

山东省中鲁远洋渔业股份有限公司
Shandong Zhonglu Oceanic Fisheries Co., Ltd.
Annual Report for Year of 2020

March 2021

Section I. Important Notice, Contents and Interpretation

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

Lu Lianxing, Principal of the Company, Fu Chuanhai, person in charge of accounting works and Lei Lixin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2020 Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

The forward-looking statement set out in the annual report relating to the future plan of the Company does not constitute the material commitment of the Company for its investors. Therefore, investors and related stakeholders shall hold sufficient awareness of the risks and should understand the difference between plan, expectation and commitment.

Certain risks that may exist in the Company's business operation and countermeasures adopted by the Company are disclosed in "IX. Outlook of future development" in the Section IV. "Discussion and Analysis on Operation", which shall be brought to attention of investors.

This report has been prepared in Chinese and English version respectively. In the event of difference in interpretation between the two versions, Chinese

report shall prevail.

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either

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Interpretation

Items	Refers to	Contents
The Company, Company or ZLYY	Refers to	Shandong Zhonglu Oceanic Fisheries Co., Ltd.
Shandong State-owned Assets Investment	Refers to	Shandong State-owned Assets Investment Holding Company Limited
SASACP	Refers to	State-owned Assets Supervision and Administration Commission of Shandong Provincial Government
CSRC	Refers to	China Securities Regulatory Commission
The report	Refers to	Annual Report for 2020 compiled by the Company

Section II. Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	Zhonglu-B	Stock code	200992
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	山东省中鲁远洋渔业股份有限公司		
Short form of the Company (in Chinese)	中鲁远洋		
Foreign name of the Company (if applicable)	Shandong Zhonglu Oceanic Fisheries Company Limited		
Short form of foreign name of the Company (if applicable)	ZLYY		
Legal representative	Lu Lianxing		
Registrations add.	No. 29 Miaoling Rd. Laoshan District, Qingdao, Shandong		
Code for registrations add	266061		
Offices add.	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong		
Codes for office add.	266061		
Company website	http://www.zofco.cn/		
Email	zl000992@163.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Liang Shanglei	Li Ying, Tang Yuntao
Contacts add.	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong
Tel.	0532-55717968	0532-55715968
Fax.	0532-55719258	0532-55719258
Email	zl000992@163.com	zl000992@163.com

III. Information disclosure and preparation place

Newspaper appointed for information disclosure	In China: <i>China Securities Journal</i> ; overseas: <i>Hong Kong Commercial Daily</i>
Website for annual report publish appointed by CSRC	http://www.cninfo.com.cn
Preparation place for annual report	Office of the Board, Shenzhen Stock Exchange

IV. Registration changes of the Company

Organization code	91370000863043102Y
Changes of main business since listing (if applicable)	(1)2000.07.14: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope;

	<p>manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; cold storage rental” (2) 2000.11.30: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; cold storage rental” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated” (3) 2002.05.28: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” (4) 2006.06.06: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” to “Offshore, pelagic fishing; processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” (5) 2007.05.16: business scope of the Company changed from “Offshore, pelagic fishing; processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” to “Offshore, pelagic fishing; processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services; house rental”</p>
<p>Previous changes for controlling shareholders (if applicable)</p>	<p>In December 2006, 88,000,000 shares of state-owned legal person shares of the Company held by Shandong Fisheries Enterprise Group Corporation were executed judicial auction procedures, and the court ruled to transfer the ownership to Shandong State-owned Assets Investment Holdings Co., Ltd. On June 21, 2007, Shandong State-owned Assets Investment Holdings Co., Ltd received the "Confirmation of Transfer Registration" from the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., and all relevant transfer procedures were completed. By that time, Shandong State-owned Assets Investment Holdings Co., Ltd had held 88,000,000 shares of state-owned legal person shares of the Company, accounting for 33.07% of the company's total share capital. On July 20, 2018, Shandong State-owned Assets Investment and Lucion Group signed the "Share Transfer Agreement of Shandong Zhonglu Oceanic Fisheries Co., Ltd.", accepted the transfer of 37,731,320 shares of the company's state-owned legal person shares held by Lucion Group, accounting for 14.18% of the company's total share capital. On November 16, 2018, Shandong State-owned Assets Investment received the "Securities Transfer Registration Confirmation" issued by the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., and the transfer registration procedures for this share transfer were completed. As of December 31, 2020, Shandong State-owned Assets Investment holds 125,731,320 shares of the company's state-owned legal person shares, accounting for 47.25% of the company's total share capital, and is the Company's controlling shareholder.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	WUYIGE Certified Public Accountants LLP
Offices add. for CPA	15/F College International Building, No.1 Zhichun Rd., Haidian District, Beijing
Signing Accountants	Zhong Benqing, Zhang Lifa

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error correction or not

Yes No

	2020	2019	Changes over previous year	2018
Operating income (RMB)	966,213,019.66	1,128,951,902.68	-14.42%	1,023,348,055.53
Net profit attributable to shareholders of the listed company (RMB)	29,537,498.13	82,311,630.23	-64.12%	90,281,584.29
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	20,070,745.84	80,410,900.02	-75.04%	88,188,293.14
Net cash flow arising from operating activities (RMB)	113,245,710.65	110,296,542.67	2.67%	69,635,895.65
Basic earnings per share (RMB/Share)	0.11	0.31	-64.52%	0.34
Diluted earnings per share (RMB/Share)	0.11	0.31	-64.52%	0.34
Weighted average ROE	3.30%	9.74%	-6.44%	12.06%
	Year-end of 2020	Year-end of 2019	Changes over end of previous year	Year-end of 2018
Total assets (RMB)	1,259,611,234.89	1,288,526,843.80	-2.24%	1,213,282,583.68
Net assets attributable to shareholder of listed company (RMB)	903,248,772.52	887,201,969.69	1.81%	803,507,440.24

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

Yes No

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

Yes No

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

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

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either IAS (International Accounting Standards) or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

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

Applicable Not applicable

The Company had no difference of the net profit or net assets disclosed in financial report, under either foreign accounting rules or Chinese GAAP (Generally Accepted Accounting Principles) in the period.

VIII. Quarterly main financial index

In RMB

	Q 1	Q 2	Q 3	Q 4
Operating income	179,711,295.92	195,879,539.75	292,279,893.91	298,342,290.08
Net profit attributable to shareholders of the listed company	8,566,519.65	7,569,200.28	-3,151,630.88	16,553,409.08
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	8,464,845.13	-2,613,195.78	-4,457,174.84	18,676,271.33
Net cash flow arising from operating activities	-19,428,574.39	7,256,786.58	77,131,938.78	48,285,559.68

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

Yes No

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

Applicable Not applicable

In RMB

Item	2020	2019	2018	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	10,164,623.19		-144,859.41	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,802,247.14	2,704,851.78	3,508,705.48	
Losses/gains from changes of fair values occurred in holding trading financial assets, derivative financial assets, trading financial liabilities and derivative financial liabilities, and investment income obtaining from the disposal of trading financial assets, derivative financial assets, trading financial liability, derivative financial liability and other debt investment, excluded effective hedging business relevant with normal operations of the Company	15,287.67			
Other non-operating income and expenditure except for the aforementioned items	-11,692.73	-22,546.48	-348,549.52	
Less: Impact on income tax	247,241.88	229,456.99	87,540.62	
Impact on minority shareholder's equity (after-tax)	2,256,471.10	552,118.10	834,464.78	
Total	9,466,752.29	1,900,730.21	2,093,291.15	--

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

Applicable Not applicable

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

Section III. Summary of Company Business

I. Main businesses of the company in the reporting period

(i) Main business and products the Company engaged in during the reporting period, as well as their uses, business mode and performance drive

The Company is a comprehensive fishery enterprise integrated with ocean-going fishing, ocean refrigerated transport, and refrigeration, processing and trading of aquatic products, its main businesses involve all major aspects of the industry chain.

During the reporting period, the company's main business didn't make any change. Ocean fishing has still been the main line while refrigerated transport and refrigeration processing trade were the two wings, and they supported each other and promoted each other, the industrial chain was relatively complete.

1. Pelagic fishing

During the reporting period, the Company has owned a total of 23 vessels for ocean-going fishing, including 7 large-scale tuna seiners (units), 14 large ultra-low temperature tuna longliners, and 2 medium-sized trawlers, which have been respectively working in Indian Ocean and the Atlantic area.① In the long-lining operation, the main operating area has been in the Indian Ocean, this year, affected by multiple factors such as Japan's economic downturn and the worldwide epidemic, the sales price of longline fishing goods has shown a downward trend. In terms of the purse seine fishing, the main operating area was in the Atlantic Ocean. Affected by the epidemic, fish prices in the international market was gradually decreasing during the period, and the amount of fishing for export sales decreased; fish prices for domestic sales also decreased due to the impact of the currency devaluation, resulting in a slight decrease in revenue during the period when the sales volume rose slightly; ③ The ships of Ghana trawl net project were aging, the output reduced, and the operating income reduced accordingly.

2. Refrigerated transport

During the reporting period, the refrigerated transport ship of the Company is engaged in the international operation and services, and has access to major ports around the world, suitable for ocean transportation of aquatic products, meat, poultry, vegetables and fruits, and for the tuna transport business as well. Multiple measures are taken in order to complete the economic indicators for the whole year: ①Continuously improved the company's SMS system work and strengthened the standardized management of enterprises. ②Kept a foothold on the Asia-Pacific special refrigerated freight market, strive to increase the market share, strictly controlled the cost accounting, strengthened the ship equipment maintenance, ensured the sailing rate, and maximizing the income.③ Paid close attention to exchange rate trends and settled exchanges in a timely manner to reducing the exchange rate risks. ④In the face of various unfavorable situations caused by the impact of the epidemic, the company strengthened epidemic prevention and control measures and work guidance, strengthened ship communication and

crew conciliation, ensured the personal safety and health on ships and shores, guaranteed safe production, and promoted high-quality development of enterprises.

3. Refrigeration processing trade

During the reporting period, there were more than 20 main processed varieties, including bigeye tuna, yellowfin tuna, bluefin tuna, albacore, swordfish, and so on; the product forms included tuna slices, stripping and slicing, milksweet wine and cheese and so on. The products were mainly exported, accounting for 60-70% of the total sales, which were mainly sold to Japan, America, Russia, the European Union, South Korea, Israel and other countries. Among them, Japan accounted for about 40%, Russia about 12%, the European Union about 10%, and America accounted for about 6%. The Company has got HACCP registration, EU certification, BRC certification, MSC certification, and SEDEX certification. It has established a multi-integrated sales network integrating micro-business + e-commerce + supermarkets + sub-warehouses in domestic markets, with sales exceeding 100 million yuan. At present, we have established sub-warehouses in Beijing, Shanghai, Chengdu, Shenzhen, Changsha and other cities, committed to providing deep-sea, ocean-going, healthy and safe tuna delicacies for fellow countrymen. The domestic market is expanding year by year, and the sales in coastal cities have been increasing by more than 10% annually. Affected by the epidemic, domestic and foreign trade markets have shrunk severely, and product circulation has slowed. Affected by the global outbreak of the epidemic, the situation of the export-oriented processing trade sector has been severe, and various unfavorable factors caused a large number of order cancellations, resulting in short-term difficulties in business operations; ② In this period, the business strategy of “purchasing based on sales” has made initial results in reducing stock; ③ The company has continued to deepen school-enterprise cooperation, continuously innovated in technology and processes, and gradually introduced new products that meet market demand, changing from raw food to cooked food, such as shredded tuna and tuna-shabu, canned tuna, tuna sauce, noodle mate, etc., and developed deep-processed tuna products, such as tuna complex peptides, tuna oil, tuna mask, etc., which have come into the market successively; ④ The company has continued to increase the promotion in domestic markets, and increase the investments in product research and development, tuna APP promotion, product advertising and product promotion, and actively explore the domestic markets.

(ii) The development stage and the cyclical characteristics of the industry and the company's position in industry

1. The development stage of the industry

China's offshore fishing industry has made great progress through several generations of efforts and more than 30 years of development since 1985. In recent years, with the implementation of the national marine strategy, offshore fishing has become an important part of the ocean, the number of vessels has been increasing and the scale of production has been expanding, which not only promoted the international economic and technological cooperation but also enriched the domestic market supply. The new and old kinetic energy conversion being implemented and the high-quality development requirements continuously optimized and upgraded the industrial structure, and the marketization and internationalization have been constantly improving. China's offshore fishing industry is in a stage of becoming stronger and stronger. Generally speaking, the “Fourteenth Five-Year Plan” is a key transition period for the development of China's offshore fisheries, and it is also an important opportunity

period for the development of a powerful country in fishing industry.

2. Industry characteristics and the industry position of the company

Offshore fishing production is cyclical, regional and seasonal. Therefore, it is particularly important to catch the fishing season and timely and rationally dispatch the fisheries. In order to protect resources, various fishery resource countries and fishery organizations have formulated strict protection measures and fishing-ban policies, industry standards have been gradually raised, and the requirements to management level, production technology, self-discipline and performance capacity of companies engaged in offshore fishing have become higher. In the long run, it is beneficial to the sustainable development of offshore fishing, but in the short term, it will increase the production costs. Our company develops offshore fisheries very early in China, and we have the front-rank talent quality, technical strength, management ability, and equipment level. In recent years, the asset scale and profitability have been increasing steadily.

The company is a comprehensive pelagic fishing enterprise integrating ocean fishing, ocean transportation, refrigerated processing and trade. After more than 20 years of business development, it has a high degree of specialization, rich management experience, and long-term development capabilities.① The Company has preoccupied a certain quota of fishing space and operating area. These rare fishing space and permanent operating seats provide a basic guarantee for the company's steady production and Operation.②The Company has obtained the qualification for crew assignments from the Maritime Safety Administration. With the help of its good reputation in ship management and the advantage of a relatively stable crew of its own senior positions, the company has tried to expand the crew assignment business and innovate the company's ship management model under the premise of full research. ③The Company has 20 years of experience in tuna processing and product research and development. It produces and processes more than 20 tuna species such as bigeye, yellowfin, bluefin, albacore, etc., which are mainly purchased by the company from others of the same trade. The company established the China Tuna Trading Center in December 2009, which has formed a distribution center for the refrigeration, processing and sales of tuna.

II. Major changes in main assets

1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major change.
Fixed assets	Decreased 44.88 million Yuan over that of previous period, mainly due to the accrual of depreciation
Intangible assets	No major change.
Construction in progress	Increased 3.71 million Yuan over that of previous period, mainly due to the renovation project of cold storage.

2. Main overseas assets

√Applicable □Not applicable

Content	Reasons	Assets scale	Location	Operating mode	Control measures to ensure the safety of assets	Earnings status	Ratio of the overseas assets in net assets of the Company	Whether has major impairment risks or not (Y/N)
HABITAT INTERNATIONAL CORPORATION	Wholly-owned subsidiary established aboard	280,734,659.32	Panama	Independent operation	Ship and personnel insurance	26,267,380.37	26.35%	N
ZHONGGHA FOODS COMPANY LIMITED	Wholly-owned subsidiary established aboard	137,521,345.28	Ghana	Independent operation	A professional management team, ship and personnel insurance overseas posting	-6,587,817.39	12.91%	N

III. Core competitiveness analysis

The Company is an outgoing comprehensive oceanic fishery enterprise, established in July 1999 with the approval from People's Government of Shandong province. We have completed industry chain and we are the leading enterprise of oceanic fishery for the Shandong Province.

As a comprehensive fishery enterprise, the company's core competitiveness is mainly reflected in the following aspects: ① over the 20-year development, the Company is comprehensive fishery enterprise integrating pelagic fishing, refrigerated transport, and refrigeration and processing and trading of aquatic products, its main business involves all key links of industry chain, and the businesses among all operating entities are highly related, possess the conditions for overall collaborative operation, and provides guarantee for strengthening and extending the industrial chain strategy; ② as one of the enterprises engaged in deep-sea fishing business at the earliest in China, the company starts the production and operation early with high starting point, and high-quality talents and assets. After many years of professional management, the company has accumulated a large number of professional talents covering all fields of deep-sea fishing. ③ the distant fishery, we mainly operates, is the parts of "going out" strategy and maritime strategy of the country, and also it is the part of Blue Economic Zone Plans in Shandong Province. The distant fishery still has a development opportunity in way of depth adjustment. The 14 tuna fishing boats produced in the Indian Ocean, obtained the qualification for fishing in Somalia again through timely scientific scheduling of fishing grounds, which made a greater contribution to the company's completion of the business plan. The Atlantic tuna seine project has been on the right track after three years of exploration and practice, under the strict protection of the WCPFC in the Central and Western Pacific and the ICCAT organization in the Atlantic, the company's tuna seine business can develop steadily. ④ Ocean transportation is an important part of the company's main business, the existing refrigerated transport fleet is in the leading position in the county in terms of the number of ships, gross tonnage or profitability. With the country's earliest and largest ultra-low temperature cold storage and raw food processing plant, China's Tuna Trading Center and the newly-built tuna electronic trading platform system have strengthened the company's advantages in tuna processing and trading capabilities, the 30,000-ton ultra-low temperature & variable temperature cold storage and supporting facilities of Zhonglu Refrigerated Logistics Center has pioneered a number of new technologies and is

operating well. The Company's pelagic fishing production area is in the Atlantic Ocean and the Indian Ocean, our refrigerated transport has reached most of the world's major ports, and the import and export trade spread all over the world. With the implementation of the "One Belt and One Road" strategy, countries along the road strengthen the bilateral mutual trust and have closer cooperation. With a series of development planning issued by the country and governments at all levels, our company faces new development opportunities. The Company will make good use of these strategic resources, creating innovative, keeping forge ahead and moving forward, and participated in the construction of new-aged energy transform actively, accelerate the strategic transformation, and vigorously implement the industrial chain extension projects to upgrade the influence and competitive power in deep-sea fishing market in and out of China.

Section IV Discussion and Analysis on Operation

I. Introduction

In 2020, the Company thoroughly studies and implements Xi Jinping's socialist thoughts with Chinese characteristics in the new era, conscientiously implement various decisions and deployments, focus on key points, make up for shortcomings and strengthen the weaknesses, and further develop the industrial development and upgrading. Working hard to foster new areas of economic growth and promote high-quality development, comprehensively ensure the works of "6 stability" and "6 securities". Under the influence of COVID-19, markets in and out of China are shrinking and the prices are falling. Operation of the Company is under unprecedented pressure and profits are down.

(i) Review of the company's operations during the reporting period

1. Pelagic fishing: the company has 23 pelagic fishing vessels, including 7 large tuna purse seine vessels (groups), 14 large ultra-low temperature tuna longline fishing vessels, and 2 medium-sized trawlers operating in the Indian Ocean and the Atlantic Ocean. During the reporting period, due to factors such as the COVID-19 epidemic, the extension of the fishing-off season, and ship dock repairs, the overall fishing output had a decrease compared to the previous year. Affected by the decline in international fish prices, operating income and total profits were also affected to varying degrees. During the reporting period, the ocean fishing segment achieved operating income of 395.57 million yuan, a decrease of 17.34%; the total profit was 31.11 million yuan, a decrease of 62.00%.

2. Refrigerated transport: the shrinking trend of south pacific tuna refrigerated transportation market due to the impact of the global economic environment plus the extension of fishing-off season of seining have increased the impact on the refrigerated transportation industry. Through continuous standardized management, the company strengthened innovative development models, intensified team building, enhanced corporate development vitality, strengthened cultural construction, enhanced soft power for corporate development, paid close attention to safe production and operation, strengthened ship management, improved ship sailing rate, and ensured normal ship operation. In response to the company's problem of single business, the company has been actively seeking to introduce other types of ships, obtain the qualifications for crew assignments, and expand the scope of business. During the reporting period, it realized operating income of 100.72 million yuan, with a year-on-year decrease of 0.61%; and realized total profit of 28.27 million yuan, with a year-on-year decrease of 12.99%.

3. Cold storage processing trade: Under the multiple pressures of tuna domestic and foreign markets such as falling prices, destocking risks, the company took the management theme of "upgrading the product quality, reducing stocks, and reducing risks", and fully implemented the "addition, subtraction, multiplication and division" method to cultivate new growth points, joined forces to destock, built network-wide sales platforms, increased product return rate, did our best to reduce adverse effects, reduce losses, promote product transformation, from raw food to cooked food, from single to combination, and from large packaging to small packaging, and took the direction

of mainly cooked food, and supplemented by raw food to create the "Tuna" APP of Zhonglu Oceanic, establish a sales system with full network sales and regional direct distribution, lay out the industrialized e-commerce platform represented by "Tuna Express", and explore new sales models. The company's raw and cooked tuna products are marketed under the brand name HIGHEST, mainly sold to distributors and catering stores. Developed a serial products of tuna chili sauce, canned, noodle mate, mask, fish oil and Peptide. The company's distributors are scattered, the order quantity is small, the batches are large, the information is scattered, the delivery cost is high, and it is difficult to achieve the agglomeration effect, so the company has sorted out customers and channels, and successively established the Beijing branch warehouse, the Chengdu branch warehouse, the Shenzhen branch warehouse, the Shanghai branch warehouse and Changsha branch warehouse. The sales model has been shifting to warehouse-style branches, centralized delivery, batch sales, and unified management. By centering on branch warehouses and spreading to the surrounding areas, the company has accelerated the supply, improved product quality, met customer supply needs, and formed a complete point-to-point channel construction, next, we will set up branch warehouses in Wuhan, Daqing and other places so as to integrate sales, form a joint force, and enhance brand awareness. During the reporting period, it realized operating income of 552.09 million yuan, with a year-on-year decrease of 17.92%; and realized total profit of -4.66 million yuan, with a year-on-year decrease of 162.05%.

(ii) General operation

During the reporting period, the Company achieved operating income of 966.21 million Yuan, decreased 14.42% compared last year's 1128.95 million Yuan; total profit achieved 40.77 million Yuan, decreased 59.91% compared last year's 101.69 million Yuan; net profit attributable to parent company amounted as 29.54 million Yuan, decreased 64.12% compared last year's 82.31 million Yuan. Total assets amounted as 1259.61 million Yuan with 2.24% down compared with the balance at period-begin.

II. Main business analysis

1. Introduction

See "I. Introduction" in "Discussion and Analysis of Business".

