</td>
<td>Dongguan Cargill Feeding Protein Technology Co., Ltd., Science &amp; Technology Industrial Park, Xinhua Port, Dongguan, Guangdong Province</td>
<td>521147 Biao Yijie, 0769-68261731/68229377, Shipping: Dedicated Lines of Xinhua Port, Xinhua Railway</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>3</td>
<td>COFCO Eastern Oils &amp; Grains Industries (Zhangjiagang) Co., Ltd., Donghai Rd., Jinjiang Town, Zhangjiagang, Jiangsu Province</td>
<td>215134 Wang Yingfeng, 0512-68389213/68387229, Shipping: Dedicated Lines of Xinhua Port, Xinhua Railway</td>
<td>Yes 0 10000</td>
</tr>
<tr>
<td>4</td>
<td>Zhangjiagang River &amp; Ocean Cereals and Oils Industry Co., Ltd., 1 Baodun Rd., Jinjiang Town, Zhangjiagang, Jiangsu Province</td>
<td>215134 Xue Wei, 0512-68479199/68479209, Shipping: Dedicated Lines of Xinhua Port, Xinhua Railway</td>
<td>Yes 0 10000</td>
</tr>
<tr>
<td>5</td>
<td>Yihai (Lianyungang) Grains &amp; Oils Industries Co., Ltd., Daguang Rd., Xuguo, Lianyungang, Jiangsu Province</td>
<td>220442 Zhu Xiaochun, 0518-68372766/697108817, Shipping: Dedicated Lines of Xinhua Port, Xinhua Railway</td>
<td>No 0 3200</td>
</tr>
<tr>
<td>6</td>
<td>COFCO Yellow Oils &amp; Grains Industries (Shandong) Co., Ltd., Gaoliang, Lianyungang, Shandong Province</td>
<td>276048 Yang Qing, 0633-2369096/0633-2369056, Shipping: Dedicated Lines of Lianyungang Port, Lianyungang Port</td>
<td>No 0 3000</td>
</tr>
<tr>
<td>7</td>
<td>Shandong Xinliang Oil Processing Co., Ltd., 1 Xinliang Rd., South End of Factory No.5, Rizhao, Shandong Province</td>
<td>276026 Niu Zhen, 0633-23611676/1586553754, Shipping: Rizhao Port, Rizhao Port</td>
<td>No 0 3000</td>
</tr>
</tbody>
</table>

List of Designated Delivery Warehouses for DCE Soybean Meal Futures Trading Manual

<table>
<thead>
<tr>
<th>No.</th>
<th>Name Address</th>
<th>Characteristic Data</th>
<th>Contracted Capacity (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Bunge Samwei Oil &amp; Fat Co., Ltd., Haihui No.5 Rd., Rizhao Economic Development Zone, Shandong Province</td>
<td>276266 Qiu Bo, 0633-5982828/0633-5981813, Shipping: Rizhao Port, Rizhao Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>9</td>
<td>Jinan Group Tianjin Soybean Technology Co., Ltd., 266 Xinjuang Avenue, Tianjin Port Free Trade Zone</td>
<td>300461 Li Gang, 022-66271996/66271998, Shipping: Tianjin New Port Station, Tianjin Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>10</td>
<td>Dongguan Fushanli Feidong Protein Development Co., Ltd., 215 Jinjiang Road, Nanping, Jiangsu Province</td>
<td>523166 Zhang Li, 13701118930, Shipping: Nanping Port, Nanping Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>11</td>
<td>Nanjing Noble Grain &amp; Oils Co., Ltd., 220604 Sun Yun, 13912460404, Shipping: Nanjing Port, Nanjing Port</td>
<td>No 0 10000</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Xinhua Grains &amp; Oils (Dongguan) Co., Ltd., Zhenjiang Economic and Development Zone, Zhenjiang, Jiangsu Province</td>
<td>529533 Bao Yuji, 0769-68245371/682839560, Shipping: Xinhua Port, Xinhua Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>13</td>
<td>Dongguan Cargill Grains &amp; Oils (Yangjiang) Co., Ltd., 3-6 Yanjia Avenue, Yangjiang Port, Guangdong Province</td>
<td>213147 Guo Changhong, 0769-68243671/682839560, Shipping: Yangjiang Port, Yangjiang Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>14</td>
<td>Xinhua Industrial Zone, Dongguan, Guangdong Province</td>
<td>213147 Bao Yuji, 0769-68243671/682839560, Shipping: Xinhua Port, Xinhua Port</td>
<td>No 0 10000</td>
</tr>
<tr>
<td>15</td>
<td>Lianyungang Port</td>
<td>202510 1350 10 No</td>
<td></td>
</tr>
</tbody>
</table>

Note: The contractual capacity refers to the minimum guaranteed warehouse capacity in the agreement signed by the delivery warehouses with the Exchange. The actual storage of goods by a delivery warehouse may exceed the contractual capacity.
Annex 4: DCE Soybean Meal Price Daily Chart


- **Jan.-Apr., 2012**: Price of Dalian soybean meal rose steadily as American soybean production was reduced due to the drought weather in South America.

- **Jun.-Sep., 2012**: American soybean production was cut from 87m to 71.69m tons as the U.S. suffered a dry weather never seen in the past 50 years following the drought in South America.

- **Sep.-Nov., 2012**: Price of Dalian soybean meal slumped as American soybeans entered a long-term bear market when effective rainfall came in the later growth period of the soybeans.

- **A 4-month continuous decline from May 23 to the end of Sept. 2014**: Ended the weather-based market speculation. Thanks to the unexpected good weather, the U.S. soybeans' yield of per unit area increased constantly. As a result, the futures price of the U.S. soybeans slumped. With the end of weather-based speculation in the previous 3 years, the global stock of soybeans saw a quick recovery.

- **The only strong rebound of the U.S. soybean market in 2015 came in the latter half of June**: In the last 2 weeks of June 2015, the main production areas of the U.S. soybeans were struck by excessive rainfalls, delaying sowing in some areas for a long time. The January contracts of the U.S. soybeans rebounded by 16.3% to 1,050 cents per bushel from 903 cents per bushel. However, the report of July released later did not show the sowing area was decreased due to the excessive rainfalls. The report of August, though cutting the sowing area, increased the yield per unit area of the U.S. soybeans. After that, the yield per unit area was continuously lifted, which suppressed the U.S. soybean market. China's soybean meal market, generally synchronized with the U.S. soybean market, saw an even weaker trend.