2. Income and cost

(1) Constitute of operating income

In RMB

	2020		2019		Increase/decrease y-o-y
	Amount	Ratio in operating income	Amount	Ratio in operating income	
Total operating income	966,213,019.66	100%	1,128,951,902.68	100%	-14.42%
According to industries					
Pelagic fishing	395,568,763.49	40.94%	478,523,402.07	42.39%	-17.34%
Vessel leasing	100,719,597.20	10.42%	101,340,331.62	8.98%	-0.61%
Cold storage	552,094,964.64	57.14%	672,613,037.45	59.58%	-17.92%

processing trade					
Other	5,327,771.22	0.55%	5,513,946.97	0.49%	-3.38%
Internal transaction offset	-87,498,076.89	-9.06%	-129,038,815.43	-11.43%	32.19%
According to products					
Pelagic fishing	395,568,763.49	40.94%	478,523,402.07	42.39%	-17.34%
Vessel leasing	100,719,597.20	10.42%	101,340,331.62	8.98%	-0.61%
Cold storage processing trade	552,094,964.64	57.14%	672,613,037.45	59.58%	-17.92%
Other	5,327,771.22	0.55%	5,513,946.97	0.49%	-3.38%
Internal transaction offset	-87,498,076.89	-9.06%	-129,038,815.43	-11.43%	32.19%
According to region					
Japan	250,064,056.94	25.88%	198,601,950.39	17.59%	25.91%
Mainland China	266,985,098.63	27.63%	347,712,087.60	30.80%	-23.22%
Taiwan China	108,201,657.59	11.20%	111,626,402.87	9.89%	-3.07%
Ghana	190,929,341.39	19.76%	214,190,805.60	18.97%	-10.86%
Russia	54,257,999.06	5.62%	109,321,611.00	9.68%	-50.37%
Other	183,272,942.94	18.97%	276,537,860.65	24.50%	-33.73%
Internal transaction offset	-87,498,076.89	-9.06%	-129,038,815.43	-11.43%	32.19%

(2) About the industries, products, or regions accounting for over 10% of the company's operating income or operating profit

√Applicable □Not applicable

In RMB

	Operating income	Operating cost	Gross profit ratio	Increase/decrease of operating income y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Pelagic fishing	395,568,763.49	360,814,947.58	8.79%	-17.34%	-3.81%	-12.82%
Vessel leasing	100,719,597.20	67,566,863.59	32.92%	-0.61%	6.76%	-4.63%
Cold storage processing trade	552,094,964.64	535,511,757.57	3.00%	-17.92%	-15.96%	-2.26%
According to products						
Pelagic fishing	395,568,763.49	360,814,947.58	8.79%	-17.34%	-3.81%	-12.82%
Vessel leasing	100,719,597.20	67,566,863.59	32.92%	-0.61%	6.76%	-4.63%
Cold storage processing trade	552,094,964.64	535,511,757.57	3.00%	-17.92%	-15.96%	-2.26%
According to region						
Japan	250,064,056.94	238,610,259.10	4.58%	25.91%	26.58%	-0.50%
Mainland China	266,985,098.63	247,418,460.49	7.33%	-23.22%	-13.62%	-10.30%
Ghana	190,929,341.39	177,269,596.45	7.15%	-10.86%	10.70%	-18.09%
Taiwan China	108,201,657.59	74,849,823.49	30.82%	-3.07%	3.35%	-4.30%

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

□ Applicable √ Not applicable

(3) Whether income from physical sales larger than income from labors or not

√ Yes □ No

Industries	Item	Unit	2020	2019	Increase/decrease y-o-y
Pelagic fishing	Sales volume	Ton	38,970	47,515	-17.99%
	Production	Ton	40,099	47,016	-14.71%
	Inventory	Ton	9,337	8,208	13.76%
Cold storage processing trade	Sales volume	Ton	14,726	16,946	-13.10%
	Production	Ton	13,030	18,017	-27.68%
	Inventory	Ton	5,479	7,175	-23.64%

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

Applicable Not applicable

(4) Fulfillment of the company's signed significant sales contracts up to this reporting period

Applicable Not applicable

(5) Composition of operation cost

Industry classification

In RMB

Industry classification	Item	2020		2019		Y-o-y changes
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Pelagic fishing	Access fishing fee	15,522,437.75	4.30%	10,037,813.25	2.68%	54.64%
Pelagic fishing	Raw material	72,184,252.64	20.01%	72,206,003.43	19.25%	-0.03%
Pelagic fishing	Fuels & energy	88,822,368.76	24.62%	109,142,256.09	29.10%	-18.62%
Pelagic fishing	Staff remuneration	80,970,871.40	22.44%	66,466,419.62	17.72%	21.82%
Pelagic fishing	Depreciation cost	28,566,670.85	7.92%	22,399,789.47	5.97%	27.53%
Pelagic fishing	Other	74,748,346.18	20.72%	94,850,682.77	25.29%	-21.19%
Pelagic fishing	Total	360,814,947.58	100.00%	375,102,964.63	100.00%	-3.81%
Vessel leasing	Staff remuneration	27,723,643.26	41.03%	29,457,051.44	46.54%	-5.88%
Vessel leasing	Depreciation cost	9,068,172.36	13.42%	8,775,909.12	13.87%	3.33%
Vessel leasing	Material	10,807,480.03	16.00%	8,050,760.28	12.72%	34.24%
Vessel leasing	Inspection fee	1,185,800.18	1.76%	1,287,716.75	2.03%	-7.91%
Vessel leasing	Premium	4,018,632.35	5.95%	3,798,182.23	6.00%	5.80%
Vessel leasing	Fuel	4,080,621.97	6.04%	3,240,296.83	5.12%	25.93%
Vessel leasing	Repair charge	5,097,541.51	7.54%	4,701,442.89	7.43%	8.43%
Vessel leasing	Other	5,584,971.93	8.27%	3,978,229.67	6.29%	40.39%
Vessel leasing	Total	67,566,863.59	100.00%	63,289,589.21	100.00%	6.76%
Cold storage processing trade	Direct raw material	460,688,161.41	86.03%	558,989,485.36	87.72%	-17.59%
Cold storage processing trade	Wrappage	14,612,588.20	2.73%	13,636,998.39	2.14%	7.15%
Cold storage processing trade	Labor salary	27,898,994.46	5.21%	25,171,095.16	3.95%	10.84%
Cold storage processing trade	Depreciation	5,917,816.15	1.11%	5,161,667.61	0.81%	14.65%
Cold storage processing trade	Other	26,394,197.35	4.93%	34,283,668.85	5.38%	-23.01%
Cold storage processing trade	Total	535,511,757.57	100.00%	637,242,915.37	100.00%	-15.96%

processing trade						
Other	Labor charges	87,329.00	4.32%	57,724.00	3.12%	51.29%
Other	Out-of-pocket expenses	8,582.00	0.42%	12,278.00	0.66%	-30.10%
Other	Depreciation cost	1,540,077.83	76.17%	1,297,518.66	70.06%	18.69%
Other	Electricity	194,541.30	9.62%	178,124.87	9.62%	9.22%
Other	Repair charge	41,417.00	2.05%	83,974.41	4.53%	-50.68%
Other	Heating fee	149,915.29	7.41%	222,489.07	12.01%	-32.62%
Other	Total	2,021,862.42	100.00%	1,852,109.01	100.00%	9.17%
Internal transaction offset		-87,498,076.89		-129,038,815.43		32.19%

Note: composition of operation cost for the current year is consistent with the same caliber as the same period last year.

(6) Whether the consolidation scope has changed during the Reporting Period

Yes No

(7) Major changes or adjustment in business, product or service of the Company in Reporting Period

Applicable Not applicable

(8) Major sales and main suppliers

Major sales of the Company

Total top five clients in sales (RMB)	362,901,186.67
Proportion in total annual sales volume for top five clients	37.56%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	F.C.F Fishery Co., Ltd.	100,719,597.20	10.42%
2	DOHSUI CO.,LTD.	82,213,025.56	8.51%
3	Liantai Seafood International Co., Ltd.	67,061,329.23	6.94%
4	AFKO FISHERIES CO LTD	60,052,730.55	6.22%
5	WORLD ENDMOST CAPITAL FOODS CORPORATION(WEC)	52,854,504.13	5.47%
Total	--	362,901,186.67	37.56%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	254,208,427.73
Proportion in total annual purchase amount for top five suppliers	38.61%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Purchases (RMB)	Proportion in total annual purchase
1	Yantai Jingyuan Fishery Co., Ltd	95,136,663.00	14.45%
2	CNFC Overseas Fishery Co., Ltd.	76,925,158.98	11.68%
3	Rongcheng Ocean Fishery Co., Ltd.	34,156,369.07	5.19%
4	Haishun International Trade Private Co., Ltd.	26,192,952.39	3.98%

5	BOSHUN LOGISTICS LIMITED	21,797,284.29	3.31%
Total	--	254,208,427.73	38.61%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expense

In RMB

	2020	2019	Y-o-y changes	Note for major changes
Sales expense	3,669,759.70	24,928,000.04	-85.28%	Part of the accounting items are adjusted due to the New Revenue Standards
Management expense	49,476,821.86	63,613,565.72	-22.22%	
Financial expense	22,961,222.69	4,648,252.61	393.98%	Caused by sharply growth of exchange loss
R& D expense	57,924.28	274,338.75	-78.89%	Caused by decline of the R&D investment

4. R&D investment

Applicable Not applicable

The subsidiary carries out relevant research on by-products of tuna processing. And conducted research and development of biotechnology full utilization around the existing tuna processing by-products and other fish processing by-products. Both parties jointly carried out the comprehensive utilization, research and development and production of tuna skins, fish heads, fish bones, and blood by-products, which would promote the company's deep processing and product diversified development.

Information of R&D investment

	2020	2019	Ratio for changes
Number of R&D personnel (person)	12	6	100.00%
Proportion of R&D personnel	2.72%	1.26%	1.46%
Investment for R&D (RMB)	57,924.28	274,338.75	-78.89%
R&D investment/Operating income	0.01%	0.02%	-0.01%
Capitalization of R&D investment (RMB)	0.00	0.00	
Capitalization of R&D investment/R&D investment	0.00%	0.00%	

Reasons for significant changes in the proportion of total R&D investment in operating income from the previous year

Applicable Not applicable

Reasons and rationality of the major changes of the capitalization rate of R&D investment

Applicable Not applicable

5. Cash flow

In RMB

Item	2020	2019	Y-o-y changes
Subtotal of cash in-flow from operation activity	1,044,766,426.68	1,220,866,901.47	-14.42%
Subtotal of cash out-flow from operation activity	931,520,716.03	1,110,570,358.80	-16.12%

Net cash flow from operation activity	113,245,710.65	110,296,542.67	2.67%
Subtotal of cash in-flow from investment activity	26,669,035.36	8,235.37	323,735.30%
Subtotal of cash out-flow from investment activity	43,188,538.60	75,638,420.93	-42.90%
Net cash flow from investment activity	-16,519,503.24	-75,630,185.56	-78.16%
Subtotal of cash in-flow from financing activity	51,867,033.47	112,412,418.06	-53.86%
Subtotal of cash out-flow from financing activity	64,774,888.53	144,401,790.32	-55.14%
Net cash flow from financing activity	-12,907,855.06	-31,989,372.26	-59.65%
Net increased amount of cash and cash equivalent	71,131,973.21	1,836,513.24	3,773.21%

Main factors of related data's significant changes on a year-on-year basis

Applicable Not applicable

(1) Net cash flow investment activities decreased compare with the same period of last year, mainly because the costs for purchase and construction of fixed assets declined in the Period and received insurance payment for "Xinmaoxing".

(2) Net cash flow financing activities decreased compare with the same period of last year, mainly because bank loans repayment in the Period declined on a y-o-y basis.

The reasons for the significant difference between the net cash flow from the company's operating activities and the net profit of current year during the reporting period

Applicable Not applicable

(1) Difference impact of fixed assets depreciation and financial expenses amounted as 50.78 million Yuan and 10.83 million Yuan respectively;

(2) Difference impact of inventory was 34.24 million Yuan;

(3) Difference impact of operating account receivable and payable was -16.91 million Yuan.

The above caused major differences between net profit and operating cash flow.

III. Analysis of the non-main business

Applicable Not applicable

In RMB

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment earnings	15,287.67	0.04%	Disposal of the trading financial assets	Without sustainability
Asset impairment	-2,613,583.91	-6.41%	Loss on inventory valuation	Without sustainability
Non-operating income	10,758,569.39	26.39%	Insurance indemnity	Without sustainability
Non-operating expense	658,478.99	1.61%	Fixed assets scrapped and donation	Without sustainability

IV. Analysis of assets and liabilities

1. Major changes of assets composition

Adjust relevant items of financial statements at the year of fist implementation of the new revenue standards or new leasing standards since 2020

Applicable

In RMB

	Year-end of 2020		Year-begin of 2020		Changes of ratio (+,-)	Note of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	255,811,982.21	20.31%	186,011,644.29	14.44%	5.87%	
Account receivable	66,263,029.81	5.26%	70,003,394.30	5.43%	-0.17%	
Inventories	338,885,629.06	26.90%	375,744,116.36	29.16%	-2.26%	
Investment real estate	31,435,009.43	2.50%	32,761,086.11	2.54%	-0.04%	
Fixed assets	506,290,822.70	40.19%	551,167,599.49	42.78%	-2.59%	
Construction in progress	3,705,815.70	0.29%		0.00%	0.29%	
Short-term loans	41,268,275.50	3.28%	51,662,365.00	4.01%	-0.73%	

2. Assets and liability measure by fair value

√Applicable □Not applicable

In RMB

Item	Opening amount	Gain/loss of fair value changes in the Period	Cumulative change of fair value recorded into equity	Impairment accrual in the Period	Amount purchased in the Period	Amount sold in the Period	Other changes	Ending amount
Financial assets								
1. trading financial assets(derivative financial assets excluded)	0.00				10,000,000.00	5,000,000.00		5,000,000.00
Total of above	0.00				10,000,000.00	5,000,000.00		5,000,000.00
Financial liability	0.00							0.00

Other changes

Whether there is a significant change in the measurement attributes of the main assets during the period

□Yes √No

3. Assets right restriction till end of reporting period

Item	Ending book value	Limited cause
Monetary fund	76,370.28	L/C guarantee deposit
Fixed assets	29,509,590.55	Loan mortgage
Intangible assets	5,270,303.71	Loan mortgage
Total	34,856,264.54	--

V. Investment

1. Overall situation

√Applicable □Not applicable

Amount invested (RMB)	Last period's amount (RMB)	Changes
12,909,331.81	52,298,500.00	-75.32%

2. The major equity investment obtained in Reporting Period

Applicable Not applicable

3. The major non-equity investment in Reporting Period

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The company had no securities investment in the reporting period.

(2) Derivative investment

Applicable Not applicable

The company had no derivative investment in the reporting period.

5. Application of raised proceeds

Applicable Not applicable

The company had no application of raised proceeds in the reporting period.

VI. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

In RMB

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	Subsidiary	Pelagic fishing	221,617,349.00	507,840,677.28	397,728,371.68	300,841,656.69	22,804,120.41	23,431,400.59
Shandong Zhonglu Fishery	Subsidiary	Refrigerated transport	22,505,600.00	65,142,019.50	16,437,440.92	32,788,248.84	2,002,184.94	1,623,246.71

Shipping Co., Ltd.								
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Subsidiary	Food processing	75,593,300.00	356,663,158.43	210,250,557.07	552,012,509.92	-3,511,656.68	-3,869,633.47
HABITAT INTERNATIONAL CORPORATION	Subsidiary	Refrigerated transport	12,476,146.00	280,734,659.32	177,078,195.90	67,931,348.36	16,220,241.89	26,267,380.37

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Notes of main holding company and stock-jointly companies

Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.: achieved an operating profit of 21,397,913.29 Yuan in the reporting period, a 46.56% down from a year earlier with a big declined. Main reasons for declined: affected by the epidemic, the prices remain low; major tuna markets, such as Japan and United States, have shrunk sharply with margins falls;

Shandong Zhonglu Fishery Shipping Co., Ltd.: achieved an operating profit of 1,994,635.46 Yuan in the reporting period, a 67.92% down from a year earlier with a big declined. Main reasons for declined: affected by the epidemic, costs of crew rotation and vessel maintenance increased, and with the major losses from exchange in the current period, the profit declined.

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.: achieved an operating profit of -4,367,029.79 Yuan in the reporting period, a 157.65% down from a year earlier with big drops. Main reasons for declined: affect by the epidemic and weak in main markets for tuna, raw material prices declined, the finished product market also fell sharply, than the unsalable and inventory increased, costs increased correspondingly with profit drops;

HABITAT INTERNATIONAL CORPORATION: achieved an operating profit of 16,220,241.89 Yuan in the reporting period, a 38.26% down from a year earlier with a big declined. Main reasons for declined: affected by the epidemic, costs of crew rotation and vessel maintenance increased, and with the major losses from exchange in the current period, the profit declined.

VIII. Structured vehicle controlled by the Company

Applicable Not applicable

IX. Outlook of future development

(i)With the implementation of the national maritime power strategy, deep-sea fishing comes to the priority parts of strategic ocean. The country has issued a series of preferential policies, and the ocean fishing in China has developed rapidly and the scale of the ocean fleet is increasing. However, the main business is still focused on acquiring resources with original fish as the major products. Processing of products with high added-value, market development and marketing remain weak, and the support system for production services is relatively fragile. At present, our country is implementing switch of old and new kinetic energy and putting forward the high-quality development, which means ocean fishery will be offered with new opportunities for development, adjustment and transformation. With respect to development trend, it is expected that: (i)stable development of ocean fishery in international waters, and increase fishing scale for fishes living in the middle and upper level of the waters, cephalopod, Antarctic krill and other varieties which have the potential for further development; (ii)consolidate and improve ocean fishery in other countries sea, aiming to facilitating transformation and upgrade of this kind of fishery through change of cooperation model, enhancement of management, vessel update and remake and projects merger and acquisition; (iii)optimize industry structure and extend industry chain, develop refrigeration, processing and trading of aquatic products; (iv)strengthen construction of fishery production service supporting system, greatly develop overseas fishing bases and ocean production platforms, and conduct a series of value-added services, such as fishing port wharf, fishing goods storage logistics, fishing vessel repair, ocean

transportation and recharge.

(ii) Outlook of major business

1. Pelagic fishing

The Company continues to develop the ocean fishery business with purse seine and longline fishing as the core business. In terms of tuna seine, it is planned to build 2 large seine vessels (groups) to operate in the central and western Pacific Ocean, on the existing base of 7 vessels (groups), expand the seine production scale to increase the profit growth point for the enterprises; In terms of longline fishing, in 2020, our company successfully entered the Somali fisheries again, and the fishing output hit a record high. With the continuous exploration and in-depth development of the Indian Ocean waters, we have become more familiar with the distribution of the fisheries in this sea area, and maintained better production and operation efficiency through reasonable deployment, which can provide the company with a stable source of income; in the trawl market, it is planned to build two new fishing vessels with advanced equipment, suitable for modern marine fishery production, and in line with national industrial policies to replace the existing twofold trawlers produced in the Ghana waters.

2. Refrigerated transport

Consolidate and enhance refrigerated transportation business. Ocean refrigerated transportation has always been the business segment contributing stable operating results for the Company. According to the specific conditions of the refrigerated transport market, continued to phase out the old vessels with small tonnage and updated the refrigerated transport vessels with moderate tonnage and relatively young age to keep the status of the company's transport fleet in refrigerated shipping industry. At the same time, explore other kinds of transport vessels business, expand the marine business scope to increased the profitability.

3. Cold storage processing trade

Actively develop and extend the cold storage processing trade. First of all, the Company seeks development by innovation. It continues to optimize product structure to improve our competitiveness and risk-prevention ability. Second, it continues to increase acquisition, processing and sales of tunas fished by ocean fishery enterprises, making its best to expand both domestic and international market; third, the Company increase development of new products and further-processed products with high added-value in addition to the existing business, expecting to make new point of growth. The fourth is to increase the innovation and implementation of production processes, improve the degree of production automation, improve production efficiency, save production costs, and improve production efficiency; the fifth was to strengthen brand building and publicity, stabilize the leading position of the company's series products in China.

(iii) Future development strategy:

By adherence to the strategic target, the Company captures the business opportunities in ocean fishery market in compliance with the development requirements as a listed company, preventing risks effectively and achieving stable performance. With ocean fishery as the major business, the Company endeavors to broaden brand recognition and extend industrial chain pursuant to the development idea of "hold fishery as major business,

integrated with refrigerated and processing trade, adjust structure and seek for transformation and upgrade”, which facilitate the Company to realize development of modernization, information, digitization and intelligence.

(iv) Working plan for 2021

Adhere to the concept of “Reform Development, Innovation Development, Standardized Development and Steady Development”, Under the working target of “maintain growth, emphasize regulation, adjust structure and promote transformation”, the Company plans to improve its development quality, enhance economic performance, focus on switch of new and old kinetic energy and market penetration, propel construction of significant projects, seeking for moderate and stable growth. In respect of the major problems restricting its development, the Company makes its best to conduct operation, adjust transformation, market penetration and regulate management, aiming to making new point of growth. Besides, it continues to strengthen and improve its ability of control, competitiveness, influence and risk prevention, ensuring that the annual operating tasks could be successfully completed in full. ① to improve the management level of the Atlantic seine project, accelerate the improvement of various supporting measures, diversify the development of the sales market, and improve the project’s profitability. Actively promote the construction of two (group) large-scale purse seine ships to cultivate profit growth points. ② Stabilize the profitability of tuna fishing project in the Indian Ocean, explore new fishing grounds, scientifically dispatch, and operate legally and compliantly to ensure the steady growth of catches. ③ Consolidate and improve the refrigerated transportation business, purchase and build new modern and intelligent transportation ships. ④ Accelerate the elimination of outdated production capacity, and plan to build two new fishing vessels with advanced equipment, suitable for modern marine fishery production, and in line with national industrial policies to replace the existing two old trawlers produced in the Ghana waters. ⑤ Actively expand and extend the refrigeration and processing trade business, increase the development of new products and deep-processing and other high value-added products, innovate sales models, and cultivate new profit growth points for the enterprise. ⑥ to propel the Company to transform into an innovative enterprise with innovation in technology, products, business and management.

(v) Potential risks and countermeasures

1. Risk of fishery resource fluctuations. Fishery resources usually have fluctuations, and sometimes the fluctuations are large, the greater the decline in resources, the greater the impact on the company’s efficiency. Periodic changes in resources, climate and hydrology conditions can all cause fluctuations in fishery resources.

Countermeasures: Explore new fisheries and scientifically dispatch, innovate fishing production equipment, and gradually renew production vessels. Make scientific and reasonable arrangements for ship maintenance, equipment maintenance, materials, fish bait, spare parts, and personnel logistics support to ensure the shipping rate.

2. Risk of sales price fluctuations. Affected by the epidemic, especially the continuous detection of novel corona virus on cold chain food packaging has a huge impact on fresh cold chain products, and the risk of price fluctuations has increased. At present, the price of ultra-low temperature tuna continues to remain low, which has increased the difficulty in destocking in the later period.

Countermeasures: Explore the transformation of enterprises, transform export sales to domestic sales, promote dual cycles, accurately connect with the domestic markets, research and develop marketable deep-processing products of cooked food products, and expand domestic sales channels. Increase efforts in domestic market promotion, continuously invest in the product research and development, the promotion of tuna APP online sales platform, the product advertising, and the product promotion in the long term.

3. Human resource risk. Due to the restrictions of the epidemic prevention and control policies of overseas countries, the crew cannot change shifts, which brings hidden dangers to the safety of the company's ships and the health of the crew; the cost of overseas flight tickets for crew changes is high, and the cost of quarantine of immigrants is high.

Countermeasures: Innovate working models, make full use of network tools, make plans and work arrangements in advance, implement remote command, guide the ship to carry out various internal audits and various ship repair work, and solve the problem that shore-based personnel cannot go to the ship to conduct audits and dock repairs due to the impact of the epidemic, so as to guarantee the safety of ship and shore personnel and the smooth progress of various tasks.

4. Sales and storage risks of purse seine catches. With the full operation of all seven the catches are returned to domestic market appears to be single.

Countermeasures: Develop the European consumer market and the African local market, conduct price comparison sales, and stabilize the sales prices.

5. The risk of exchange rate fluctuations. Fluctuations in the exchange rate of the Ren Min Bi against the US dollar and Japanese yen will directly affect the company's efficiency.

Countermeasures: Pay close attention to exchange rate trends, settle exchanges in a timely manner, and take the initiative to adopt effective financial instruments to lock in exchange rates in advance to reduce exchange rate risks.

6. Risk of security incident

Countermeasures: Adhere to the safe production system, implement safety production measures, unremittingly pay close attention to safety education, eliminate major safety accidents, and effectively implement safety production as the top priority of production management.

X. Reception of research, communication and interview

1. In the report period, reception of research, communication and interview

Applicable Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information	Basic situation index of investigation

					provided	
10 Mar. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
31 Mar. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
23 Sept. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Oct. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Oct. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Oct. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Oct. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
20 Nov. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
20 Nov. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Dec. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
30 Dec. 2020	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
Reception (times)						11
Number of hospitality						0
Number of individual reception						11
Number of other reception						0
Disclosed, released or let out major undisclosed information			N			

Section V. Important Events

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

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

Applicable Not applicable

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

The Company, though as a listed company offering B shares, has almost never conducted financing from securities market since its listing, which means the parent company and its subsidiaries could merely operate with its own profits made. The independent directors of the company have issued independent opinions on the company's profit distribution plan, which needs to be submitted to the general meeting of shareholders for deliberation. Small and medium shareholders have the opportunity to fully express their opinions and demands, and the legitimate rights and interests of small and medium shareholders are fully protected.

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

In 2018, the Company made a profit during the reporting period, but the profit of parent company available for distribution to ordinary shareholders was negative. Therefore, profit distribution plan for year of 2018 is: no profit distribution, nor the capitalizing of common reserves.

In 2019, the Company made a profit during the reporting period, but the profit of parent company available for distribution to ordinary shareholders was negative. Therefore, profit distribution plan for year of 2018 is: no profit distribution, nor the capitalizing of common reserves.

In 2020, the Company made a profit during the reporting period, but the profit of parent company available for distribution to ordinary shareholders was negative. Therefore, profit distribution plan for year of 2018 is: no profit distribution, nor the capitalizing of common reserves.

Cash dividend of common stock in latest three years (including the reporting period)

In RMB

Year for bonus shares	Amount for cash bonus (tax included)	Net profit attributable to common stock shareholders of listed company in consolidation statement for bonus year	Ratio of the cash bonus in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Proportion for cash bonus by other ways (i.e. share buy-backs)	Ratio of the cash bonus by other ways in net profit attributable to common stock shareholders of listed company contained in consolidation statement	Total cash bonus (other ways included)	Ratio of the total cash bonus (other ways included) in net profit attributable to common stock shareholders of listed company contained in consolidation statement
2020	0.00	29,537,498.13	0.00%	0.00	0.00%	0.00	0.00%
2019	0.00	82,311,630.23	0.00%	0.00	0.00%	0.00	0.00%
2018	0.00	90,281,584.29	0.00%	0.00	0.00%	0.00	0.00%

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

Applicable Not applicable

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

Applicable Not applicable

The Company has no plans of cash dividend distributed, no bonus shares and has no share converted from capital reserve either for the year.

III. Implementation of commitment

1. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies

√Applicable □Not applicable

Commitments	Promise	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments for Share Merger Reform						
Commitments in report of acquisition or equity change	Shandong State-owned Assets Investment Holding Company Limited	Inter-industry Competition Commitment	1. The Company does not directly or indirectly own any shares or equity in other enterprises that may cause horizontal competition with Zhonglu Oceanic (hereinafter collectively referred to as "competitive enterprise") or own any interest in any competing enterprise, and will not directly or indirectly invest or purchase the competitive enterprises; 2. For any business opportunities obtained by the Company and other enterprises controlled by the Company from any third party that constitute or may constitute substantial competition with the business of Zhonglu Oceanic, the Company will immediately notify Zhonglu	2018-07-23	Continuous and effective during the time with controlling of the Zhonglu Oceanic	In performance

			<p>Oceanic and give these business opportunities to Zhonglu Oceanic so as to avoid the horizontal competition or potential horizontal competition with Zhonglu Oceanic; 3. The Company and other companies controlled by the Company will not provide business secrets such as technical information, technological process, and sales channels for other companies, enterprises, organizations or individuals that have business constituting competition with the business of Zhonglu Oceanic. 4. The Company promises not to damage the interests of Zhonglu Oceanic and other shareholders of Zhonglu Oceanic by utilizing the position of controlling shareholder; 5. The Company is willing to bear the direct and indirect economic losses, liability claims and additional expenses caused by the violation of above</p>			
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			commitments to Zhonglu Oceanic.			
	Shandong State-owned Assets Investment Holding Company Limited	Related party transaction commitment	1. The related transactions between the Company and other companies controlled by the Company and Zhonglu Oceanic are strictly in compliance with the relevant provisions of laws and regulations, and will be conducted on an equal and voluntary basis in accordance with the principles of fairness and equivalence, prices will be determined at a reasonable price recognized by the market. 2. The Company and other enterprises controlled by the Company will strictly abide by the provisions on the avoidance of related transactions in the articles of association of Zhonglu Oceanic, and the related transactions involved will be conducted in accordance with the decision-making procedures of related transactions of Zhonglu Oceanic, and will perform legal procedures and information	2018-07-23	Continuous and effective during the time with controlling of the Zhonglu Oceanic	In performance

			<p>disclosure obligations. 3. The Company and other enterprises controlled by the Company guarantee strict compliance with laws, regulations and regulatory documents and the relevant provisions of the articles of association of Zhonglu Oceanic, and exercise shareholder rights and perform shareholder obligations on an equal basis with other shareholders in accordance with legal procedures, and don't seek improper interests or harm the legitimate rights and interests of Zhonglu Oceanic and other shareholders by utilizing the position of controlling shareholder. 4. The above commitments continue to be effective during the period that the Company controls Zhonglu Oceanic. If the Company fails to perform the commitments made in this commitment letter and causes losses and consequences to Zhonglu</p>			
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			Oceanic, the Company will bear the corresponding liability for damage.			
Commitments in assets reorganization						
Commitments make in initial public offering or re-financing						
Equity incentive commitment						
Other commitments for medium and small shareholders						
Completed on time (Y/N)	Y					
If the commitment is overdue and not fully fulfilled, explain the specific reasons for the failure and the work plan for the next step	N/A					

2. Concerning assets or project of the Company, which has profit forecast, and reporting period still in forecasting period, explain reasons of reaching the original profit forecast

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(i) Changes and basis of accounting policy

1. The *Accounting Standards for Business Enterprise No.14- Revenue* (hereinafter referred to as New Revenue Standards) was revised and issued by Ministry of Finance in 2017. The Company will implement the New Revenue Standards and notice since 1 Jan. 2020, relevant contents of the accounting policies are adjusted.

The new revenue standards have replaced the "Accounting Standards for Business Enterprises No. 14-Revenue" and "Accounting Standards for Business Enterprises No. 15-Construction Contracts" (collectively referred to as the "original revenue standards") promulgated by the Ministry of Finance in 2006. Under the original revenue standards, the Company used the transfer of risk rewards as the judgment standard for the time point of revenue recognition. The new revenue standards introduce the “five-step methods” of revenue recognition and measurement, and provide more guidance for specific transactions or events. Under the new revenue standards, the Company uses the transfer of control as the judgment standard for the time point of revenue recognition. For specific accounting policies for revenue recognition and measurement, please refer to Note XII (v) (27).

2. From October 1, 2020, the overseas subsidiary HABITAT INTERNATIONAL CORPORATION (hereinafter referred to as the "HIC Company") has changed its recording currency from RMB to U.S. dollar. The reason for the change is that the main business activities of HIC Company are overseas, the major assets and liabilities are all denominated in U.S. dollars, and major business operations such as purchasing and sales are also denominated and settled in U.S. dollars. In consideration of the current development of the company's overseas business, the change of the recording currency from RMB to U.S. dollars can more objectively reflect the financial status and operating results of HIC Company.

(ii) Impact of changes in accounting policies

Summary of the impacts from implementing the New Revenue Standards on consolidate balance sheet and parent company's balance sheet date 1 Jan. 2020 are as:

Unit (Yuan)

Item of consolidate balance sheet	Balance dated 31 Dec. 2019 before accounting policy changed	Impact from New Revenue Standards	Balance dated 1 Jan. 2020 after accounting policy changed
Liability:			
Contract liability		18,445,693.16	18,445,693.16
Other current liability		31,953.38	31,953.38
Account receivable in advance	18,477,646.54	-18,477,646.54	

Item of parent company's balance sheet	Balance dated 31 Dec. 2019 before accounting policy changed	Impact from New Revenue Standards	Balance dated 1 Jan. 2020 after accounting policy changed
Liability:			
Contract liability		2,151,845.53	2,151,845.53
Other current liability		9,161.24	9,161.24
Account receivable in advance	2,161,006.77	-2,161,006.77	

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

Applicable Not applicable

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

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

Applicable Not applicable

No changes in consolidation statement's scope for the Company in the period.

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

Accounting firm appointed

Name of domestic accounting firm	WUYIGE Certified Public Accountants LLP
Remuneration for domestic accounting firm (in 10 thousand Yuan)	40
Continuous life of auditing service for domestic accounting firm	18
Name of domestic CPA	Zhong Benqing, Zhang Lifa
Continuous fixed number of year for the auditing service provided by CPA in domestic CPA Firms	5

Whether re-appointed accounting firms in this period or not

Yes No

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

Applicable Not applicable

After approval and passed by the Annual General Meeting of 2019, the Company engaged WUYIGE Certified Public Accountants LLP to be the auditing CPA for internal control 2020 of the Company, totally 100,000 Yuan are paid in the period.

X. Facing delisting after disclosure of the annual report

Applicable Not applicable

XI. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XII. Significant litigation and arbitration of the Company

Applicable Not applicable

No Significant litigation or arbitration for the Company in reporting period.

XIII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

The company and its controlling shareholders and actual controllers do not have a relatively large amount of due existing debt with court's effective judgments.

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

Applicable Not applicable

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

XVI. Material related transactions

1. Related transaction with daily operation concerned

Applicable Not applicable

No related transaction with daily operation concerned for the Company in reporting period.

2. Related party transactions by assets acquisition and sold

Applicable Not applicable

No related party transactions by assets acquisition and sold for the Company in reporting period.

3. Main related transactions of mutual investment outside

Applicable Not applicable

No main related transactions of mutual investment outside for the Company in reporting period

4. Contact of related credit and debt

Applicable Not applicable

No contact of related credit and debt for the Company in reporting period

5. Other material related party transactions

Applicable Not applicable

No other material related party transactions for the Company in reporting period

XVII. Major contract and implantation

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period

2. Major guarantee

Applicable Not applicable

No guarantee for the Company in reporting period

3. Entrust others to cash asset management

(1) Trust financing

Applicable Not applicable

The company had no trust financing in the reporting period.

2. Major guarantee

Applicable Not applicable

No guarantee for the Company in reporting period

(2) Entrusted loans

Applicable Not applicable

The company had no entrusted loans in the reporting period.

4. Major contracts with routine operation concern

Applicable Not applicable

5. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XVIII. Social responsibility**1. Execution of social responsibility of targeted poverty alleviation**

Take on social responsibility and support social public welfare is part of the core value for the enterprise from beginning to end. We participate in social responsibility through respect for employees' rights, prevent and remedy pollution, promote sustainable utilization of resources, pay attention and participation in public welfare.

2. Targeted poverty alleviation social responsibility

The Company has not carried out targeted poverty alleviation in the reporting year, nor has follow-up targeted poverty alleviation plan either.

3. Environment protection

Listed company and its subsidiary belongs to the key pollution enterprise listed by Department of Environmental Protection

Yes No

No

Listed company and its subsidiary are not belongs to key pollution enterprise listed by Department of Environmental Protection

XIX. Explanation on other significant events

Applicable Not applicable

Name	Date of disclosed	Internet website and retrieval path for disclosed information
Notice on the Company and its Controlling Subsidiary have Received the Government Subsidies	2020-2-28	http://www.cninfo.com.cn
Proposal of Accounting Policy Changed	2020-4-29	http://www.cninfo.com.cn
Notice of Progress of Important Events	2020-6-30	http://www.cninfo.com.cn
Notice on the Company and its Controlling Subsidiary have Received the Government Subsidies	2020-8-5	http://www.cninfo.com.cn
Notice on Resignation of Secretary of the Board, Deputy GM and Staff Director	2020-11-20	http://www.cninfo.com.cn
Notice of Voluntary Information Disclosure for Signing the Project Framework Agreement	2020-11-20	http://www.cninfo.com.cn
Notice on Changing the Accounting Standard Currency from Overseas Subsidiary	2020-12-30	http://www.cninfo.com.cn
Notice on Election of the Employee Representative Director	2020-12-30	http://www.cninfo.com.cn

XX. Significant event of subsidiary of the Company

Applicable Not applicable

On 20 December 2019, the Company released a Notice on Important Matters of Maritime Distress (Notice No.: 2019-37) for the Panamanian "SEA MARK" vessel ("Xinmaoxing"), owned by subsidiary of the Company HABITAT INTERNATIONAL CORPORATION. On 30 June 2020, the Company release the Notice of Progress of Important Events (Notice No.: 2020-14), the subsidiary received a compensation \$ 3,000,000.00 from Qingdao Branch of PICC and \$ 118,672.66 from China Ship-owners Mutual Assurance Association. Insurance settlement of the event has been concluded.

Section VI. Changes in Shares and Particulars about Shareholders

I. Changes in shares

1. Changes in shares

In Share

	Before changes		(+, -)					After changes	
	Amount	Ratio	New issue	Bonus	Capitaliza tion of public reserve	Other	Subtotal	Amount	Ratio
I. Unlisted shares	128,071,320	48.13%						128,071,320	48.13%
1. Sponsor shares	128,071,320	48.13%						128,071,320	48.13%
Including: State-owned shares	127,811,320	48.04%						127,811,320	48.04%
Domestic corporate shares	260,000	0.10%						260,000	0.10%
II. Listed shares	138,000,000	51.87%						138,000,000	51.87%
2. Domestically listed foreign shares	138,000,000	51.87%						138,000,000	51.87%
III. Total shares	266,071,320	100.00%						266,071,320	100.00%

Reasons for share changed

 Applicable Not applicable

Approval of share changed

 Applicable Not applicable

Ownership transfer of share changed

 Applicable Not applicable

Implementation progress of the share repurchases

 Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

 Applicable Not applicable

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

 Applicable Not applicable

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

 Applicable Not applicable

2. Changes of restricted shares

 Applicable Not applicable

II. Securities issue and listing

1. Security offering (without preferred stock) in Reporting Period

 Applicable Not applicable

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

 Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Shareholders and actual controller

1. Number of shareholders of the Company and share-holding

In Share

Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of unlisted outstanding shares held	Amount of listed outstanding shares held	Number of shares pledged/frozen	
							State of share	Amount
Shandong State-owned Assets Investment Holding Company Limited	State-owned legal person	47.25%	125,731,320		125,731,320			
Chen Tianming	Foreign nature person	2.16%	5,760,427		5,760,427			
Zhu Shuzhen	Domestic nature person	1.83%	4,866,546	4866546	4,866,546			
Cai Yujiu	Domestic nature person	1.52%	4,051,211	284810	4,051,211			
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.80%	2,135,685	121061	2,135,685			
Haitong International Securities Company Limited-Account Client	Foreign legal person	0.80%	2,118,736		2,118,736			
China National Heavy Duty Truck Group Jinan Truck LLC	State-owned legal person	0.73%	1,950,000		1,950,000			
Shenwan HongYuan (H.K.) Limited	Foreign legal person	0.71%	1,897,854	-41300	1,897,854			
Lin Mingyu	Domestic nature person	0.55%	1,473,001	263000	1,473,001			
Ouyang Guifang	Domestic nature person	0.47%	1,253,000	592995	1,253,000			
Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable)	Not applicable							

(see note3)			
Explanation on associated relationship among the aforesaid shareholders	Shandong State-owned Assets Investment has 20% shares of China National Heavy Duty Truck Group Jinan Truck LLC.(During the reporting period, Shandong SDIC entrusted Shandong Heavy Industry Group Co., Ltd. to exercise other shareholder's rights of its 20% stock equity in Sinotruk Group except for the assets income right.) Rests of the shareholders are the domestically listed foreign shareholders, and the Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by "management method for acquisition of listed company" among the above said shareholders		
Description of the delegate/entrusted voting rights and abstain from voting for the above shareholders	N/A		
Shareholding of top 10 circulated shareholders			
Shareholders	Amount of listed shares held at end of the Period	Type of shares	
		Type	Amount
Chen Tianming	5,760,427	Domestically listed foreign shares	5,760,427
Zhu Shuzhen	4,866,546	Domestically listed foreign shares	4,866,546
Cai Yujiu	4,051,211	Domestically listed foreign shares	4,051,211
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,135,685	Domestically listed foreign shares	2,135,685
Haitong International Securities Company Limited-Account Client	2,118,736	Domestically listed foreign shares	2,118,736
Shenwan HongYuan (H.K.) Limited	1,897,854	Domestically listed foreign shares	1,897,854
Lin Mingyu	1,473,001	Domestically listed foreign shares	1,473,001
Ouyang Guifang	1,253,000	Domestically listed foreign shares	1,253,000
Wang Dongsheng	1,115,203	Domestically listed foreign shares	1,115,203
Huang Jiayi	1,048,687	Domestically listed foreign shares	1,048,687
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by "management method for acquisition of listed company" among the above said shareholders.		
Explanation on shareholders involving margin business about top ten common stock shareholders with un-restrict shares held(if applicable) (see note 4)	N/A		

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

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no

buy-back agreement dealing in reporting period.

2. Controlling shareholders

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shandong State-owned Assets Investment Holding Company Limited	Li Guangqing	March 25, 1994	91370000163073167C	Operating management and disposal on state-owned assets (shares), assets management, equity investment management and operation, enterprise re-construction, acquisition and combination, investment consultant
Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	0.06% of China Merchants Bank Co., Ltd., 1.42% of Guangzhou Pubang Garden Co., Ltd., 0.47% of BY-HEALTH co., Ltd., 18.96% of Zhongtong Bus Holding Co., Ltd., 2.50% of Shandong Land& Mining Group Co., Ltd., 4.98% of Luyin Investment Group Co., Ltd., 0.14% of Lushang Health Industry Development Co., Ltd., 3.31% of Shandong Lubei Chemical Co., Ltd., 3.46% of Yinzuo Group co., Ltd., 4.76% of Shandong Xinhua Medical Devices Co., Ltd., 4.99% of Weichai Heavy Machinery Co., Ltd., 0.37% of Yunnan Tin Industry Co., Ltd., 0.88% of Hubei Jichuan Pharmaceutical Co., Ltd., 0.56% of Shandong Gold Mining Co., Ltd., 10.23% of Jicheng Electronics Co., Ltd., 1.85% of Yantai Zhenghai Magnetic Materials Co., Ltd., 1.80% of YUEYANG FOREST & PAPER Co., Ltd., 1.51% of Guangzhou Holike Creative Home Co., Ltd., 3.09% of Jiangsu Guotai International Group Co., Ltd., 4.26% of Shenzhen AOTO Electronics Co., Ltd., 1.54% of Shanghai Modern Pharmaceutical Co., Ltd., 0.73% of China United Network Communications (Hong Kong) Co., Ltd., 2.07% of Hanhuajin Holding Co., Ltd., 0.28% of Red Star Macalline Group Corporation Ltd., 2.25% of Luzheng Futures Co., Ltd., 0.44% of China Energy Engineering Corporation Limited, 1.73% of Zhongtai Securities Co., Ltd.			

Changes of controlling shareholder in reporting period

Applicable Not applicable

No changes of controlling shareholder for the Company in reporting period.

3. Actual controller

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

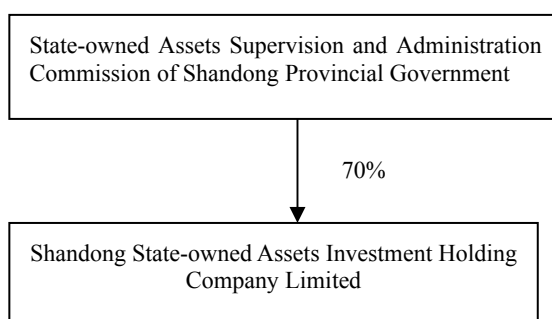
Actual controller	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
State-owned Assets Supervision and Administration Commission of Shandong Provincial Government	Zhang Bin	June 18, 2004	N/A	Performing responsibilities of investors, monitoring the preserve and increase value for state-owned assets that supervised etc.
Equity of other foreign/domestic listed company that controlled by actual controller in reporting period	Not applicable			

Changes of actual controllers reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period

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



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Section VII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section VIII. Convertible Bonds

Applicable Not applicable

The Company had no convertible bonds in the Period.

Section IX. Particulars about Directors, Supervisors and Senior

Executives and Employees

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

Name	Title	Working status	Sex (F/M)	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Increasing shares held in this period (Share)	Decreasing shares held in this period (Share)	Other changes (Share)	Shares held at period-end (Share)
Lu Lianxing	Director/Chairman	Currently in office	M	55	January 25, 2018	May 15, 2022	0	0	0	0	0
Wang Huan	Director/GM	Currently in office	M	52	June 7, 2018	May 15, 2022	0	0	0	0	0
Lu Xiaonan	Director	Currently in office	M	47	May 19, 2016	May 15, 2022	0	0	0	0	0
Jiang Lu	Independent director	Currently in office	M	61	May 19, 2016	May 15, 2022	0	0	0	0	0
Song Xiliang	Independent director	Currently in office	M	55	May 19, 2016	May 15, 2022	0	0	0	0	0
Liang Shanglei	Director/Deputy GM	Currently in office	M	48	November 19, 2020	May 15, 2022	0	0	0	0	0
Liu Bing	Chairman of Supervisory Committee	Currently in office	M	38	May 16, 2019	May 15, 2022	0	0	0	0	0
Huang Wei	Supervisor	Currently in office	F	41	January 22, 2019	May 15, 2022	0	0	0	0	0
Qiu Hong	Supervisor	Currently in office	F	53	December 29, 2017	May 15, 2022	0	0	0	0	0
Meng Fanyong	Deputy GM	Currently in office	M	51	May 16, 2019	May 15, 2022	0	0	0	0	0
Fu Chuanhai	CFO	Currently in office	M	48	January 4, 2019	May 15, 2022	0	0	0	0	0
Li Ming	Director/Deputy GM/Secretary of the Board	Leave office	M	55	May 19, 2016	November 19, 2020	0	0	0	0	0
Total	--	--	--	--	--	--	0	0	0	0	0

II. Changes of directors, supervisors and senior executives

√ Applicable □ Not applicable

Name	Title	Type	Date	Reasons
Li Ming	Director/Deputy	Leave office	November 19,	Job transfer

	GM/Secretary of the Board		2020	
Liang Shanglei	Deputy GM	Appoint	November 19, 2020	Appointment of the board of directors
Liang Shanglei	Staff Director	Be elected	December 28, 2020	Election of Workers' Congress

III. Post-holding

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

1. Directors

Lu Lianxing, holds a university degree, is a member of the Communist Party of China. He used to be the deputy manager and manager of Shandong Leather Industry Corporation Import and Export Company, the deputy chief accountant, chief accountant, general manager, chairman and deputy party secretary of Shandong Leather Industry Corporation, and the general manager and secretary of the party committee of Shandong Qilu Petrochemical Joint Development Corporation, the chairman and party secretary of Shandong Zhonglu Oceanic Fisheries Co., Ltd., the vice president and party committee member of Shandong State-owned Assets Investment Holding Co., Ltd., the general manager and secretary of the party committee of Shandong Fishery Enterprise Group Corporation, the chairman of Shandong Dongyin Investment Co., Ltd., and secretary of the party committee, director and chairman of Zhongtai Xincheng Asset Management Co., Ltd. He currently serves as the member of party standing committee, director, secretary of the board of Shandong State-owned Assets Investment Holdings Co., Ltd. From January 25, 2018, he serves as the secretary of the party committee, director and chairman of the Company,

Lu Xiaonan, a MBA, master of economics and a member of the CPC. He was a deputy chief of resource environment audit office of the Auditing Office Nantepai Office, deputy GM of Shandong Dongyin Investment Co., Ltd., the deputy director of assets management department, director of risk management department, director of disciplinary inspection and supervision office, GM of capital operation centre and director of general department of Shandong State-Owned Assets Investment Holding Co., Ltd, and director of Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd. Now he serves as GM of Shandong Rongyue Financial Holdings Co., Ltd., supervisor of Shandong State-owned Assets Investment, and the chairman of the supervisory of Zhongtong Bus Holding Co., Ltd. He serves as director of the Company since 19 May 2016.

Wang Huan, university degree, holds a bachelor degree in economics. He used to be the deputy manager of the ocean management department of Shandong Zhonglu Oceanic Fisheries Co., Ltd., the business supervisor of fishery project in Ghana, the leader of fishery project in Gambia, and the chairman and general manager of Shandong Zhonglu Aquatic Marine Co., Ltd. From March 3, 2016, he served as the deputy general manager of the Company. Since June 7, 2018, he has served as the general manager of the Company. From January 22, 2019, he serves as a director and general manager of the Company.

Jiang Lu, Bachelor of Laws and a senior lawyer. He was served as independent directors in Shandong Hengtong Chemical Co., Ltd. and Shandong Shanda WIT Science and Technology Co., Ltd; lawyer of Jinan Jingji Laws Firm, Shandong Yuanxin Law Firm, Partner of Shandong Jun Yi Da Law Firm, and Partner of Shandong Deyi

Junda Law Firm; he currently works as a partner of Grandall Law Firm (Jinan). And he serves as independent director of the Company since 19 May 2016.

Song Xiliang, a PHD, Prof. of Accountancy. He works as accounting professor in Shandong University of Finance and Economics, member of a council in Chinese Institute of Finance and Cost for Young and mid-career Professionals and Shandong Chamber of Accounting. He also works as independent directors of Weihai Huadong Automation Co., Ltd., Qingdao Sentury Tire Co., Ltd., Shandong Minren Freda Pharmaceutical Co., Ltd. and Ningbo Weike Optoelectronics Co., Ltd.; he act as independent director of the Company since 19 May 2016.

Liang Shanglei, has a college degree, and is a member of the Communist Party of China. He once served as an officer of the Political Office of the Communications Regiment of the 54th Base of the Second Artillery Corps, political instructor of the Seventh Battalion of Jinan Detachment of the Shandong Armed Police Corps, director and deputy political commissar of the Political Department of the Shandong Armed Police Corps Hospital, principal staff member of Capital Operations and Revenue Management Division of the Shandong Provincial SASAC, and the deputy director of the Propaganda, Letters and Visits Office (Party Committee Propaganda and Mass Work Department)of the Shandong Provincial SASAC, and the secretary of the Disciplinary Committee of Shandong Zhonglu Oceanic Fisheries Co., Ltd. From November 19, 2020, he served as the deputy general manager of the Company; from December 29, 2020, he served as the employee director and deputy general manager of the Company; from February 2, 2021, he has been serving as the employee director, deputy general manager and secretary of the board of the Company.

2. Supervisor

Liu Bing, graduate degree, master of economics, certified public accountant, asset appraiser, member of the Communist Party of China, he joined the work in September 2008 and once served as a member of the Scientific Research Institute of the Audit Office of Shandong Province, deputy director of the Hainan Provincial Taxation Administration; senior business manager of Finance and Accounting Department of SDIC; and deputy director and senior business manager of the Finance Department of Shandong State-owned Assets Investment Holdings Co., Ltd. He is currently the director of the Audit Department of Shandong State-owned Assets Investment Holdings Co., Ltd., and concurrently serving as Chairman of the Board of Supervisors of Shandong Transportation Group Co., Ltd., supervisor of Shandong Light Industry Supply and Marketing Co., Ltd., and Supervisory Committee of the Company of Zhongtai Xincheng Asset Management Co., Ltd. Since May 16, 2019, he has been the chairman of the Supervisory Committee of the Company.

Huang Wei, a master of economics, holds a university degree, is a member of the Communist Party of China. Used to be the director of channel business of Pacific Life Insurance Jinan Branch, the director of channel business and deputy general manager of Aviva-Cofco Jinan Branch, the chief representative of ERGO Insurance Group Jinan Representative Office, the deputy general manager of Shandong Dongyin Investment Co., Ltd., and the deputy general manager of Shandong Juneng Investment Co., Ltd.; currently serves as the deputy director of risk management department of Shandong State-owned Assets Investment Holdings Co., Ltd.; serves as a supervisor of the Company from January 22, 2019.

Qiu Hong, university degree, member of the CPC. She served as director of the GM Office, deputy director of department of party work, deputy director of the discipline inspection department, director of the discipline inspection department, and director of department of party work of the Company; now she serves as Director of the Commission for Discipline Inspection. She serves as staff supervisor of the Company since 29 December 2017.

3. Senior executive

Meng Fanyong, junior college, economist, member of the Communist Party of China, and member of the Company's party committee, he joined the work in July 1989, once served as the deputy chief of the Import and Export Department of Shandong Aquatic Enterprise Group Corporation, deputy manager of Shandong Wanxiang Aquatic Products Co., Ltd., general manager of Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., president of Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., and president of Shandong Zhonglu Oceanic Refrigeration Co., Ltd. Since May 16, 2019, he has been serving as the deputy general manager of the Company.

Fu Chuanhai, holds a master's degree. He used to be an auditing project manager and deputy manager of Shandong Zhengyuan Hexin Certified Public Accountants; a deputy director of the financial department of Himin Group; and a deputy director of the auditing center of Linuo Group; chief accountant of China Resources Shandong Pharmaceutical Co., Ltd.; and chief financial officer of Zhongtai Xincheng Asset Management Co., Ltd. Since January 4, 2019, he has been the chief financial officer of the Company.

Post-holding in shareholder's unit

Applicable Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Whether receiving remuneration from shareholder's units or not (Y/N)
Lu Lianxing	Shandong State-owned Assets Investment	Standing Committee of the Party Committee, Director and secretary of the Board			Y
Lu Xiaonan	Shandong State-owned Assets Investment	Supervisor			Y
Liu Bing	Shandong State-owned Assets Investment	Director of audit department			Y
Huang Wei	Shandong State-owned Assets Investment	Deputy director of the risk management dept.			Y

Post-holding in other unit

Applicable Not applicable

Name	Name of other units	Position	Start dated of office term	End date of office term	Whether receiving remuneration from other units or not (Y/N)
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Jiang Lu	Grandall (Jinan) Law Firm	Partner			Y
Song Xiliang	Shandong University of Finance	Professor of Accounting			Y
Lu Xiaonan	Shandong Rongyue Financial Holdings Co., Ltd.	GM			N

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

Applicable Not applicable

IV. Remuneration for directors, supervisors and senior executives

Decision-making procedures, recognition basis and payment for directors, supervisors and senior executives

In accordance with relevant requirement and regulation of "Code of Corporate Governance for Listed Companies" from CSRC, the remuneration plan for directors, supervisors and senior executives of the Company was proposed by remuneration and appraisal committee of the Board, and being deliberated by 7th meeting of 3rd session of the Board held on 14 February 2008 and approved in Annual Shareholders' General Meeting of 2007 held on 18 March 2008.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex (F/M)	Age	Post-holding status	Total remuneration obtained from the Company	Whether remuneration obtained from related party of the Company (Y/N)
Lu Lianxing	Chairman	M	55	Currently in office	0	Y
Wang Huan	Director/ GM	M	52	Currently in office	65.72	N
Lu Xiaonan	Director	M	47	Currently in office	0	Y
Jiang Lu	Independent director	M	61	Currently in office	4	N
Song Xiliang	Independent director	M	55	Currently in office	4	N
Liang Shanglei	Director/ Deputy GM	M	48	Currently in office	38.95	N
Liu Bing	Chairman of Supervisory Committee	M	38	Currently in office	0	Y
Huang Wei	Supervisor	F	41	Currently in office	0	Y
Qiu Hong	Supervisor	F	53	Currently in office	27.19	N
Meng Fanyong	Deputy GM	M	51	Currently in office	49.02	N
Fu Chuanhai	CFO	M	48	Currently in office	44.86	N
Li Ming	Director/Deputy GM/Secretary of the Board	M	55	Leave office	47.07	N
Total	--	--	--	--	280.81	--

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

Applicable Not applicable

V. Employees of the Company

1. Numbers of the employee, professional constitution and education background

Serving staff in parent company (person)	196
Serving staff in main subsidiaries (person)	766
Total serving staff (person)	962
Total staff in payroll in current period (person)	962
Retired staff with charges paid by the parent company and main subsidiaries (person)	261
Professional constitution	
Type	Number
Production personnel	708
Sales personnel	29
Technicians personnel	19
Financial personnel	34
Administrative personnel	172
Total	962
Education background	
Type	Number
Master's degree	22
Bachelor degree	79
Junior college	120
Technical secondary school	202
High school or below	539
Total	962

2. Remuneration policy

The Company formulated a management mechanism of remunerations, and paying salaries to employees on time.

3. Training plan

Exercising multi-style training for senior executives, financial staff and technicians according to their own situation and working demands as well as pre-job training

4. Labor outsourcing

Applicable Not applicable

Section X. Corporate Governance

I. Basic state of corporate governance

In reporting period, by strictly followed requirement of relevant laws and regulations of “*Company Law*”, “*Securities Laws*”, “*Rules of Corporate Governance for Listed Company*”, “*Standard Operation Guide of Stock Listing in Main Board of Shenzhen Stock Exchange*” and related normative documents, the Company constantly improve structure of the corporate governance, and further to regulated company operation as well as enhancing corporate governance. General Meeting, the Board Meeting and Supervisory Meeting are convening under the regulations, directors and supervisors are earnestly perform their duties and carry out due diligence. The Company believes that in the reporting period, there are no difference between actual condition of corporate governance and relevant requirements of CSRC and “*Company Law*”.

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

Yes No

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

II. Independent of the Company relative to controlling shareholders' in aspect of businesses, personnel, assets, institution and finance

1. Business independence: production and administrative management are totally separated with controlling shareholders, and no horizontal competition being found with controlling shareholders;
2. Personnel independence: the Company has an independent HR system and completed system of salary management, and has a self-governed staff team. Senior executives of GM, deputy GM, financial principal and secretary of the Board are not serves in controlling shareholders' unit and other enterprise controlled by shareholders' unit except for office-holding as director, supervisor, and all of them are receiving remuneration from the Company. Financial staffs are not taking a part-time in controlling shareholders' unit and other enterprise controlled by shareholders' unit.
3. Assets integrity: the Company has completed and separated assets with clear-defined property relations. There are no capital occupations by controlling shareholders being found and assets of the Company are totally independent of its controlling shareholders.
4. Institutional independence: the Company owes a completed organization structure and separated totally with controlling shareholders in institution; shareholders' general meeting, the Board and supervisory committee running independently and has an independent decision-making ability.
5. Financial independent: the Company owes independent financial department and personnel, has completed and independent financial calculation system, qualified standardized financial accounting mechanism and has ability to making decisions in aspect of finance. Open a bank account and levy a tax independently.

III. Horizontal Competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2019	AGM	48.09%	May 25, 2020	May 26, 2020	"Annual General Meeting of 2019" (No.: 2020-13) published on <i>China Securities Journal</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website

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

Applicable Not applicable

V. Responsibility performance of independent directors in report period

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

The attending of independent directors							
Independent director	Times attending the Board Meeting in the period	Times attending the Board on-site	Times attending the Board Meeting by communication	Times present a proxy to the Board	Times be absent from the Board Meeting	Whether He/She have not attended the Board Meeting in person for two consecutive times (Y/N)	Times attending the Shareholders General Meeting
Jiang Lu	6	0	5	1	0	N	1
Song Xiliang	6	1	5	0	0	N	1

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

2. Objection for relevant events from independent directors

Whether independent directors come up with objection about company's relevant matters or not

Yes No

Independent directors has no objections for relevant events in reporting period

3. Other explanation about responsibility performance of independent directors

Whether the opinions from independent directors have been adopted or not

Yes No

Explanation on advice that accepted/not accepted from independent directors

In accordance with relevant rules and requirements from "Company Law", "Guiding Opinions for Establishment of Independent Director Mechanism for Listed Company" and "Article of Association", independent directors of the Company is serious to performing the duties given by laws, regulations, article of associations and mechanism

of independent directors; they proactively present the Board Meeting and shareholders' general meeting, examine and guild the operation of the Company, kept eyes on normalization of the operation, independently performed duties with all efforts, propose several professional advice in aspect of the mechanism perfection and routine operation decisions, furthermore, carried out independent opinions for significant events which plays a necessary role in perfecting supervisory system and protecting legal interest of the Company and whole shareholders.

VI. Responsibility performance of subordinate special committee of the Board in report period

(i) Auditing Committee:

1. Conduct a regular meeting

In reporting period, totally five meetings are held by audit committee of the Board, and fully discuss the "Annual Report 2019", "1st Q Report of 2020", "Semi-Annual Report of 2020", "3rd Q Report of 2020", changes of the accounting policy and changing the book-keeping currency from overseas subsidiary respectively.

2. Final report of the auditing works for year of 2020 from WUYIGE Certified Public Accountants LLP

Auditing committee took an all-around review on auditing works for year of 2020 and after standard unqualified auditor's report and relevant documents issued by WUYIGE Certified Public Accountants LLP while all auditing procedures completed, auditing committee held the first meeting of 2021 and they believes that the WUYIGE CPA is able to exercise relevant auditing procedures and quality controlling system of the CPA in line with new auditing rules, the CPA owns good business qualities and fulfill their duties to complete vary auditing works. Therefore, auditing committee submit to the Board for WUYIGE CPA re-engagement as the auditing body for year of 2021 and auditing organization for internal control as well.

(ii) Nomination Committee

During the reporting period, the nominations committee of the board of directors has convened one meeting which seriously reviewed the qualification of director and senior executives' candidates in accordance with the requirements of "Nomination Committee Implementing Rules"

(iii) Remuneration and Appraisal Committee

Remuneration and appraisal committee hold one meeting in the reporting period, and according to the requirement of Implementing Rules of Remuneration and Appraisal Committee, they seriously review the Management Methods on Remuneration for Directors and Senior Executives and the Measures for Management of Performance Appraisal for Senior Executive during the Year and Term of Office.

VII. Works from Supervisory Committee

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

Yes No

Supervisory committee has no objection about supervision events in reporting period

VIII. Appraisal and incentive mechanism for senior executives

Check on senior employees by the Board based on the Measure of Operation Evaluation that approved in Shareholders' General Meeting

IX. Internal Control

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

Yes No

2. Self-appraisal Report of Internal Control

Disclosure date of full internal control appraisal report	March 19, 2121	
Disclosure index of full internal control appraisal report	www.cninfo.com.cn	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	99.65%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	98.96%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>Major deficiencies:</p> <p>a. fraud of directors, supervisors and senior management;</p> <p>b. Material misstatements found in current financial statements by the external audit which are not found in the process of internal control;</p> <p>c. the supervision of audit committee and internal audit service to internal control is invalid.</p> <p>Significant deficiencies: The misstatements caused by single deficiency or together with other deficiencies that cannot be timely prevented or found and corrected in the financial report and has not reached or has exceed the major deficiencies but still should be taken into account by the management; other circumstances determined by the degree of influence.</p> <p>Common deficiencies: other internal control deficiencies do not constitute major or significant deficiencies</p>	<p>Major deficiencies:</p> <p>a) violation of state laws and regulations, such as environmental pollution;</p> <p>b) project decision-making process is not scientific, wrong decision-making caused by lack of democratic decision-making process;</p> <p>c) brain drain of managers or technicians;</p> <p>d) frequent negative news on media;</p> <p>e) the results of internal control evaluation especially major deficiencies and significant deficiencies have not been rectified and reformed;</p> <p>f) significant business is lack of system control or systematic-ness is invalid.</p> <p>Significant deficiencies: The deficiencies caused by single deficiency or together with other deficiencies of which the severity, direct or potential negative impact have not reached or has exceed the major deficiencies but still should be taken into account by the management; other circumstances determined by the degree of influence.</p> <p>Common deficiencies: other internal control deficiencies do not constitute major or significant deficiencies.</p>
Quantitative criteria	Compare the misstatements and missing reports (i.e. amount affected by internal control deficiencies) of some subjects in the financial reports that may cause or have caused by internal control deficiencies with certain ratio of total profits in the company's current consolidated financial statements, and	Compare the amount of direct property loss with certain ratio of total profits in the company's current consolidated financial statements, and determine the type of deficiencies in internal control as follows: it should be judged to be major

	<p>determine the type of deficiencies in internal control as follows:</p> <p>it should be judged to be major deficiency if the amount affected by internal control deficiencies is more than 5% of total profits;</p> <p>it should be judged to be significant deficiency if the amount affected by internal control deficiencies is more than 3% but less than 5% (including 5%) of total profits;</p> <p>it should be judged to be common deficiency if the amount affected by internal control deficiencies is less than 3% (including 3%) of total profits;</p>	<p>deficiency if the amount of direct property loss is more than 5% of total profits;</p> <p>it should be judged to be significant deficiency if the amount of direct property loss is more than 3% but less than 5% (including 5%) of total profits;</p> <p>it should be judged to be common deficiency if the amount of direct property loss is less than 3% (including 3%) of total profits;</p>
Amount of significant defects in financial reports		0
Amount of significant defects in non-financial reports		0
Amount of important defects in financial reports		0
Amount of important defects in non-financial reports		0

X. Auditing report of internal control

Applicable Not applicable

Deliberation section of auditing report of IC	
In our opinion, the Company (Zhonglu), in line with Basic Norms of Enterprises Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects.	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	March 19, 2021
Index of audit report of internal control (full-text)	www.cninfo.com.cn
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Issued a modified audit opinions for internal control

Yes No

Auditing report of internal control issued by CPA shows the same opinion as self-evaluation report issued by the Board

Yes No

Section XI. Corporation bonds

Whether or not the Company public offering corporation bonds in stock exchange, which undue or without payment in full at maturity on the approval date for annual report disclosed

No

Section XII. Auditor's Report

DAXIN SHEN ZI [2021] No. 3-10041

To the Shareholders of Shandong Zhonglu Oceanic Fisheries Co., Ltd:

I. Opinion

We have audited the financial statements of Shandong Zhonglu Oceanic Fisheries Co., Ltd (hereafter referred to as “the Company”), which comprise the consolidated and the Company's balance sheets as at December 31, 2020, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

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

A. Revenue recognition

1.The Matter

As disclosed in note 3.23the policy of revenue accounting and note 5.30 of amount of revenue.

In 2020, Amount of operating revenue of the Company is RMB 966.21million ,Since revenue is a key indicator of the company's profit, the management may have significant risk of misstatement in terms of revenue, so we identify revenue recognition as a key audit item.

2.Audit response

Our audit procedures aimed at Revenue recognition are mainly include:

(1) Understand, evaluate and test the design and implementation of internal control related to revenue recognition and to conduct a walk through test for company, Check whether the relevant internal control system is effectively implemented;

(2) Review revenue recognition principles and methods,Combine the essence of the company's business with “the five-step method”, Check and analyze contract signing methods and contents under different business models, Analyze the rights and obligations of the contracting parties, Check the performance obligations to identify the performance obligations within a period of time and at a certain point in the performance of the performance of the judgment in accordance with the provisions of the accounting standards for enterprises ;

(3) Check the authenticity of the revenue, check the revenue confirmation basis such as: sales contract, outgoing order, value statement or statement, transportation order, customs declaration data, bill of lading, etc., obtains your company's credit policy and interview sales department personnel Whether the credit policy of major customers has been changed this year, and assess whether your company’s revenue recognition meets the requirements of the Accounting Standards for Business Enterprises based on the post-period collection of accounts receivable;

(4) Perform a cut-off test to check whether there is an intertemporal income by taking a sample of revenue transactions recorded around the balance sheet date;

(5) Implement confirmation procedures for major customers, extract enough samples to confirm the amount and balance of receivables and advance receivables, and confirm the rationality of revenue recognition.

B. The impairment of inventory

1.The Matter

As disclosed in note 3.12 the policy of inventory accounting and note 5.6 inventory book balance and provision for diminution in value of inventories, the Company held RMB 342.59million of inventory book balance as well as RMB 3.70million of impairment reserve,and RMB 338.89 million of the carrying amount,of which accounted for 26.90% of total assets at December 31 2020. In view of the significant amount of inventory, and the process of making allowances for falling prices of inventories involves significant management judgement, we identified the book balance and provision for diminution in value of inventories as a key audit matter.

2.Audit response

Our audit procedures aimed at inventory impairment preparations are mainly include:

- (1)Understand, evaluate and test the design and implementation of internal control related to inventory management and impairment reserve for company;
- (2) Supervise the inventory, check the quantity and status of the inventory and the expiration date of the product; And in the follow-up audit process checked the sales and collection of inventory;
- (3) Obtain the age list of inventory at the end of period,and conduct an analytical review of the long-age inventory to confirm whether the provision for inventory depreciation is reasonable;
- (4)Check the implementation of relevant accounting policies and the changes in the inventory impairment of the previous year, and analyze whether the provision for inventory impairment is sufficient. obtain the latest product sales prices before and after the balance sheet date, for the inventory that has been sold after the balance sheet date We took a sample and compared the actual selling price of the sample with the estimated selling price;.
- (5) Obtain management's relevant basis for impairment calculation,check the critical data and recalculate to evaluate the accuracy of management's impairment calculation process, and review whether the financial statements are adequately and appropriately disclosed.

IV. Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

E. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

Certified Public Accountant of China zhongbenqing

(Engagement partner)

Certified Public Accountant of China zhanglifa

China . Beijing

Date: March 17, 2021

Consolidated Balance Sheet

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Dec 31, 2020

Unit: RMB Yuan

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand	5.1	255,811,982.21	186,011,644.29
Financial assets held for trading	5.2	5,000,000.00	
Derivative financial assets			
Notes receivable			
Accounts receivable	5.3	66,263,029.81	70,003,394.30
Receivables for financing			
Prepayments	5.4	17,764,804.55	17,350,069.13
Other receivables	5.5	2,293,236.85	4,343,207.56
Including: Interest receivable			
Dividends receivable			
Inventories	5.6	338,885,629.06	375,744,116.36
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	5.7	14,567,946.82	32,027,587.58
Total current assets		700, 586, 629. 30	685, 480, 019. 22
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity instrument investments	5.8		
Other non-current financial assets			
Investment property	5.9	31,435,009.43	32,761,086.11
Fixed assets	5.10	506,290,822.70	551,167,599.49
Construction in process	5.11	3,705,815.70	
Productive biological assets			
Oil and gas assets			
Intangible assets	5.12	12,811,879.55	13,196,284.54
Development expenditures			
Goodwill			
Long-term deferred expenses	5.13	317,044.17	435,134.13
Deferred tax assets	5.14	1,744,636.98	1,845,872.82
Other non-current assets	5.15	2,719,397.06	3,640,847.49
Total non-current assets		559,024,605.59	603,046,824.58
Total of assets		1,259,611,234.89	1,288,526,843.80

Legal representative: Legal: lujianxing Person in charge of accounting function: fuchuanhai Person in charge of accounting department: leilixin

Consolidated Balance Sheet (Continued)

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Dec 31, 2020

Unit: RMB Yuan

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans	5.16	41,268,275.50	51,662,365.00
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.17	69,897,839.19	94,725,231.68
Advances from customers			18,477,646.54
Contract liabilities	5.18	12,453,619.79	
Employee benefits payable	5.19	41,862,349.06	49,149,654.32
Taxes and surcharges payable	5.20	2,825,413.78	3,597,925.54
Other payables	5.21	8,487,724.32	8,634,438.40
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities	5.22	108,248.84	
Total current liabilities		176,903,470.48	226,247,261.48
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preference shares			
Perpetual loans			
Other long-term payables			
Long-term employee benefits payable	5.23	1,243,452.93	1,378,471.70
Provisions			
Deferred income	5.24	14,488,797.24	15,764,480.48
Deferred tax liabilities	5.14	1,451,751.23	
Other non-current liabilities			
Total non-current liabilities		17,184,001.40	17,142,952.18
Total liabilities		194,087,471.88	243,390,213.66
Shareholders' equity:			
Share capital	5.25	266,071,320.00	266,071,320.00
Other equity instruments			
Including: Preference shares			
Perpetual loans			
Capital reserve	5.26	284,054,997.75	284,054,997.75
Less: treasury shares			
Other comprehensive income	5.27	-12,783,539.13	707,156.17
Special reserve			
Surplus reserve	5.28	21,908,064.19	21,908,064.19
Retained earnings	5.29	343,997,929.71	314,460,431.58
Equity attributable to parent company		903,248,772.52	887,201,969.69
Minority interests		162,274,990.49	157,934,660.45
Total equity		1,065,523,763.01	1,045,136,630.14
Total liabilities and equity		1,259,611,234.89	1,288,526,843.80

Legal representative: Lulianxing
accounting department: leilixin

Person in charge of accounting function: fuchuanhai

Person in charge of

Balance Sheet

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Dec 31, 2020

Unit: RMB Yuan

Item	Note	As at 31/12/2020	As at 31/12/2019
Current assets:			
Cash at bank and on hand		32,186,883.39	56,205,332.78
Financial assets held for trading		5,000,000.00	
Derivative financial assets			
Notes receivable			
Accounts receivable	14.1	7,407,636.45	29,071,151.64
Receivables for financing			
Prepayments		1,873,295.83	4,729,985.40
Other receivables	14.2	204,498,840.72	181,768,872.70
Including: Interest receivable			
Dividends receivable	14.2	101,777,374.94	94,566,287.92
Inventories		49,561,762.59	34,787,467.34
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		2,174,139.54	2,079,593.94
Total current assets		302,702,558.52	308,642,403.80
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables		4,411,879.43	5,196,204.31
Long-term equity investments	14.3	232,189,455.23	232,189,455.23
Other equity instrument investments			
Other non-current financial assets			
Investment property		31,435,009.43	32,761,086.11
Fixed assets		54,478,042.63	58,708,493.74
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets		790,045.68	846,324.29
Development expenditures			
Goodwill			
Long-term deferred expenses			88,996.85
Deferred tax assets			
Other non-current assets		394,857.06	1,279,247.49
Total non-current assets		323,699,289.46	331,069,808.02
Total of assets		626,401,847.98	639,712,211.82

Legal representative: Lulianxing

Person in charge of accounting function: Fuchuanhai

Person in

charge of accounting department: Leilixin

Balance Sheet (Continued)

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

Dec 31,2020

Unit: RMB Yuan

Item	Note	As at 31/12/2020	As at 31/12/2019
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable		7,330,041.56	6,504,914.36
Advances from customers			2,161,006.77
Contract liabilities		2,228,473.01	
Employee benefits payable		10,254,765.98	16,431,213.09
Taxes and surcharges payable		674,445.26	452,563.73
Other payables		78,050,679.94	88,931,206.55
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year			
Other current liabilities		71,483.32	
Total current liabilities		98,609,889.07	114,480,904.50
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preference shares			
Perpetual loans			
Other long-term payables			
Long-term employee benefits payable		875,940.65	984,566.68
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		875,940.65	984,566.68
Total liabilities		99,485,829.72	115,465,471.18
Shareholders' equity:			
Share capital		266,071,320.00	266,071,320.00
Other equity instruments			
Including: Preference shares			
Perpetual loans			
Capital reserve		279,115,900.17	279,115,900.17
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		19,184,672.34	19,184,672.34
Retained earnings		-37,455,874.25	-40,125,151.87
Total equity		526,916,018.26	524,246,740.64
Total liabilities and equity		626,401,847.98	639,712,211.82

Legal representative: Lulianxing

Person in charge of accounting function: Fuchuanhai

Person in charge of

accounting department: Leilixin

Consolidated Statement of Income

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. For the year ended 31 December 2020 Unit: RMB Yuan

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
1. Operating income	5.30	966,213,019.66	1,128,951,902.68
Less: Operating costs	5.30	878,417,354.27	948,853,930.90
Taxes and surcharges	5.31	2,324,086.97	3,133,193.01
Selling and distribution expenses	5.32	3,669,759.70	24,928,000.04
General and administrative expenses	5.33	49,476,821.86	63,613,565.72
Research and development expenses	5.34	57,924.28	274,338.75
Finance expenses	5.35	22,961,222.69	4,648,252.61
Including: Interest expenses	5.35	2,264,468.56	4,119,308.06
Interest income	5.35	666,925.40	1,032,203.87
Add: Other income	5.36	24,237,447.14	23,209,608.02
Investment income ("- for loss)	5.37	15,287.67	
Including: Investment income from associates and joint ventures			
Income from derecognition of financial assets measured at amortised cost			
Net exposure hedging gains ("- for loss)			
Gain from fair value changes ("- for loss)			
Credit impairment losses ("- for loss)	5.38	-324,078.98	-364,245.40
Impairment on assets ("- for loss)	5.39	-2,613,583.91	-4,630,333.82
Gains from disposal of assets ("- for loss)	5.40	52,840.06	
2. Operating profits ("- for loss)		30,673,761.87	101,715,650.45
Add: Non-operating income	5.41	10,758,569.39	336,071.70
Less: Non-operating expenses	5.42	658,478.99	358,618.18
3. Profit before tax ("- for loss)		40,773,852.27	101,693,103.97
Less: income tax expenses	5.43	2,217,037.41	2,918,559.26
4. Net profit ("- for net loss)		38,556,814.86	98,774,544.71
Categorized by going concern basis		38,556,814.86	98,774,544.71
1. Profit or loss from continuing operations		38,556,814.86	98,774,544.71
2. Profit or loss from discontinued operations			
Categorized by ownership		38,556,814.86	98,774,544.71
1. Net profit attributable to parent company		29,537,498.13	82,311,630.23
2. Profit/loss attributable to minority shareholders		9,019,316.73	16,462,914.48
5. Other comprehensive income net of tax		-18,169,681.99	2,485,332.76
Total comprehensive income attributable to parent company		-13,490,695.30	1,382,899.22
(1) Comprehensive income not to be reclassified to profit or loss			
1) Changes in remeasurement of defined benefit obligations			
2) Other comprehensive income not to be reclassified to profit or loss in equity method			
3) Fair value changes in other equity instrument investments			
4) Fair value changes in the enterprise's own credit risk			
(2) Comprehensive income to be reclassified to profit or loss		-13,490,695.30	1,382,899.22
1) Other comprehensive income to be reclassified to profit or loss in equity method			
2) Gain or loss from fair value changes of other debt instruments			
3) The amount of financial assets reclassified to other comprehensive income			
4) Credit impairment provision of other debt investment			
5) Cash flow hedging reserve			
6) Currency translation difference		-13,490,695.30	1,382,899.22
7) Others			
Other comprehensive income attributable to minority share-holders, net of tax		-4,678,986.69	1,102,433.54
6. Total comprehensive income		20,387,132.87	101,259,877.47
(1) Total comprehensive income attributable to parent company		16,046,802.83	83,694,529.45
(2) Total comprehensive income attributable to minority shareholders		4,340,330.04	17,565,348.02
7. Earnings per share			
(1) Basic earnings per share		0.11	0.31
(2) Diluted earnings per share		0.11	0.31

Legal representative: Lulianxing Person in charge of accounting function: Fuchuanhai Person in charge of accounting department: Leilixin

Statement of Income

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. For the year ended 31 December 2020 Unit: RMB Yuan

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
1. Operating income	14.4	113,685,121.82	170,356,633.00
Less: Operating costs	14.4	100,927,361.83	122,798,661.30
Taxes and surcharges		735,280.66	744,934.84
Selling and distribution expenses		307,386.37	6,373,920.42
General and administrative expenses		21,914,743.78	29,898,532.60
Research and development expenses			
Finance expenses		5,006,502.72	-337,913.75
Including: Interest expenses		1,065,750.00	1,106,706.22
Interest income		331,901.98	471,726.01
Add: Other income		10,029,644.81	12,084,180.12
Investment income ("- for loss)	14.5	7,896,264.69	2,725,025.89
Including: Investment income from associates and joint ventures			
Income from derecognition of financial assets measured at amortised cost			
Net exposure hedging gains ("- for loss)			
Gain from fair value changes ("- for loss)			
Credit impairment losses ("- for loss)		607,054.03	-841,673.91
Impairment on assets		-203,609.93	-547,839.65
Gains from disposal of assets ("- for loss)		55,893.20	
2. Operating profits ("- for loss)		3,179,093.26	24,298,190.04
Add: Non-operating income		3,363.62	27,023.49
Less: Non-operating expenses		290,132.05	140,200.00
3. Profit before tax ("- for loss)		2,892,324.83	24,185,013.53
Less: income tax expenses		223,047.21	
4. Net profit ("- for net loss)		2,669,277.62	24,185,013.53
Profit or loss from continuing operations ("- for loss)		2,669,277.62	24,185,013.53
Profit or loss from discontinued operations ("- for loss)			
5. Other comprehensive income net of tax			
(1) Comprehensive income not to be reclassified to profit or loss			
1) Changes in remeasurement of defined benefit obligations			
2) Other comprehensive income not to be reclassified to profit or loss in equity method			
3) Fair value changes in other equity instrument investments			
4) Fair value changes in the enterprise's own credit risk			
(2) Comprehensive income to be reclassified to profit or loss			
1) Other comprehensive income to be reclassified to profit or loss in equity method			
2) Gain or loss from fair value changes of other debt instruments			
3) The amount of financial assets reclassified to other comprehensive income			
4) Credit impairment provision of other debt investment			
5) Cash flow hedging reserve			
6) Currency translation difference			
7) Others			
6. Total comprehensive income		2,669,277.62	24,185,013.53
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of

accounting department: leilixin

Consolidated Statement of Cash Flows

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. For the year ended 31 December 2020 Unit: RMB Yuan

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
1. Cash flows from operating activities			
Cash received from sales and services		961,184,995.14	1,137,807,547.33
Taxes and surcharges refunds		53,868,300.74	40,948,497.75
Cash received related to other operating activities	5.44	29,713,130.80	42,110,856.39
Total cash inflows from operating activities		1,044,766,426.68	1,220,866,901.47
Cash paid for goods and services		729,377,072.80	872,579,856.11
Cash paid to and for employees		169,022,381.13	173,125,879.15
Taxes and surcharges cash payments		12,515,547.83	14,144,537.13
Cash paid related to other operating activities	5.44	20,605,714.27	50,720,086.41
Total cash outflows from operating activities		931,520,716.03	1,110,570,358.80
Net cash flows from operating activities		113,245,710.65	110,296,542.67
2. Cash flows from investing activities:			
Cash received from withdraw of investments		5,000,000.00	
Cash received from investment income		15,287.67	
Net cash received from disposal of \property, plant and equipement,intangible assets and other long-term assets		21,653,747.69	8,235.37
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		26,669,035.36	8,235.37
Cash paid for property, plant and equipement,intangible assets and other long-term assets		33,188,538.60	75,638,420.93
Cash payments for investments		10,000,000.00	
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities			
Total cash outflows from investing activities		43,188,538.60	75,638,420.93
Net cash flows from investing activities		-16,519,503.24	-75,630,185.56
3. Cash flows from financing activities:			
Cash received from investments by others			
Including: cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		51,867,033.47	112,412,418.06
Cash received related to other financing activities			
Total cash inflows from financing activities		51,867,033.47	112,412,418.06
Cash repayments for debts		62,615,304.72	140,351,397.37
Cash payments for distribution of dividends, profit and interest expenses		2,159,583.81	4,050,392.95
Including: dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities			
Total cash outflows from financing activities		64,774,888.53	144,401,790.32
Net cash flows from financing activities		-12,907,855.06	-31,989,372.26
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		-12,686,379.14	-840,471.61
5. Net increase in cash and cash equivalents			
		71,131,973.21	1,836,513.24
Add: beginning balance of cash and cash equivalents		184,603,638.72	182,767,125.48
6. Ending balance of cash and cash equivalents			
		255,735,611.93	184,603,638.72

Legal representative: Lulianxing

Person in charge of accounting function: fuchuanhai
accounting department: leilixin

Person in charge of

Statement of Cash Flows

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. For the year ended 31 December 2020 Unit: RMB Yuan

Item	Note	Year ended 31/12/2020	Year ended 31/12/2019
1. Cash flows from operating activities			
Cash received from sales and services		131,940,321.16	137,664,498.19
Taxes and surcharges refunds			
Cash received related to other operating activities		12,775,989.67	28,420,446.80
Total cash inflows from operating activities		144,716,310.83	166,084,944.99
Cash paid for goods and services		78,227,835.29	93,241,677.36
Cash paid to and for employees		41,123,815.04	40,950,588.99
Taxes and surcharges cash payments		1,105,108.63	1,052,869.57
Cash paid related to other operating activities		45,320,001.25	15,468,351.42
Total cash outflows from operating activities		165,776,760.21	150,713,487.34
Net cash flows from operating activities		-21,060,449.38	15,371,457.65
2. Cash flows from investing activities:			
Cash received from withdraw of investments		5,000,000.00	
Cash received from investment income		685,177.67	
Net cash received from disposal of \property, plant and equipement,intangible assets and other long-term assets		79,485.08	
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		5,764,662.75	
Cash paid for property, plant and equipement,intangible assets and other long-term assets		8,266,611.41	7,046,061.27
Cash payments for investments		10,000,000.00	
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities		9,783,160.00	14,595,624.89
Total cash outflows from investing activities		28,049,771.41	21,641,686.16
Net cash flows from investing activities		-22,285,108.66	-21,641,686.16
3. Cash flows from financing activities:			
Cash received from investments by others			
Cash received from borrowings			
Cash received related to other financing activities		32,182,168.08	4,000,000.00
Total cash inflows from financing activities		32,182,168.08	4,000,000.00
Cash repayments for debts			
Cash payments for distribution of dividends, profit and interest expenses			
Cash paid related to other financing activities		12,461,712.55	
Total cash outflows from financing activities		12,461,712.55	
Net cash flows from financing activities		19,720,455.53	4,000,000.00
4. Effect of foreign exchange rate changes on cash and cash equivalents		-393,346.88	295,336.02
5. Net increase in cash and cash equivalents		-24,018,449.39	-1,974,892.49
Add: beginning balance of cash and cash equivalents		56,205,332.78	58,180,225.27
6. Ending balance of cash and cash equivalents		32,186,883.39	56,205,332.78

Legal representative: Lulianxing Person in charge of accounting function: Fuchuanhai Person in charge of accounting department: Leilixin

Consolidated Statement of Changes in Equity

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

For the year ended 31 December 2020

Unit: RMB Yuan

Item	Year 2020												
	Equity attributable to shareholders of parent company											Minority interests	Total equity
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
	Preference shares	Perpetual loans	Others										
1. Ending balance of last year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19	314,460,431.58	887,201,969.69	157,934,660.45	1,045,136,630.14
Add: Impact from changes in accounting policies													
Impact from corrections of errors in prior period													
Business combination under common control													
Others													
2. Beginning balance of current year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19	314,460,431.58	887,201,969.69	157,934,660.45	1,045,136,630.14
3. Movement for current year("-" for decrease)							-13,490,695.30			29,537,498.13	16,046,802.83	4,340,330.04	20,387,132.87
(1) Total comprehensive income							-13,490,695.30			29,537,498.13	16,046,802.83	4,340,330.04	20,387,132.87
(2) Shareholder's contributions and withdrawals of capital													
1) Common stock contributed by shareholders													
2) Capital contributed by other equity instruments holders													
3) Share-based payment recorded in shareholder's equity													
4) Others													
(3) Profits distribution													
1) Appropriation of surplus reserve													
2) Distribution to shareholders													
3) Others													
(4) Internal transfer within shareholder's equity													
1) Conversion of capital reserve into share capital													
2) Conversion of surplus reserve into share capital													
3) Recover of loss by surplus reserve													
4) Change of defined benefit obligations carried forward to retained earnings													
5) Other comprehensive income carried forward to retained earnings													
6) Others													
(5) Special reserve													
1) Accrual of special reserve													
2) Utilization of special reserve													
(6) Others													
4. Ending balance of current year	266,071,320.00				284,054,997.75		-12,783,539.13		21,908,064.19	343,997,929.71	903,248,772.52	162,274,990.49	1,065,523,763.01

Legal representative: Lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixin

Consolidated Statement of Changes in Equity (Continued)

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

For the year ended 31 December 2020

Unit: RMB Yuan

Item	Year 2019												Minority interests	Total equity
	Equity attributable to shareholders of parent company										Sub-total			
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings				
	Preference shares	Perpetual loans	Others											
1. Ending balance of last year	266,071,320.00				284,054,997.75		-675,743.05		21,908,064.19	232,148,801.35	803,507,440.24	140,369,312.43	943,876,752.67	
Add: Impact from changes in accounting policies														
Impact from corrections of errors in prior period														
Business combination under common control														
Others														
2. Beginning balance of current year	266,071,320.00				284,054,997.75		-675,743.05		21,908,064.19	232,148,801.35	803,507,440.24	140,369,312.43	943,876,752.67	
3. Movement for current year("-" for decrease)							1,382,899.22			82,311,630.23	83,694,529.45	17,565,348.02	101,259,877.47	
(1) Total comprehensive income							1,382,899.22			82,311,630.23	83,694,529.45	17,565,348.02	101,259,877.47	
(2) Shareholder's contributions and withdrawals of capital														
1) Common stock contributed by shareholders														
2) Capital contributed by other equity instruments holders														
3) Share-based payment recorded in shareholder's equity														
4) Others														
(3) Profits distribution														
1) Appropriation of surplus reserve														
2) Distribution to shareholders														
3) Others														
(4) Internal transfer within shareholder's equity														
1) Conversion of capital reserve into share capital														
2) Conversion of surplus reserve into share capital														
3) Recover of loss by surplus reserve														
4) Change of defined benefit obligations carried forward to retained earnings														
5) Other comprehensive income carried forward to retained earnings														
6) Others														
(5) Special reserve														
1) Accrual of special reserve														
2) Utilization of special reserve														
6) Others														
4. Ending balance of current year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19	314,460,431.58	887,201,969.69	157,934,660.45	1,045,136,630.14	

Legal representative: Lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixian

Statement of Changes in Equity

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

For the year ended 31 December 2020

Unit: RMB Yuan

Item	Year 2020										
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
1. Ending balance of last year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87	524,246,740.64
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior period											
Others											
2. Beginning balance of current year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87	524,246,740.64
3. Movement for current year("-" for decrease)										2,669,277.62	2,669,277.62
(1) Total comprehensive income										2,669,277.62	2,669,277.62
(2) Shareholder's contributions and withdrawals of capital											
1) Common stock contributed by shareholders											
2) Capital contributed by other equity instruments holders											
3) Share-based payment recorded in shareholder's equity											
4) Others											
(3) Profits distribution											
1) Appropriation of surplus reserve											
2) Distribution to shareholders											
3) Others											
(4) Internal transfer within shareholder's equity											
1) Conversion of capital reserve into share capital											
2) Conversion of surplus reserve into share capital											
3) Recover of loss by surplus reserve											
4) Change of defined benefit obligations carried forward to retained earnings											
5) Other comprehensive income carried forward to retained earnings											
6) Others											
(5) Special reserve											
1) Accrual of special reserve											
2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	266,071,320.00				279,115,900.17				19,184,672.34	-37,455,874.25	526,916,018.26

Legal representative: lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixin

Statement of Changes in Equity (Continued)

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd.

For the year ended 31 December 2020

Unit: RMB Yuan

Item	Year 2019										
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
1. Ending balance of last year	266,071,320.00				279,115,900.17				19,184,672.34	-64,310,165.40	500,061,727.11
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior period											
Others											
2. Beginning balance of current year	266,071,320.00				279,115,900.17				19,184,672.34	-64,310,165.40	500,061,727.11
3. Movement for current year("-" for decrease)										24,185,013.53	24,185,013.53
(1) Total comprehensive income										24,185,013.53	24,185,013.53
(2) Shareholder's contributions and withdrawals of capital											
1) Common stock contributed by shareholders											
2) Capital contributed by other equity instruments holders											
3) Share-based payment recorded in shareholder's equity											
4) Others											
(3) Profits distribution											
1) Appropriation of surplus reserve											
2) Distribution to shareholders											
3) Others											
(4) Internal transfer within shareholder's equity											
1) Conversion of capital reserve into share capital											
2) Conversion of surplus reserve into share capital											
3) Recover of loss by surplus reserve											
4) Change of defined benefit obligations carried forward to retained earnings											
5) Other comprehensive income carried forward to retained earnings											
6) Others											
(5) Special reserve											
1) Accrual of special reserve											
2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87	524,246,740.64

Legal representativeLegal: lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixin

SHANDONG ZHONGLU OCEANIC FISHERIES CO., LTD.

Notes to the Financial Statements

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

1. Company profile

1.1 The Company's registered place, organization structure and the address of head quarter.

Shandong Zhonglu Oceanic Fisheries Co., Ltd. (the "Company"), whose registered address is No.29, Miaoling Road, Qingdao, Shandong, was incorporated as a liability limited company in the People's Republic of China on July 30, 1999 according to the document of Lu Ti Gai Zi [1999] No.85 issued by Shandong Development and Reform Commission, and the holding company of the Company is Shandong Fisheries Enterprise Group General Corporation. On June 26, 2000, the Company issued 120 million domestic listed foreign shares (B shares) to foreign investors with face value of 1 Yuan per share according to the document of Zheng Jian Fa Xing Zi [2000] No.82 issued by the China Securities Regulatory Commission. The B shares, Zhonglu B with stock code of 200992, have been listed on the Shenzhen Stock Exchange since July 24, 2000.

The basic structure of the company: shareholders committee, board of directors, board of supervisors, the board of directors office, human resources, financial management department, administration department, audit department, Ocean shipping management department, disciplinary committee office, party group work department, risk management and control department (legal affairs department).

1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

Operating activity: ocean fisheries

Main product: tuna and its products.

Operating scope: aquatic products breeding, processing and sale; goods import and export business within approved scope; ice machine manufacture and sale; refrigeration equipment manufacture, installation, maintenance; refrigeration; load and unload services; housing lease.

Advance licensed operating scope: marine and oceanic fishing;

1.3 The approver and approval date of the financial reporting.

The financial statement is predetermined and authorized by the board of company on 17th March, 2021.

1.4 The consolidation scope of financial year 2020 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

Consolidation scope of financial statement includes: 4 wholly-owned subsidiaries: Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.; Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.; HABITAT INTERNATIONAL CORP; Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. ; 4 sub-subsidiaries: LAIF FISHERIES COMPANY LIMITED; Shandong Zhonglu Oceanic Fisheries Refrigeraton Co., Ltd; AFRICA STAR FISHERIES LIMITED; ZHONG GHA FOODS COMPANY LIMITED; 1 operational entity through control over operating leases: YAW ADDO FISHERIES COMPANY LIMITED. More information is disclosed in Note.7“ Equity disclosure in other entities”.

2. Basis of preparation of financial statements

2.1 Basis of preparation

On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards and other relevant provisions (hereinafter collectively known as "Accounting Standards for Business Enterprises" or "CAS")

2.2 Going concern

Within at least 12 months of this report, the company should maintain its operational capacity without matters that have potential impact on ability of the continuing operations.

3. Significant accounting policies and accounting estimates

3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as of 31 December 2020 and its operating results, cash flows and other relevant information for the year ended 31 December 2020.

3.2 Accounting period

The financial year of the Company is from January 1 to December 31 of each calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

The Company's functional currency is Chinese Renminbi.

3.5 Business combination

3.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, the initial investment cost is the holding share of the acquiree's equity in the ultimate controlling party's consolidated financial statements measured at the carrying amounts at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment cost and the carrying amount (or the total par value of shares issued) will be adjusted to the capital reserve. If the capital reserve is insufficient to absorb the difference, the remaining amount shall be deducted from the retained earnings.

3.5.2 Business combinations involving enterprises not under uncommon control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company recognises the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company recognises the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

3.6 Preparation of consolidated financial statements

3.6.1 The scope of consolidated financial statements

The Company incorporates all its subsidiaries (including individual entities under its control) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, divisible part in the investees and structured entities.

3.6.2 Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting periods compared with those of the Company, the Company makes necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period when the consolidated financial statements are prepared.

3.6.3 The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not

attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary is treated as the Company's treasury shares and a deduction of the shareholders' equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

3.6.4 The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

3.6.5 The accounting treatment for disposal of equity investment in a subsidiary

In the consolidated financial statements, when the Company partly disposes its investment in a subsidiary without losing its control on the subsidiary, the difference between the consideration received and its corresponding portion of the net asset continually calculated from the purchase date or combination date should be adjusted to the capital reserve and if the capital reserve is insufficient to absorb the difference, the remaining amount will be deducted from the retained earnings.

If the Company loses its control on a investee because of disposing some portion of its equity investment in the investee, when it prepares its consolidated financial statements, the remaining balance of its equity investment will be remeasured at the fair value of the date at which it loses its control. The difference between the sum of the consideration received and the fair value of the remaining equity investment, and its corresponding interest portion of the net asset continually calculated from the purchase date or the combination date should be recorded in the investment income of the current period, and be deducted to goodwill simultaneously. Other comprehensive income (OCI) etc. relating to the investment in the former subsidiary will be transferred to the investment income in the same period in which it loses its control.

3.7 Joint arrangement classification and accounting treatments

3.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is

usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

3.7.2 The accounting treatment of joint operations

The Company acted as a party participating in joint operations, recognises the following items relating to its interests in the joint operations and accounts for them in accordance with related requirements of Accounting Standards for Business Enterprises: (a) Its solely-held assets and solely-assumed liabilities, and its share of any assets and liabilities held jointly; (b) Its revenue from the sale of its share of the output arising from the joint operation; (c) Its share of the revenue from the sale of the output by the joint operation; (d) Its own expenses and its share of any expenses incurred jointly.

The Company acted as a party involving in joint operations without common control power, accounts for its investments referring to the treatment method of joint operation participants if it is entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, it accounts for its investments according to related requirements of Accounting Standards for Business Enterprises.

3.7.3 The accounting treatment of joint ventures

The Company accounts for its investments in accordance with Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment if it is one of the participating parties with common control power in joint ventures. And the Company accounts for its investments according to its influence extent on the joint ventures if it is not one of the participating parties with common control power involved in the joint ventures.

3.8 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the statement of cash flows are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

3.9.1 Translation of foreign currency transactions

The Company records foreign currency transactions in RMB for accounting purpose using an approximate exchange rate of the spot exchange rate at the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognised in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign

currency that are measured at historical cost are still translated at amount in functional currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prior translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

3.9.2 The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "retained earnings", are translated at the spot exchange rate at the dates when such items occurred. The revenue and expenditures in the statement of income are translated using an approximate exchange rate of the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are translated by an approximate exchange rate of the spot exchange rate which is determined by a systemic method at the dates when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

3.10 Financial instruments

3.10.1 Classification and reclassification of financial instruments

Financial instruments are the contracts under which the financial assets of an entity are formed and correspondingly the financial liabilities or equity instruments of any other entity are formed.

3.10.1.1 Financial assets

The Company classifies a financial asset as subsequently measured at amortised cost that meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is to collect contractual cash flows;
- b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company classifies a financial asset as subsequently measured at fair value through other comprehensive income that meets both of the following conditions:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset.
- b) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable election at initial recognition to designate non-traded equity instruments as subsequently measured at fair value through other comprehensive income. The designation is made on the basis of single investment which meets the equity instrument definition from the aspect of the issuer.

The Company classifies a financial asset as subsequently measured at fair value through profit or loss unless it is subsequently measured at amortised cost or measured at fair value through other comprehensive income. The Company may make an irrevocable election at initial recognition to designate a financial asset as subsequently measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

When the Company changes its business model for managing financial assets, all affected financial assets are reclassified from the first day of the next subsequent reporting period after the business model changes and the reclassification is applied prospectively from the reclassification date, meaning that any previously recognised gains, losses (including impairment gains or losses) or interest will not be restated.

3.10.1.2 Financial liabilities

Financial liabilities are classified at initial recognition as: a) financial liabilities measured at fair value through profit or loss; b) financial liabilities that arise when transfers of financial assets do not qualify for derecognition or when the continuing involvement approach applies; and financial liabilities as subsequently measured at amortised cost. All financial liabilities are not be reclassified.

3.10.2 Measurement of financial instruments

The Company measures financial instruments at fair value upon their initial recognition. The related transaction fees for the financial assets and financial liabilities subsequently measured at fair value through profit or loss are charged in profit or loss directly. The related transaction fees for other financial assets and financial liabilities are included in their initial costs. The Company measures the accounts receivable and notes receivable deriving from selling goods or providing services at their transaction price if the accounts receivable and notes receivable do not contain a significant financing component or the Company applies the practical expedient not considering the significant financing component. The subsequent measurement of a financial instrument is determined by its

classification.

3.10.2.1 Financial assets

A. Financial assets measured at amortised cost

The financial assets are measured subsequently at amortised cost using the effective interest method after initial recognition. The gains or losses calculated by the effective interest method which do not belong to any hedging relationships are recognised in profit or loss when the financial assets are derecognised, reclassified, amortized or impaired.

B. Financial assets measured at fair value through profit or loss

After initial recognition, the financial assets are measured subsequently at fair value except that they belong to any hedging relationships, and any gains or losses including interests and dividends are recognised in profit or loss.

C. Financial assets measured at fair value through other comprehensive income

After initial recognition, the financial assets are measured subsequently at fair value. The interest calculated by the effective interest method, impairment losses or gains and exchange gains or losses are recognised in profit or loss and other gains or losses are recognised in other comprehensive income. The accumulated gains or losses recognised in other comprehensive income will be reclassified in profit or loss upon derecognition of the financial assets.

3.10.2.2 Financial liabilities

A. Financial liabilities measured at fair value through profit or loss

The category includes financial liabilities held for trading, derivative financial liabilities and financial liabilities designated as measured at fair value through profit or loss. After initial recognition, financial liabilities in this category are measured at fair value and the gains and losses from changes of fair value of financial liabilities held for trading are recognised in profit or loss except those relating to hedging accounting. For financial liabilities designated as measured at fair value through profit or loss, the change of fair value due to the change of the Company's self-credit risk are recognised in other comprehensive income, and other changes of fair value are recognised in profit or loss. If the recognition in other comprehensive income for the change of fair value due to the change of the financial liabilities' self-credit risk will cause or enhance an accounting mismatch in profit or loss, the Company recognises all gains or losses from the financial liabilities in profit or loss.

B. Financial liabilities measured at amortised cost

After initial recognition, financial liabilities in this category are measured at amortised cost using the effective interest method.

3.10.3 Measurement method of financial instruments' fair value

For financial instruments that active markets exist, the Company uses the quoted prices in the active markets to determine their fair value. If there is no active market for the financial instruments, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach. In limited conditions, if there is no sufficient updated information to determine the fair value, or the range of estimated fair value is so wide that the cost indicates the best estimate of the fair value, the cost may represent the appropriate estimate of the fair value within the distribution range. The Company makes use of all available information concerning the investee's business performance and operation to determine if the cost may represent its fair value.

3.10.4 The recognition basis and measurement approach for transfer of financial assets and liabilities

3.10.4.1 Financial assets

A financial asset of the Company is derecognised when it meets one of the following conditions: a) the contractual rights to the cash flows from the financial asset expire, or b) the financial asset has been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial asset; c) the financial asset has been transferred, although the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it has not retained control.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and has retained control, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset, and recognises related financial liabilities correspondingly.

On derecognition of a financial asset in its entirety, the difference between the following two items is recognised in profit or loss:

- (a) the carrying amount measured at the date of derecognition.
- (b) the sum of the consideration received and the accumulated change amount of fair value recognised directly in other comprehensive income for the corresponding derecognition financial asset (relating to a financial asset measured at fair value through other comprehensive income) .

If a financial asset is partly transferred, the entire carrying amount of the financial asset is split into the derecognised part and retained part according to their respective fair value at the derecognition date, and the difference between the following two items is recognised in profit or loss:

- (a) the carrying amount measured at the date of derecognition which is allocated to the derecognized part;
- (b) the sum of the consideration received for the derecognised part and the accumulated change amount of fair value which has been recognised in other comprehensive income belonging to the corresponding derecognised part (relating to a financial asset measured at fair value through other comprehensive income).

3.10.4.2 Financial liabilities

When the present obligation specified in the contract is extinguished, the Company derecognises a financial liability (or a part of a financial liability).

When a financial liability (or a part of a financial liability) is derecognised, the Company recognises the difference between the carrying amount of the financial liability (or a part of the financial liability) and the consideration paid (including any non-cash assets transferred or liabilities assumed) in profit or loss.

3.11 The approach and accounting treatment of expected credit losses (ECL)

3.11.1 The approach of expected credit losses

The Company recognises loss allowance based on ECL on financial assets that are measured at amortized cost (including accounts receivable), financial assets measured at fair value through other comprehensive income (including receivables for financing), lease receivables, and contract assets.

The Company assesses whether the credit risk on financial instruments have increased significantly since initial recognition at each balance sheet date and divides the credit risk impairment process into three stages and adopts different accounting treatment:

(a) In the first stage, the credit risk on financial instruments has not significantly increased since initial recognition. The Company measures the loss allowance for the financial instruments at an amount equal to 12-month expected credit losses, and calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets.

(b) In the second stage, the credit risk on financial instruments has significantly increased since initial recognition which are not subject to impairment. The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses, and calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets.

(c) In the third stage, the financial instruments are subject to impairment since initial recognition. The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses, and calculates interest income by applying the effective interest rate to the net carrying amount (gross carrying amount minus the impairment allowance) of the financial instruments.

3.11.1.1 The approach of expected credit losses for the financial instruments with a low risk of default

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition directly without comparing the credit risk with that on initial recognition if the financial instrument is

determined to have a low credit risk at the balance sheet date.

If the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations, the financial instrument is considered to have a low credit risk.

3.11.1.2 The approach of expected credit losses for accounts receivable, lease receivables, and contract assets

The Company adopts simplified approach, i.e. the measurement of lifetime ECL, to determine the impairment losses for accounts receivable and contract assets that result from transactions within the scope of Accounting Standards for Business Enterprises No. 14- Revenue, and the lease receivables that result from transactions within the scope of Accounting Standards for Business Enterprises No. 21- Lease, regardless whether they contain a significant financing component or not.

The Company assesses whether the credit risk on a financial instrument has increased significantly or not since initial recognition on an individual or group basis according to the characteristics of the financial instruments. The Company segments notes receivable and accounts receivable into several groups on the basis of shared credit risk characteristics to calculate ECL, and the segmentation bases are determined as follows:

(a) The company has combined receivables between all enterprises within the scope of the report, and there are not expected credit loss or provisions for credit loss.

(b) The company has combined accounts receivable outside of enterprises within the scope of the report, made aging of account receivable and expected credit loss rate comparison table of the entire duration, also calculated the expected credit loss by referring to historical credit loss experience, combining with the current situation and predicting economy in the future.

(c) If the sufficient evidence of a significant increase in credit risk from single accounts receivable could be obtained, the company shall confirm the expected credit loss for the account receivable and make provisions for loss in accordance with the balance between the carrying amount of account receivables and the present value of the cash flows expected to be received.

3.11.1.3 The approach of expected credit losses for other financial instruments

The Company adopts the normal approach, i.e. the three-stage model, to determine the impairment losses for other financial instruments except aforementioned financial assets, like debt investments, other debt investments, other receivables, long-term receivables excluding lease receivables etc.

3.11.2 The accounting treatment of expected credit losses

The Company remeasures ECL at each balance sheet date to reflect the credit risk change of financial instruments after initial recognition and recognises the additional or reverse amount of the impairment allowance in profit or loss of the current period as impairment losses or gains, which will be deducted from the carrying amount of the financial assets in the balance sheet, or recorded

to the provisions for loan commitments or financial guarantee contracts or in other comprehensive income for financial assets measured at fair value through other comprehensive income depending on the category of the financial instruments.

3.12 Inventories

3.12.1 Categories of inventories

Inventories are the finished goods or commodities that the Company holds to sell, the work in progress in production process, and the material and goods consumed during the production process or service rendering process in daily operation. Inventories include raw materials, revolving materials, low-value consumables etc., commodities and goods shipped in transit etc.

3.12.2 Measurement of inventories upon delivery

Weighted average method is used to measure the actual costs of inventories upon delivery.

3.12.3 Provision for diminution in value of inventories

At each balance sheet date, inventories are measured at the lower of cost and net realisable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognised. The Company usually recognises provision for diminution in value of inventories on the basis of a single inventory item. For the inventory items of large quantity and low price, the Company recognises provision for diminution in value of inventories based on inventory categories.

(a) Finished goods' net realizable value is the amount of an estimated price minus the estimated cost of sales and relevant taxes.

(b) Materials held for production are based on cost measurement when the finished products' net realizable value is higher than cost; the material price decline shows that the finished products' net realizable value is lower than cost, net realizable value is calculated as an estimated sales price minus the estimated cost, the cost of sales and the relevant taxes amount.

(c) the materials held for sale may use the market price as net realizable value.

3.12.4 Inventory count system

The Company adopts the perpetual inventory system.

3.12.5 Amortization methods of low-value consumables

Low-cost consumables are amortized by the equal-split amortization method.

3.13 contract liabilities

The Company presents the obligation to transfer goods or services to a customer for which it has received (or the amount is due) from the customer as a contract liability.

3.14 Long-term equity investment

3.14.1 Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the holding share of the acquiree's equity in the ultimate controlling party's consolidated financial statements measured at the carrying amounts at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 12- Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 7- Exchange of Non-monetary Assets .

3.14.2 Subsequent measurement and recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company treats the investment portion according to Accounting Standards for Business Enterprises No. 22- Financial Instrument Recognition and Measurement and accounts for the remaining portion using the equity method.

3.14.3 Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50% voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee

even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's technique or technical material; e) Significant transactions occur between the Company and the investee.

3.15 Investment property

Investment property of the Company includes land use rights and buildings leased to other party, and land use rights held for resale after appreciation. Investment property is initially measured at acquisition cost, and is subsequently measured using the cost method.

The buildings leased to third parties are depreciated using the straight line method according to the same depreciation policy for fixed assets. The land use rights leased to third parties and land use rights held for resale after appreciation are amortized using the straight line method according to the same amortization policy for intangible assets.

3.16 Fixed assets

3.16.1 Recognition criteria for fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognised when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and b) The costs of the fixed assets can be measured reliably.

3.16.2 Classification and depreciation method of fixed assets

The categories of fixed assets mainly include: buildings, boats & nets, machinery & equipment, transportation equipment, furniture and office equipment. The Company adopts the straight line method for depreciation. The useful life and residual value of an asset is assessed based on its nature and the manner of use. At the end of each financial year, the useful lives, residual values and the depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	20—40	0—10	2.25-5.00
Boats & nets	5—30	3—5	3.17-19.40
Machinery & equipment	8—20	0—10	4.50-12.50
Transportation equipment	5	0—10	18.00-20.00
Furniture and office equipment	5	0—10	18.00-20.00

3.17 Construction in progress

The construction in progress of the Company includes self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use. The recognition criteria of intended use include any of the followings: a) The tangible work of fixed assets (including installation) have been entirely or substantively completed; b) Trial production or trial operation has occurred whose outcome indicates the asset can be operated properly or manufacture quality product steadily; c) No expenditure or insignificant expenditure occur subsequently for the constructed asset; d) The constructed asset has achieved or substantively achieved the requirement of design or contract.

3.18 Borrowing costs

3.18.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognised as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

3.18.2 Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount or interest

expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

3.19 Intangible assets

3.19.1 The measurement of intangible assets

The intangible assets shall be initially measured according to its cost. Acquisition costs of intangible assets include purchase price and relevant expenditures. The invested cost of intangible assets contributed by investors shall be determined according to the conventional value in the investment contract or agreement, except for those of unfair value in the contract or agreement. If the conventional value in the investment contract or agreement is unfair, the costs of intangible assets shall be their fair value. The costs of internally generated intangible assets include the total development expenditures to bring the asset to its intended use.

The subsequent measurements for intangible assets are as follows: (a) The intangible assets with definite useful life are amortized by straight line method and reviewed the useful life and amortization method at the end of each year. Any discrepancy between the review and initial estimates shall be adjusted accordingly. (b) The intangible assets with indefinite useful life are not amortized, and reviewed for the useful life at the end of each year. If there are objective evidence indicating their useful life is definite, the Company shall estimate the useful life of the intangible assets and amortize them by straight line method.

3.19.2 The assessment basis for indefinite useful life

Intangible assets without foreseeable period to bring economic benefits to the Company or with uncertain useful life are classified as intangible assets of indefinite life. The judgment basis for indefinite life includes: (a) The legal rights are derived from contractual rights or other legal rights, however there is no explicit useful life indicated in the contracts or regulations; (b) Although considering the industry practice or demonstration from related professionals comprehensively, the benefit period of the intangible assets still can't be decided.

At the end of each year, the Company reviews the intangible assets with indefinite useful life mainly using bottom-to-top approach. The related departments who use the intangible assets will perform a basic review and evaluate whether there are changes on the basis to determine indefinite useful life.

3.19.3 The specific criteria for research phase and development phase of internally generated projects, and the specific criteria for capitalization of expenditure incurred during development phase.

Expenditure in the research phase is recognised as an expense in profit or loss for current period when it is

incurred. Expenditure in the development phase of internally generated projects is capitalized if they meet the criteria of intangible assets.

3.20 Impairment of long-term assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, and intangible assets etc., the Company performs impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company recognises the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognised on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss is recognised if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss is firstly deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognised.

3.21 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the Company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognised as expense in profit or loss for the current period.

3.22 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include

short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

3.22.1 Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

3.22.2 Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognised as the liability and charges to profit or loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit or loss for the current period or includes in the cost of related assets.

3.22.3 Termination benefits

Termination benefits provided by the Company to employees are recognised as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: (a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and (b) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

3.22.4 Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognised and measured in accordance with the above requirements relating to defined

benefits plan.

3.23 Revenues

The Company recognises revenue at the allocated transaction price when it satisfies a performance obligation in a contract, i.e. the customer obtains the control of related goods or services. Obtaining control of related goods means the ability to direct the use of, and obtain substantively all the benefits from it. A performance obligation is the Company's a promise in a contract with a customer to transfer to the customer a good or service (or a bundle of goods or services) that is distinct. The transactions price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts to be expected to repay the customer.

A performance obligation satisfied over time or at a point of time is determined by the terms in the contract and the requirements of relevant laws and regulations. If a performance obligation is satisfied over time, the Company will recognise revenue over time by its progress towards complete satisfaction of the performance obligation. Otherwise the Company will recognise revenue at a point of time when the customer obtains the control of related assets.

3.23.1 The company's revenue recognized at a certain point in time when controlling the relevant assets:

The company's purse seine fishery products are sold overseas. Generally, revenue is recognized after the fishery products are delivered to customers and the right of collection is obtained; in the case of export sales through local countries, revenue is recognized when the shipment orders and bills of lading are obtained.

The Company long-line fishery is transported back and sold domestically and trading parties confirm the change of the freight's ownership according to sales contracts and decision tables based on values. Financial department confirm the revenue on the basis of sales contract, decision tables.

The process of the company's aquatic products domestic sales: Domestic Sales Department (tuna sales center) ,according to domestic customers' fax or mail orders, issue delivery confirmation. The company delivers goods according to the invoice issued by the sales department and signed by the warehouse management department, and confirms the sales revenue after the customer signs for it.

The oversea sales of the Company's aquatic products processing: After the international trade department obtains the purchase order from the foreign customer, it issues an export delivery confirmation and arranges the storage and transportation department to stock the goods. The company confirms the sales revenue based on the export receipts such as the invoice, packing list, and customs declaration.

3.23.2 The company's revenue recognized during the performance period:

The recognition procedure of the company's cold storage revenue: After the warehouse management department obtains the customer's order, the goods will be issued to the customer to confirm the specific name, specification, number of pieces, weight and

date of the goods after the goods are actually put in the warehouse. The warehouse management supervisor will sign and the customer's signature for confirmation. The number of storage days is the basis for billing to recognize revenue.

3.24 Contract costs

The contract costs of the Company include the incremental costs to obtain a contract and the costs to fulfil a contract. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. If the Company expects to recover those costs, the costs will be recognised as an asset.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard like Accounting Standards for Business Enterprises No. 1- Inventories, they will be treated as the costs to fulfil a contract and recognised as an asset when meeting the following conditions:

- (a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify, including direct labour, direct materials, allocations of costs that relate directly to the contract, costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because the Company entered into the contract;
- (b) the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and
- (c) the costs are expected to be recovered.

The Company records the costs to fulfil a contract as the inventory whose amortization period upon initial recognition is no longer than one year or one common operating cycle, and records the costs to fulfil a contract as the other non-current assets whose amortization period upon initial recognition is longer than one year or one common operating cycle.

The Company amortizes the assets recognised by the term of costs to obtain a contract and costs to fulfil a contract on a systematic basis that is consistent with the revenue recognition to which the assets relate. The incremental costs of obtaining a contract are recognised as an expense when incurred if the amortisation period of the asset that the Company otherwise would have recognised is one year or less.

The Company recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset recognised exceeds:

- (a) the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates; less
- (b) the costs that relate directly to providing those goods or services and that are estimated to incur.

When the impairment conditions no longer exist or have improved that make the total of (a) and (b) higher than carrying amount of an asset, the Company will recognise in profit or loss a reversal of some or all of an impairment loss previously recognised. The

increased carrying amount of the asset will not exceed the amount that would have been determined (net of amortisation) if no impairment loss had been recognised previously.

3.25 Government grants

3.25.1 Category and accounting treatment of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration to be paid which are not including the capital injected by the government acted as an owner role. Government grants in the form of monetary assets are measured for the received or receivable amount, while government grants in the form of non-monetary assets are measured at fair value. When the fair value of non-monetary assets can't be obtained reliably, the government grants are measured at nominal amount.

Government grants related to the Company's routine operation will be recorded in other income based on the nature of its economic substance and government grants not related to the Company's routine operation will be recorded in non-operating income or expenses.

If the government documents explicitly state that the government grants will be used to establish or form long-term assets, the government grants will be classified as government grants related to assets. If there is no explicit subsidy object in the government document, the portion related to long-term assets will be classified as government grants related to assets and the rest portion will be classified as government grants related to income. If the category of a government grant can't be distinguished reasonably, all the government grant will be classified as government grants related to income. Government grants related to assets are recognised as deferred income which are amortized in profit or loss for each period over the related assets' estimated useful period on a systematic basis.

Except those grants which are classified as government grants related to assets, other government grants are classified as government grants related to income. If the grant related to income is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and amortized in profit or loss over the periods in which the related costs are recognised. If the grant related to income is a compensation for related expenses or losses already incurred, the grant is recognised directly in profit or loss for the current period.

When a bank receives the discount interest fund from the financial sector and then provides a loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and

related interest expenses will be calculated based on the principal and the preferential interest rate. When the Company receives the discount interest fund from the financial sector directly, the discount interest fund will be deducted from related borrowing cost.

3.25.2 The recognition timing for government grants

The government grants will be recognised when the Company meets the accompanying conditions of the government grants which are entitled to be received. The receivable government grants will be recognised when there are conclusive evidence to indicate the Company could meet all related requirements of the government grants and the Company expects to receive the government grants in the future. Other government grants will be recognised when the grant fund is received.

3.26 Deferred tax asset and deferred tax liability

3.26.1 Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognised in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognised as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

3.26.2 Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognised for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

3.26.3 The taxable temporary differences associated with investments in subsidiaries and associates shall be recognised deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognised when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

3.27 Leases

3.27.1 The accounting treatment for operating lease

The Company recognises lease payments for operating leases in profit or loss applying a straight-line basis in each period over the lease term. The Company capitalized the initial direct expenses incurred which are amortizes in profit or loss over the lease term on the same recognition basis as the lease income.

3.27.2 The accounting treatment for finance lease

The Company recognises the unearned finance income by the difference between the sum of finance lease receivable and unguaranteed residual value, and their present value at the commencement date, which will be recognised as lease income in the periods to collect lease payment. The initial direct expenses incurred relating to the lease transaction will be included in the initial carrying amount of finance lease receivable.

3.27.3 Income adapted to the lease standard

The recognition procedure of the company's Ship chartering revenue: Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd. And HABITAT INTERNATIONAL CORPORATION uses time charter for the chartering of transportation vessels. The company leases ships equipped with operators to others for a certain period of time. During the lease period, it will be dispatched by the lessee, regardless of whether it is operating or not, Lease fees are collected from the lessee on a daily basis, and the fixed costs (such as personnel salaries, maintenance costs, etc.) are the responsibility of the company. Periodic settlements are made with customers during the time lease period, and revenue is recognized based on the number of lease days consistent with the customer.

The recognition procedure of the company's housing and other rental revenue: After the company signs a lease contract with the customer, it will collect the lease fee from the lessee according to the leased area and contract unit price, and the fixed expenses incurred (such as personnel salaries, maintenance costs, etc.) will be borne by the company. Regular settlements are made with customers during the lease period, and revenue is recognized according to the lease period of the customers.

3.28 Changes of significant accounting policies and accounting estimates

3.28.1 The changes of accounting policies and reason for change

3.28.1.1 The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 14 -- Revenue (hereinafter referred to as the "New Revenue Standards") in 2017. The company will implement the new revenue standards and notice on January 1, 2020, and adjust the relevant content of accounting policies.

The new revenue standard replaces the Accounting Standard for Business Enterprises No. 14 - Revenue and the Accounting Standard for Business Enterprises No. 15 - Construction Contracts issued by the Ministry of Finance in 2006 (collectively referred to as the "original revenue standard"). Under the original revenue criteria, the company takes risk reward transfer as the judgment standard of revenue recognition time point. The new revenue guidelines introduce a "five-step" approach to revenue recognition measurement and provide more guidance for specific transactions or events, Under the new revenue standards, the company takes the transfer of control as the judgment standard of revenue recognition. See Note 3.23 for the specific accounting policies of revenue recognition

and measurement.

3.28.1.2 Overseas subsidiary HABITAT INTERNATIONAL CORPORATION(hereinafter referred to as "HIC Corporation"), Starting from October 1, 2020, the accounting standard currency of HIC Company will be changed from RMB to US dollar, The reason for the change is that the main business activities of HIC are overseas, and the main assets and liabilities of HIC are denominated in US dollars. Major business operations such as procurement and sales are also denominated and settled in US dollars. Considering the development status of the company's overseas business, changing the bookkeeping standard currency from RMB to US dollar can more objectively reflect the financial situation and operating results of HIC Company.

3.28.2 The impact of accounting policies change

The impact of the implementation of the new revenue criteria on the consolidated balance sheet and the balance sheet of the parent company on January 1, 2020 is summarized as follows:

Unit (Yuan)

Consolidated statement item	As at 31/12/2019	Amount of impact	As at 1/1/2020
liabilities:			
Contract liabilities		18,445,693.16	18,445,693.16
Contract liabilities		31,953.38	31,953.38
Advances from customers	18,477,646.54	-18,477,646.54	

parent company statement item	As at 31/12/2019	Amount of impact	As at 1/1/2020
liabilities:			
Contract liabilities		2,151,845.53	2,151,845.53
Contract liabilities		9,161.24	9,161.24
Advances from customers	2,161,006.77	-2,161,006.77	

4. Taxes

4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	Output tax deducted input tax that can be credited against the output tax	13%、9%、6%、5%
Urban maintenance and construction tax	Turnover taxes already paid	7%
Enterprise income tax	Taxable income	Tax exemption、25%、8%

Income tax rate of taxpayers adopting different income tax rate

Name of tax enterprise	Tax rate of income tax
Shandong Zhonglu Oceanic Fisheries Co., Ltd.	Ocean fisheries part is tax exemption; housing lease part is 25%.
Shandong zhonglu Haiyan Oceanic Fisheries Co., Ltd.	tax exemption
AFRICA STAR FISHERIES LIMITED	Export sales part is 8%, domestic sales part is 25%.
HABITAT INTERNATIONAL CORPORATION	tax exemption
LAIF FISHERIES CO.LTD	25%
ZHONG GHA FOODS COMPANY LIMITED	25%
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	25%
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd	Aquatic products processing part is tax exemption; refrigeration part is 25%.
Shandong Zhonglu Oceanic (Yantai) Food Co.	Aquatic products processing part is tax exemption; refrigeration part is 25%.

4.2 Significant tax incentives and approval documents

4.2.1 Value added tax preferences

According to the government document (2000) No.260 < Interim Measures for the Administration of Taxation of Self-Catched Aquatic Products Transported by Ocean-going Fishing Enterprises >, self trapping aquatic products shipped back for domestic sale are regarded as the domestic products that are free from tariff and import value added tax. Corresponding, the domestic sale business belongs to primary agricultural products sale business are free from value added tax according to the rules of value added tax. So, the company' revenue from the pelagic fishery is free value added tax.

4.2.2 Enterprise income tax preferences

On the basis of relevant policies in the following documents:, Order of the Chairman of the People's Republic of China (2007) No.63 <People' s Republic of China Enterprise Income Tax Law>、 Decree of the State Council of the People's Republic of China No.512 < Enforcement regulations of People's Republic of China Enterprise Income Tax Law> 、 Caishui [2008] No. 149 <Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Scope of Primary Processing of Agricultural Products Enjoying Enterprise Income Tax Preferential Policies (for Trial Implementation)> 、 Caishui [2011] No.26<Supplementary Notice of the Ministry of Finance and the State Administration of Taxation on the Scope of Primary Processing of Agricultural Products Enjoying Enterprise Income Tax Preferences>、 The state administration of Taxation[2011] No.48<Announcement of the State Administration of Taxation on Implementing Enterprise Income Tax Preferences for Agriculture, Forestry, Animal Husbandry, and Fishery Projects > .Income from activities of pelagic fishery and preliminary production of agricultural products in which the Company is engaged is exempt from income tax. Income from activities other than pelagic fishery and preliminary production of agriculture products that the Company is engaged in is taxed 25%.

5. Notes to the consolidated financial statements

5.1 Cash at bank and on hand

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Cash on hand	2,817,043.31	4,956,965.73
Cash at bank	252,918,568.62	179,646,672.99
Other monetary funds	76,370.28	1,408,005.57
Total	255,811,982.21	186,011,644.29
Including: the total balance deposited overseas	54,297,720.99	32,175,289.98

Note: The other monetary funds of RMB 76,370.28 is the credit guarantee of the letter of credit; the deposits outside the territory of China are the cash and bank deposits of the overseas subsidiaries.

5.2 Financial assets held for trading

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Financial assets classified upon initial recognition as at fair value through profit or loss	5,000,000.00	
Total	5,000,000.00	

Note: Financial assets held for trading is are structured deposits purchased from banks. The purchase of this product can obtain the full guarantee of the principal provided by the bank. The annualized rate of return obtained by the customer during the whole duration period is calculated according to the rate of return corresponding to the actual duration period. The rate of return during the duration period is the floating interest rate, and the floating range is at the interest rate and based on this, calculate the client's earnings based on the floating range interest rate.

5.3 Accounts receivable

5.3.1 Accounts receivable by category

Item	As at 31/12/2020			
	Balance		Allowance for credit losses	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individual assessment subject to allowance for credit losses				
Grouping assessment subject to allowance for credit losses	76,675,259.70	100.00	10,412,229.89	13.58
Total	76,675,259.70	100.00	10,412,229.89	13.58

Item	As at 1/1/2020			
	Balance		Allowance for credit losses	
	Amount	PCT(%)	Amount	Allowance rate (%)

Item	As at 1/1/2020			
	Balance		Allowance for credit losses	
	Amount	PCT(%)	Amount	Allowance rate (%)
Individual assessment for allowance for credit losses				
Grouping assessment subject to allowance for credit losses	80,013,699.94	100.00	10,010,305.64	12.51
Total	80,013,699.94	100.00	10,010,305.64	12.51

Accounts receivable that are assessed allowance for credit losses on grouping basis

Aging	As at 31/12/2020			As at 1/1/2020		
	Balance	ECL rate(%)	Allowance for credit losses	Balance	ECL rate(%)	Allowance for credit losses
Within 6 months	65,721,506.51	5.00	3,286,075.32	71,744,909.33	5.00	3,587,245.46
6 months-1 years	2,974,381.80	10.00	297,438.18	1,168,153.04	10.00	116,815.27
1-2 years	1,403,197.09	30.00	420,959.13	800,904.90	30.00	240,271.47
2-3 years	336,834.09	50.00	168,417.05	467,518.46	50.00	233,759.23
More than 3 years	6,239,340.21	100.00	6,239,340.21	5,832,214.21	100.00	5,832,214.21
Total	76,675,259.70		10,412,229.89	80,013,699.94		10,010,305.64

5.3.2 Provision, recovery or reversal of allowance for credit losses during the year

Provision of allowance for credit losses within this year is RMB401,924.25 and recovery or reversal of provision during the year is RMB0.00.

5.3.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2020	Percentage in total accounts receivable (%)	Balance of allowance for credit losses as at 31/12/2020
Haixinshen Co.Ltd	16,534,546.10	21.56	826,727.31
Yantai Haixu Aquatic Products Co. Ltd	10,159,646.21	13.25	507,982.31
AFKO FISHERIES CO LTD	5,075,694.68	6.62	253,784.73
Shenzhen shenzhiyang trading Co. Ltd	3,877,218.57	5.06	494,986.90
LUEN THAI SEAFOODS INTERNATIONAL LTD	3,641,169.55	4.75	182,058.48
Total	39,288,275.11	51.24	2,265,539.73

5.4 Prepayments

5.4.1 Aging analysis of prepayments

Aging	As at 31/12/2020		As at 1/1/2020	
	Balance	PCT(%)	Balance	PCT(%)
Within 1 year	16,917,757.96	95.23	16,715,518.41	96.34
1-2 years	781,797.59	4.40	564,788.72	3.26
2-3 years			69,762.00	0.40

More than 3 years	65,249.00	0.37		
Total	17,764,804.55	100.00	17,350,069.13	100.00

5.4.2 The top five prepayments are as follows:

Company name	Balance as at 31/12/2020	Percentage in total prepayment(%)
DONGYISHIPPING ENTERPRISE PRIVATE LIMITED	3,760,160.27	21.17
MARINE FISHERIES CO., LTD	3,230,983.35	18.19
KIRIBATI GOVERNMENT NO.1	2,584,773.89	14.55
KTI COMPANY LIMITED	734,794.44	4.14
Yantai Baxter International Freight Forwarding Co., Ltd	536,367.72	3.02
Total	10,847,079.66	61.07

5.5 Other receivables

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Interest receivable		
Dividends receivable		
Other receivables	7,173,329.59	9,410,449.31
Less: Allowance for credit losses	4,880,092.74	5,067,241.75
Total	2,293,236.85	4,343,207.56

Other receivables

5.5.1.1 Category of other receivables by nature

Nature	Balance as at 31/12/2020	Balance as at 1/1/2020
Guarantee deposit	709,740.53	571,699.92
Current account and others	6,463,589.06	8,838,749.39
Less: Allowance for credit losses	4,880,092.74	5,067,241.75
Total	2,293,236.85	4,343,207.56

5.5.1.2 Aging analysis of other receivables

Aging	Balance as at 31/12/2020		Balance as at 1/1/2020	
	Balance	PCT (%)	Balance	PCT (%)
Within 6 months	1,304,317.69	18.18	3,305,959.08	35.13
6 months-1 years	593,955.31	8.28	708,988.05	7.53
1-2 years	536,205.80	7.47	433,604.70	4.61
2-3 years	288,462.60	4.02	521,868.18	5.55
More than 3 years	4,450,388.19	62.04	4,440,029.30	47.18
Total	7,173,329.59	100.00	9,410,449.31	100.00

5.5.1.3 The provision of allowance for credit losses

The allowance for credit	Stage one	Stage two	Stage three	Total
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losses	12-month ECL	Lifetime ECL (credit-unimpaired)	Lifetime ECL (credit-impaired)	
Beginning balance	627,212.45		4,440,029.30	5,067,241.75
Revaluation of beginning balance	627,212.45		4,440,029.30	5,067,241.75
Provision	-197,507.90		33,962.67	-163,545.23
Reversal				
Write-off			23,603.78	23,603.78
Other changes				
Ending balance	429,704.55		4,450,388.19	4,880,092.74

5.5.1.4 Other receivables due from the top five debtors are as follows:

Debtor name	Nature of balance	Balance as at 31/12/2020	Aging	Percentage in total other receivables(%)	Balance of allowance for credit losses as at 31/12/2020
Shandong Tianzong Culture Media Co. Ltd	margin	299,000.00	6 个月-1 年	4.17	29,900.00
JU IL SU	Employee loan	275,122.54	1-2 年, 2-3 年	3.84	91,461.14
TINGLE WANG	Employee loan	250,328.45	3 年以上	3.49	250,328.45
Wende Ship Repair Co	Deal with	200,000.00	3 年以上	2.79	200,000.00
Qingdao construction and installation company	Deal with	195,044.10	3 年以上	2.72	195,044.10
Total		1,219,495.09		17.00	766,733.69

5.6 Inventories

5.6.1 Inventories by categories

Category	As at 31/12/2020			As at 1/1/2020		
	Book balance	Provision for diminution in value or impairment	Carrying amount	Book balance	Provision for diminution in value or impairment	Carrying amount
Raw materials	98,361,885.77	974,526.46	97,387,359.31	139,142,998.02	1,506,520.94	137,636,477.08
Low-value consumables	681,559.16		681,559.16	803,538.67		803,538.67
Finished goods	238,760,203.86	2,730,462.49	236,029,741.37	236,151,661.21	3,116,468.80	233,035,192.41
Revolving materials work in progress	1,131,389.24		1,131,389.24	989,692.35		989,692.35
Goods in transit	3,655,579.98		3,655,579.98	3,279,215.85		3,279,215.85
Total	342,590,618.01	3,704,988.95	338,885,629.06	380,367,106.10	4,622,989.74	375,744,116.36

5.6.2 Provision for diminution in value of inventories and impairment of costs to fulfil contracts

Category	As at 1/1/2020	Provision for the year	Reductions during the year		As at 31/12/2020
			Reversal	Write-down	

Category	As at 1/1/2020	Provision for the year	Reductions during the year		As at 31/12/2020
			Reversal	Write-down	
Raw materials	1,506,520.94	611,130.75		1,143,125.23	974,526.46
Finished goods	3,116,468.80	2,002,453.16		2,388,459.47	2,730,462.49
Total	4,622,989.74	2,613,583.91		3,531,584.70	3,704,988.95

Note1: The basis of determining inventory net realizable value is described in Note 3.12.3 Provision for diminution in value of inventories.

Note2: The reversal of provision for diminution is induced by the finished goods which were sold.

5.7 Other debt investments

Item	As at 31/12/2020	As at 1/1/2020
Input tax of value added tax	14,353,098.17	31,837,201.31
Prepaid income tax	167,345.60	177,922.66
Prepaid other taxes	47,503.05	12,463.61
Total	14,567,946.82	32,027,587.58

5.8 Other equity instrument investments

Item	Investment cost	Balance as at 1/1/2020	Balance as at 31/12/2020	Dividends income in year 2020	The aggregated amount carried forward from OCI to retained earnings	Reason for carrying forward
Equity investment-China Southern Securities	33,000,000.00					
Total	33,000,000.00					

Note: On 29th April, 2005, China Southern Securities received its administrative penalty, and its security business license was cancelled by China Securities Regulatory Commission. On 16th August, 2006, Shenzhen Intermediate People's court announced its bankruptcy, the current write-off of the original book value and impairment provisions.

5.9 Investment property

Investment property measured by cost

Item	Buildings	Total
I Cost		
1. Balance as at 1/1/2020	51,308,578.35	51,308,578.35
2. Additions		
3. Reductions		
4. Balance as at 31/12/2020	51,308,578.35	51,308,578.35
II Accumulated depreciation or amortization		
1. Balance as at 1/1/2020	17,660,980.18	17,660,980.18
2. Additions	1,326,076.68	1,326,076.68
Depreciation or amortization	1,326,076.68	1,326,076.68
3. Reductions		
4. Balance as at 31/12/2020	18,987,056.86	18,987,056.86
III. Provision for impairment		

1. Balance as at 1/1/2020	886,512.06	886,512.06
2. Additions		
3. Reductions		
4. Balance as at 31/12/2020	886,512.06	886,512.06
IV. Carrying amount		
1. As at 31/12/2020	31,435,009.43	31,435,009.43
2. As at 1/1/2020	32,761,086.11	32,761,086.11

5.10 Fixed assets

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Fixed assets	506,448,396.20	539,836,438.92
Disposal of fixed assets		11,488,734.07
Less: Provision for impairment	157,573.50	157,573.50
Total	506,290,822.70	551,167,599.49

Fixed assets

Item	Buildings	Boats & nets	Machinery & equipment	Transportation vehicles	Furniture and office equipment	Total
I. Cost						
1. Balance as at 1/1/2020	114,235,599.27	678,939,803.12	47,695,910.53	9,147,146.26	11,927,233.82	861,945,693.00
2. Additions	4,561,954.07	16,827,878.41	8,641,843.47	64,150.44	254,572.54	30,350,398.93
(1) Purchase		11,449,573.37	8,641,843.47	64,150.44	254,572.54	20,410,139.82
(2) Transfer from construction in process	4,561,954.07	5,378,305.04				9,940,259.11
3. Reductions	201,332.76	22,918,147.66	12,019.83	600,513.54	1,858,343.71	25,590,357.50
(1) Disposals or scrap		4,252,342.53	283,954.12	336,635.51	1,673,444.86	6,546,377.02
(2) Impact of exchange rate fluctuations	201,332.76	18,665,805.13	-271,934.29	263,878.03	184,898.85	19,043,980.48
4. Balance as at 31/12/2020	118,596,220.58	672,849,533.87	56,325,734.17	8,610,783.16	10,323,462.65	866,705,734.43
II. Accumulated depreciation						
1. Balance as at 1/1/2020	31,952,258.72	253,213,522.57	22,766,284.17	5,324,327.47	8,852,861.15	322,109,254.08
2. Additions	3,270,807.73	41,568,065.80	3,048,386.81	1,064,328.71	502,793.10	49,454,382.15
Provision	3,270,807.73	41,568,065.80	3,048,386.81	1,064,328.71	502,793.10	49,454,382.15
3. Reductions	5,064.83	9,107,994.79	246,879.22	417,602.15	1,528,757.01	11,306,298.00
(1) Disposals or scrap		4,039,725.40	215,953.91	327,801.79	1,505,562.99	6,089,044.09
(2) Impact of exchange rate fluctuations	5,064.83	5,068,269.39	30,925.31	89,800.36	23,194.02	5,217,253.91

Item	Buildings	Boats & nets	Machinery & equipment	Transportation vehicles	Furniture and office equipment	Total
4. Balance as at 31/12/2020	35,218,001.62	285,673,593.58	25,567,791.76	5,971,054.03	7,826,897.24	360,257,338.23
III. Provision for impairment						
1. Balance as at 1/1/2020		157,573.50				157,573.50
2. Additions						
3. Reductions						
4. Balance as at 31/12/2020		157,573.50				157,573.50
IV. Carrying amount						
1. As at 31/12/2020	83,378,218.96	387,018,366.79	30,757,942.41	2,639,729.13	2,496,565.41	506,290,822.70
2. As at 1/1/2020	82,283,340.55	425,568,707.05	24,929,626.36	3,822,818.79	3,074,372.67	539,678,865.42

Note1: The original value of fixed assets that has been fully depreciated but still in use is RMB 93,478,550.21 as at December 31 2020.

Note2: According to the Debt Repayment Advice signed between the Company and Shandong Fishery Group Corporation in April 2006, and Civil Ruling Li Zhi Zi No.1299 published by Lixia District People's Court of Jinan in 2005, the building of Shandong Fishery Group Corporation located at Heping road No.43 Lixia District of Jinan was used to repay debt. The determined original book value of the office complex is RMB 54,221,197.05 (of which the self-use part is included in the fixed assets, and the leased part is included in the investment real estate), the real estate is originally allocated land, there is no construction planning permit, and the housing property certificate has not been processed.

5.11 Construction in process

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Projects constructed in process	7,783,474.25	4,077,658.55
Construction materials		
Less: Provision for impairment	4,077,658.55	4,077,658.55
Total	3,705,815.70	

5.11.1 Projects constructed in process

5.11.1.1 Construction in process

Item	As at 31/12/2020			As at 1/1/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
The Atlantic Seine project	4,077,658.55	4,077,658.55		4,077,658.55	4,077,658.55	
Workshop flame retardant renovation project	948,526.58		948,526.58			

Item	As at 31/12/2020			As at 1/1/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Ultra-low temperature cold storage renovation project phase II	2,757,289.12		2,757,289.12			
Total	7,783,474.25	4,077,658.55	3,705,815.70	4,077,658.55	4,077,658.55	

5.11.1.2 Movement of significant construction in progress

Project name	Budget	As at 1/1/2020	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2020
Workshop flame retardant renovation project	1,200,000.00		948,526.58			948,526.58
Ultra-low temperature cold storage renovation project phase I	4,916,520.00		4,561,954.07	4,561,954.07		
Ultra-low temperature cold storage renovation project phase II	11,000,000.00		2,757,289.12			2,757,289.12
Total			8,267,769.77	4,561,954.07		3,705,815.70

Movement of significant construction in progress (Continued)

Project name	Percentage of current input over budget (%)	Construction progress (%)	Accumulated capitalized interest	Including: Interest capitalized in current period	Capitalization rate in current period (%)	Sources of funds
Workshop flame retardant renovation project	79.04	70.00				self-raised
Ultra-low temperature cold storage renovation project phase I	92.79	100.00				self-raised
Ultra-low temperature cold storage renovation project phase II	25.07	25.00				self-raised
Total						

5.11.1.3 Provision for impairment of construction in progress

Item	Balance as at 1/1/2020	Additions	Reductions	Balance as at 31/12/2020	Reason for provision

Item	Balance as at 1/1/2020	Additions	Reductions	Balance as at 31/12/2020	Reason for provision
The Atlantic Seine project	4,077,658.55			4,077,658.55	Suspend project
Total	4,077,658.55			4,077,658.55	

5.12 Intangible assets

Item	Land use rights	Computer software	Total
I Cost			
1. Balance as at 1/1/2020	17,154,729.00	1,950,771.84	19,105,500.84
2. Additions		336,464.40	336,464.40
Purchase		336,464.40	336,464.40
3. Reductions			
4. Balance as at 31/12/2020	17,154,729.00	2,287,236.24	19,441,965.24
II. Accumulated depreciation			
1. Balance as at 1/1/2020	5,221,512.65	687,703.65	5,909,216.30
2. Additions	383,870.16	336,999.23	720,869.39
Provision	383,870.16	336,999.23	720,869.39
3. Reductions			
4. Balance as at 31/12/2020	5,605,382.81	1,024,702.88	6,630,085.69
III. Provision for impairment			
1. Balance as at 1/1/2020			
2. Additions			
3. Reductions			
4. Balance as at 31/12/2020			
IV. Carrying amount			
1. As at 31/12/2020	11,549,346.19	1,262,533.36	12,811,879.55
2. As at 1/1/2020	11,933,216.35	1,263,068.19	13,196,284.54

5.13 Long-term deferred expenses

Item	Balance as at 1/1/2020	Additions	Amortization	Reductions	Balance as at 31/12/2020
Office renovation costs	435,134.13	225,000.00	334,152.83	8,937.13	317,044.17
Total	435,134.13	225,000.00	334,152.83	8,937.13	317,044.17

5.14 Deferred tax assets and deferred tax liabilities

5.14.1 Deferred tax assets and deferred tax liabilities before offsetting

Item	As at 31/12/2020		As at 1/1/2020	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	230,387.38	921,549.53	239,339.79	957,359.10

Item	As at 31/12/2020		As at 1/1/2020	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred income	1,514,249.60	6,056,998.38	1,606,533.03	6,426,132.12
Sub-total	1,744,636.98	6,978,547.91	1,845,872.82	7,383,491.22
Deferred tax liabilities:				
Accelerated depreciation of fixed assets before tax deduction	1,451,751.23	5,807,004.90		
Sub-total	1,451,751.23	5,807,004.90		

5.14.2 The items not recognised deferred tax assets

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Provisions for impairment of assets	14,370,773.10	14,173,205.87
Allowance for doubtful debts	3,704,988.95	4,569,972.16
Provision for impairment of construction in progress	4,077,658.55	4,077,658.55
Total	22,153,420.60	22,820,836.58

Note: No deferred income tax assets are recognized for deductible temporary differences, due to the exemption of corporate income tax for those companies that form deductible temporary differences. There is uncertainty about whether some companies will be able to generate sufficient taxable income in the future.

5.15 Other non-current assets

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Prepaid for land	2,000,000.00	2,000,000.00
Prepaid for construction in process	719,397.06	1,640,847.49
Total	2,719,397.06	3,640,847.49

5.16 Short-term loans

Borrowing condition	Balance as at 31/12/2020	Balance as at 1/1/2020
Pledge loans	28,072,326.86	28,038,983.33
Loans on credit	13,195,948.64	23,623,381.67
Total	41,268,275.50	51,662,365.00

Note: the current loan includes Interest payable of RMB 360,431.28.

5.17 Accounts payable

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Within 1 year(including 1 year)	65,231,961.41	89,503,027.66
More than 1 year	4,665,877.78	5,222,204.02
Total	69,897,839.19	94,725,231.68

5.18 Contract liabilities

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Advance payment for goods	12,453,619.79	18,445,693.16
Total	12,453,619.79	18,445,693.16

5.19 Employee benefits payable

5.19.1 Movement of employee benefits payable

Item	As at 1/1/2020	Increase	Decrease	As at 31/12/2020
I. Short-term employee benefits	45,730,031.58	152,639,499.17	159,356,536.86	39,012,993.89
II. Post-employment benefits—defined contribution plans	3,351,602.54	9,262,757.22	9,807,946.08	2,806,413.68
III. Termination benefits	34,622.89	130,185.73	131,581.45	33,227.17
IV. Other benefits due within one year	33,397.31	7,549.72	31,232.71	9,714.32
Total	49,149,654.32	162,039,991.84	169,327,297.10	41,862,349.06

5.19.2 Details of the short-term employee benefits

Item	As at 1/1/2020	Accrued	Paid	As at 31/12/2020
Salaries, bonus, and allowances	44,272,818.76	139,074,683.32	145,892,299.67	37,455,202.41
Staff welfare		4,260,420.56	4,260,420.56	
Social insurances		3,956,988.87	3,956,988.87	
Including: Medical insurance		3,843,905.74	3,843,905.74	
Work injury insurance		113,083.13	113,083.13	
Housing Fund		4,779,014.85	4,779,014.85	
Union funds and employee education fee	1,457,212.82	568,391.57	467,812.91	1,557,791.48
Total	45,730,031.58	152,639,499.17	159,356,536.86	39,012,993.89

5.19.3 Defined contribution plans

Item	As at 1/1/2020	Accrued	Paid	As at 31/12/2020
Primary endowment insurance		3,308,290.87	3,308,290.87	
Unemployment insurance		144,357.17	144,357.17	
Pension insurance	3,351,602.54	5,719,902.03	6,265,090.89	2,806,413.68
Social security and subsidies for retired workers		90,207.15	90,207.15	
Total	3,351,602.54	9,262,757.22	9,807,946.08	2,806,413.68

5.20 Taxes and surcharges payable

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Value added tax	150,746.28	239,608.16
Enterprise income tax	508,778.23	1,802,946.98
Urban maintenance and construction tax	7,404.84	9,769.37
Estate tax	190,068.25	207,304.90
Land use tax	105,674.51	133,639.72
Individual income tax	633,026.16	399,027.16

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Educational surtax	5,289.17	4,186.87
Withholding tax	1,096,759.86	695,879.71
Other taxes and surcharges	127,666.48	105,562.67
Total	2,825,413.78	3,597,925.54

5.21 Other payables

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Interest payable		
Dividends payable		
Other payables	8,487,724.32	8,634,438.40
Total	8,487,724.32	8,634,438.40

Other payables

Other payables by nature

Nature	Balance as at 31/12/2020	Balance as at 1/1/2020
Deposit	2,620,321.34	1,270,350.00
Staff cost	1,072,824.55	1,409,892.00
Others	4,794,578.43	5,954,196.40
Total	8,487,724.32	8,634,438.40

5.22 Other current liabilities

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Advance collection of sales tax	108,248.84	31,953.38
Total	108,248.84	31,953.38

5.23 Long-term employee benefits payable

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Post -employment benefits—defined benefits plans	414,919.37	448,146.54
Other long-term benefits	828,533.56	930,325.16
Total	1,243,452.93	1,378,471.70

5.24 Deferred income

5.24.1 Deferred income by category

Item	Balance as at 1/1/2020	Increase	Decrease	Balance as at 31/12/2020	Reason for the deferred income
Government grants	15,764,480.48		1,275,683.24	14,488,797.24	Government grants related asset

Item	Balance as at 1/1/2020	Increase	Decrease	Balance as at 31/12/2020	Reason for the deferred income
Total	15,764,480.48		1,275,683.24	14,488,797.24	

5.24.2 Deferred income from government grants

Item	Balance as at 1/1/2020	Increase	Recorded in profit or loss for current period	Other movement	Balance as at 31/12/2020	Related to assets/income
Construction special fund	10,043,559.84		1,076,307.24		8,967,252.60	Assets
Subsidy of boat manufacture	5,720,920.64		199,376.00		5,521,544.64	Assets
Total	15,764,480.48		1,275,683.24		14,488,797.24	

5.25 Share capital

Item	Balance as at 1/1/2020	Movement					Balance as at 31/12/2020
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	
Total shares	266,071,320.00						266,071,320.00

5.26 Capital reserve

Category	Balance as at 1/1/2020	Increase	Decrease	Balance as at 31/12/2020
I. Share premiums	189,093,492.79			189,093,492.79
II. Other capital reserve	94,961,504.96			94,961,504.96
Total	284,054,997.75			284,054,997.75

5.27 Other comprehensive income

Item	Balance as at 1/1/2020	Amount before tax	Movement in the year					Balance as at 31/12/201X
			Less: OCI in prior periods transfer in profit or loss for the current period	Less: OCI in prior periods carried forward to retained earnings	Less: income tax	Amount after tax attributable to the Company	Amount after tax attributable to minority interests	
OCI items which will be reclassified subsequently to profit or loss	707,156.17	-18,169,681.99				-13,490,695.30	-4,678,986.69	-12,783,539.13
Translation differences from translation of foreign currency financial statements	707,156.17	-18,169,681.99				-13,490,695.30	-4,678,986.69	-12,783,539.13

Total of OCI	707,156.17	-18,169,681.99				-13,490,695.30	-4,678,986.69	-12,783,539.13
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5.28 Surplus reserve

Category	Balance as at 1/1/2020	Increase	Decrease	Balance as at 31/12/2020
Statutory surplus reserve	21,908,064.19			21,908,064.19
Total	21,908,064.19			21,908,064.19

5.29 Retained earnings

Item	As at 31/12/2020	
	Amount	Appropriation proportion
Retained earnings as at 1/1/2020 before adjustment	314,460,431.58	
The total adjustment of retained earnings as at 1/1/2020 (Increase+, decrease-)		
Retained earnings as at 1/1/2020 after adjustment	314,460,431.58	
Add: Net profit attributable to the Company during the year		
Less: Appropriation of statutory surplus reserve	29,537,498.13	
Appropriation of discretionary surplus reserve		
Common share dividends payable		
Common share dividends converted to share capital		
Retained earnings as at 31/12/2020	343,997,929.71	

5.30 Operating income and operating costs

5.30.1 Operating income and operating costs by category

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Income	Costs	Income	Costs
I. Primary operating business	957,971,299.47	876,609,493.00	1,120,738,842.04	946,989,300.61
II. Other operating business	8,241,720.19	1,807,861.27	8,213,060.64	1,864,630.29
Total	966,213,019.66	878,417,354.27	1,128,951,902.68	948,853,930.90

5.30.2 Operating income and operating costs by recognition timing

Revenue recognition timing	Sales income	Agent Processing income	Refrigeration fee income	Other operating income
At a point of time	846,549,524.48	3,157,703.32		3,392,121.09
Over a period of time			7,544,474.47	
Total	846,549,524.48	3,157,703.32	7,544,474.47	3,392,121.09

5.30.3 Income adapted to the lease standard

Item	Boat rental	Realtor
I. Primary operating business	100,719,597.20	
II. Other operating business		4,849,599.10
Total	100,719,597.20	4,849,599.10

5.31 Taxes and surcharges

Item	Year ended 31/12/2020	Year ended 31/12/2019
Urban maintenance and construction tax	172,674.56	536,116.79
Educational surcharge	73,964.81	229,764.31
Local educational surcharge	49,309.89	153,176.25
Local water conservancy construction fund	12,327.47	38,294.06
Property tax	1,285,586.41	1,299,489.61
Land use tax	421,428.69	535,449.76
Stamp duty	275,627.46	305,583.83
Vehicle and vessel tax	33,167.68	35,164.36
Others		154.04
Total	2,324,086.97	3,133,193.01

5.32 Selling and distribution expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Port charges		13,007,276.29
Employee compensation expenditure	2,197,949.48	2,987,027.62
Transport charges		4,658,598.15
Business promotion fees	585,425.19	816,361.72
Travelling expenses	165,925.16	495,396.75
Depreciation charges	73,027.96	79,121.02
Communication expenses	24,060.25	14,981.46
Agency fees		1,636,396.22
Handling charges		507,169.59
Others	623,371.66	725,671.22
Total	3,669,759.70	24,928,000.04

Note: In 2020, the company will implement new revenue standards, in this period, Port charges, Transport charges, Agency fees and Handling charges are listed as operating costs.

5.33 General and administrative expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Employee compensation expenditure	34,614,101.99	43,276,129.10
Depreciation and amortization charges	1,869,160.28	1,857,224.86
Travelling expenses	725,668.44	2,081,023.00
Business entertainment	463,172.36	1,287,516.23
Vehicle expenses	829,720.16	1,299,675.12
Agent service fees	1,180,503.10	1,101,745.19
Office expenses	4,886,702.18	4,550,320.09
Water and electricity expenses	1,157,511.99	1,416,329.41
Others	3,750,281.36	6,743,602.72
Total	49,476,821.86	63,613,565.72

5.34 Research and development expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Materials	17,924.28	26,338.75

Item	Year ended 31/12/2020	Year ended 31/12/2019
Others	40,000.00	248,000.00
Total	57,924.28	274,338.75

5.35 Finance expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Interest expenses	2,264,468.56	4,119,308.06
Less: interest income	666,925.40	1,032,203.87
Losses or gains from foreign exchange	20,054,225.77	95,531.07
Finance charges	1,145,378.30	1,322,486.27
Others	164,075.46	143,131.08
Total	22,961,222.69	4,648,252.61

5.36 Other income

Item	Year ended 31/12/2020	Year ended 31/12/2019	Related to assets/Related to income
International Fisheries Resources Development and Utilization Grants (Note 1)	22,435,200.00	20,504,756.24	Related to income
Tuna backhaul subsidy		1,621,411.00	Related to income
Financial shipbuilding subsidy fund	199,376.00	85,376.00	Related to assets
Financial subsidy for Special Construction funds in Blue Economic Zone (Note 2)	738,267.48	747,735.76	Related to assets
Special fund for cold chain logistics	338,039.76	238,276.90	Related to assets
Return of individual income tax service charge	51,138.63	12,052.12	Related to income
Steady post subsidies	285,425.27		
Research subsidies from the Institute of Oceanology	180,000.00		
Intellectual property rights subsidy funds	10,000.00		
Total	24,237,447.14	23,209,608.02	

Note 1: The company received RMB 22,435,200.00 government grants about development and utilization of international fishery resources from finance bureau;

Note 2: According to <Issued the Second Batch of 800 Million "Two Districts" in 2011 Notice of the Second Batch of Specialized Fund Investment Plans for the Blue Peninsula Economic Development Zone in Shandong Peninsula and the High-efficient Ecological Economic Zone in the Yellow River Delta in 2011> (NO. 【2011】464) issued by Yantai Development and Reform Commission and Yantai Finance Bureau, <Notice on Issuing Unit Budget Indicators for 2011> (NO 【2011】514) issued by Yantai Economic and Technological Development Zone Finance Bureau, Yantai Development Zone Finance Bureau issued a special indicator of the company blue economic zone construction RMB 13,600,000.00, RMB 6,800,000.00 in 2012, RMB 6,800,000.00 in 2013, the company kept accounts in deferred income when receiving the funds and are amortized in profit and loss for each period

over the asset's estimated useful period on a systematic basis. Other income amounts to 738,267.48 in 2020.

The income of the current period is included in the non-recurring profit and loss government subsidy of RMB 1,802,247.14, the government subsidy included in the recurring profit and loss was RMB 22,435,200.00. The reasons why relevant government subsidies are included in the recurring gains and losses are shown in Note 3.25

5.37 Investment income

Category	Year ended 31/12/2020	Year ended 31/12/2019
Investment income of structured deposits	15,287.67	
Total	15,287.67	

5.38 Credit impairment losses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Allowance for credit losses of accounts receivable	-449,391.98	-244,850.74
Allowance for credit losses of other receivables	125,313.00	-119,394.66
Total	-324,078.98	-364,245.40

5.39 Assets impairment losses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Provision for diminution in value of inventory	-2,613,583.91	-4,630,333.82
Total	-2,613,583.91	-4,630,333.82

5.40 Gains from disposal of assets

Item	Year ended 31/12/2020	Year ended 31/12/2019
Gains and losses on disposal of fixed assets (Note)	52,840.06	
Total	52,840.06	

5.41 Non-operating income

Item	Year ended 31/12/2020	Year ended 31/12/2019	Amount to be included in non-recurring gain or loss for the year
Reparations income	627,280.18	289,655.03	627,280.18
Others (Note)	10,131,289.21	46,416.67	10,131,289.21
Total	10,758,569.39	336,071.70	10,758,569.39

Note : The other is RMB 10,131,289.21 in the current period, of which: the panamanian ship named 'SEA MARK', which belonged to wholly-owned subsidiary HABITAT INTERNATIONAL CORPORATION, had been caught fire in 2019, in 2020, the shipping insurance operation center of PICC was indemnity of 3 million dollars, the disposal profit after cleaning was RMB

10,111,783.13 .

5.42 Non-operating expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019	Amount to be included in non-recurring gain or loss for the year
Loss of scrapped fixed assets	386,058.25	218,418.18	386,058.25
donating	207,712.00	108,000.00	207,712.00
Late fees		200.00	
Others	64,708.74	32,000.00	64,708.74
Total	658,478.99	358,618.18	658,478.99

5.43 Income tax expenses

5.43.1 Details of income tax expenses

Item	Year ended 31/12/2020	Year ended 31/12/2019
Current income tax expense calculated according to tax laws	664,050.34	2,838,268.82
Deferred income tax	1,552,987.07	80,290.44
Total	2,217,037.41	2,918,559.26

5.43.2 Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount
Profit before tax	40,773,852.27
Income tax expenses calculated at statutory/applicable tax rates	10,193,463.08
Effect of different tax rate of subsidiaries	-6,897,896.17
Effect of adjustment for income tax in prior year	456,642.21
Effect of income not subject to income tax	-1,477,971.58
Effect of expenses nondeductible for tax purposes	120,514.67
Additional deductions for r & d expenditures	-10,860.80
Effect of unrecognised deductible temporary differences and deductible losses in current period	-166,854.00
Income tax expenses	2,217,037.41

5.44 Notes to statement of cash flows

Cash received or paid relating to other operating activities

Item	Year ended 31/12/2020	Year ended 31/12/2019
Cash received related to other operating activities	29,713,130.80	42,110,856.39
Including: Finance expenses- interest income	666,925.40	1,032,203.87
Government grants and others	23,598,067.00	29,604,291.06

Item	Year ended 31/12/2020	Year ended 31/12/2019
Credit deposit	1,929,052.36	8,249,651.54
Current account and other	3,519,086.04	3,224,709.92
Cash paid related to other operating activities	20,605,714.27	50,720,086.41
Including: Cash payment to selling expenses	1,287,323.87	21,861,851.40
Cash payment to administrative expense	12,663,386.50	18,149,500.96
Cash payment to research and development expenses	57,924.28	274,338.75
Security deposit	597,417.07	8,971,709.03
Current account and other	5,999,662.55	1,462,686.27

5.45 Supplement to statement of cash flows

5.45.1 Supplement to statement of cash flows

Item	Year ended 31/12/2020	Year ended 31/12/2019
1. Net profit adjusted to cash flows from operating activities		
Net profit	38,556,814.86	98,774,544.71
Add: credit impairment losses	324,078.98	364,245.40
Provision for asset impairment	2,613,583.91	4,630,333.82
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and depreciation of investment property	50,780,458.83	48,705,018.16
Amortization of intangible assets	720,869.39	668,467.41
Amortization of long-term deferred expenses	334,152.83	363,770.47
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-52,840.06	
Losses on write-down of fixed assets ("-" for gains)	-9,725,724.88	218,418.18
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	10,826,454.94	6,200,569.12
Investments losses ("-" for gains)	-15,287.67	
Decreases in the deferred tax assets ("-" for increases)	101,235.84	80,290.44
Increases in the deferred tax liabilities ("-" for decreases)	1,451,751.23	
Decreases in inventories ("-" for increases)	34,244,396.75	-49,783,330.18
Decreases in operating receivables ("-" for increases)	23,242,398.53	-582,505.33
Increases in operating payables ("-" for decreases)	-40,156,632.83	656,720.47
Others		
Net cash flows from operating activities	113,245,710.65	110,296,542.67
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2019	255,735,611.93	184,603,638.72

Item	Year ended 31/12/2020	Year ended 31/12/2019
Less: cash as at 1/1/2019	184,603,638.72	182,767,125.48
Add: cash equivalents as at 31/12/2019		
Less: cash equivalents as at 1/1/2019		
Net increase in cash and cash equivalents	71,131,973.21	1,836,513.24

5.45.2 Cash and cash equivalents

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
I . Cash	255,735,611.93	184,603,638.72
Including: cash on hand	2,817,043.31	4,956,965.73
Unrestricted bank deposits	252,918,568.62	179,646,672.99
Unrestricted other cash and cash equivalents		
II . Cash equivalents		
III. Cash and cash equivalents as at 31/12/2020	255,735,611.93	184,603,638.72

5.46 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2020	Restriction reason
Cash at bank and on hand	76,370.28	Marginal deposit
Fixed assets	29,509,590.55	Pledge loans
Intangible assets	5,270,303.71	Pledge loans
Total	34,856,264.54	--

5.47 Monetary items denominated in foreign currency

5.47.1 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 31/12/2020	Exchange rate	Balance translated into RMB as at 31/12/2020
Cash at hand and in banks			195,267,558.29
Including: USD	26,816,541.75	6.5249	174,975,253.27
Euro	176,905.58	8.025	1,419,667.28
JPY	15,702,712.00	0.0632	992,411.40
GHS	15,234,126.98	1.1328	17,257,219.04
XAF	50,651,000.00	0.0123	623,007.30
Accounts receivable			46,035,331.47
Including: USD	5,479,789.40	6.5249	35,755,077.86
JPY	66,296,555.00	0.0632	4,189,942.28
GHS	5,376,334.15	1.1328	6,090,311.33
Other receivables			821,799.64
Including: USD	94,571.49	6.5249	617,069.52
GHS	173,888.70	1.1328	196,981.12
XAF	630,000.00	0.0123	7,749.00

Item	Balance in foreign currency as at 31/12/2020	Exchange rate	Balance translated into RMB as at 31/12/2020
Accounts payable			8,077,762.42
Including: USD	1,050,781.29	6.5249	6,856,242.84
Euro	234.43	8.025	1,881.30
JPY	8,892,696.00	0.0632	562,018.39
XAF	53,465,032.00	0.0123	657,619.89
Other payables			611,135.10
Including: USD	13,954.94	6.5249	91,054.59
GHS	459,110.62	1.1328	520,080.51

5.47.2 Reporting currencies of significant foreign operating entities

Significant foreign operating entity	Overseas location of primary operation	Reporting currency	Basis for determination
HABITAT INTERNATIONAL CORPORATION	The Republic of Panama	USD	Business environment
LAIF FISHERIES COMPANY LIMITED	The Republic of Ghana	USD	Business environment
YAW ADDO FISHERIES COMPANY LIMITED	The Republic of Ghana	USD	Business environment
ZHONG GHA FOODS COMPANY LIMITED	The Republic of Ghana	USD	Business environment
AFRICA STAR FISHERIES LIMITED	The Republic of Ghana	USD	Business environment

6. Changes in consolidation scope

The scope of merger of the company has not changed in the current period.

7. Interest in other entities

7.1 Interest in subsidiaries

7.1.1 Constitution of the Company

7 Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	Shandong Qingdao	Shandong Qingdao	Refrigeration transportation	100.00		Investment
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Shandong Yantai	Shandong Yantai	Food processing	74.23	25.77	Investment
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	Shandong Qingdao	Shandong Qingdao	Oceanic fishing	59.05		Investment
HABITAT INTERNATIONAL CORPORATION	The Republic of Panama	The Republic of Panama	Refrigeration transportation	100.00		Investment
LAIF FISHERIES COMPANY	The Republic of	The Republic of	Oceanic fishing		Shandong Zhonglu	Investment

7	Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)	Acquisition method
	LIMITED	Ghana	Ghana		Haiyan Oceanic Fisheries Co., Ltd holds 100 shares	
	AFRICA STAR FISHERIES LIMITED	The Republic of Ghana	The Republic of Ghana	Oceanic fishing	Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100 shares	Investment
	ZHONG GHA FOODS COMPANY LIMITED	The Republic of Ghana	The Republic of Ghana	Oceanic fishing	Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100 shares	Investment
	Shandong zhonglu ocean refrigeration co. LTD	Shandong Yantai	Shandong Yantai	Food processing	Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. holds 100 shares	Investment
	YAW ADDO FISHERIES COMPANY LIMITED	The Republic of Ghana	The Republic of Ghana	Oceanic fishing		Operating lease

7.1.2 Significant non-wholly owned subsidiary

No.	Company name	Minority shareholding (%)	Profit or loss attributable to the minority for the current period	Dividends announced to distribute to the minority	Balance of the minority interests as at 31/12/2020
1	Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	40.95%	9,019,316.73		162,274,990.49

7.1.3 Main financial information of significant non-wholly owned subsidiary

Subsidiary name	As at 31/12/2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	283,125,223.39	224,970,520.62	508,095,744.01	106,308,989.61	5,521,544.64	111,830,534.25

(Continued)

Subsidiary name	As at 1/1/2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Haiyan Zhonglu Oceanic	250,897,851.01	247,531,784.99	498,429,636.00	107,042,602.15	5,720,920.64	112,763,522.79

Fisheries Co., Ltd.						
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Subsidiary name	Year ended 31/12/2020			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	279,848,444.29	22,025,193.47	-11,426,096.92	27,621,980.21

(Continued)

Subsidiary name	Year ended 31/12/2019			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	305,764,051.82	40,202,477.37	2,692,145.39	17,467,091.39

8. Related risks of financial instruments

The financial assets of the Company include notes receivable, account receivable and other receivables, the financial liabilities include notes payable, account payable, other payables and long-term loan, for details see Notes V. Company is faced with Various risks in operating activities, including credit risk, liquidity risk and market risk, board of directors establish and supervise company's ERM architecture, establish and supervise company's risk management policy with full authority.

The goals of Company engaged in the risk management is to achieve the proper balance between the risks and benefits, reduced the negative impact to the Company operating performance risk to a minimum, maximized the profits of shareholders and other equity investors.

1. Credit risk

Credit risk what may lead to the financial losses was the other party of the contract failed to fulfill the obligations and causes loss of the Company's financial assets. Credit risk is mainly from the customers' receivables. The book value of account receivable, note receivable and other account receivable are the biggest credit risk of the company's financial assets.

2. Liquidity Risk

Liquidity risk is the risk that the company is in short of capital when fulfilling its obligations related to financial liabilities. In the capital normal and stressful situation, the company ensures that there is sufficient liquidity to fulfill the due debt, and consult with the financial institutions to maintain a certain level of reserve credit line to reduce liquidity risk.

3. Market risk

(1) Foreign exchange risk

Foreign exchange risk is referred to the risk incurred due to loss of changes in exchange rate. The company's foreign exchange risk is

mainly derived from the dollar denominated financial assets. The amount of foreign currency denominated financial assets to be converted into RMB is as note 5.47 the foreign currency monetary items stated.

(2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the financial instruments fluctuate due to the fluctuation of market interest rate. The company's interest rate risk is mainly derived from long-term bank borrowings, the company's borrowing are floating interest rates, there is a risk of RMB benchmark interest rate changes.

9. Fair value

The level to which the fair value measurement result belongs is determined by the lowest level to which the input value is of great significance to the fair value measurement as a whole.

Level 1: Unadjusted quotes for the same asset or liability in an active market.

Level 2: The directly or indirectly observable input values of related assets or liabilities in addition to the input values at level 1.

Level 3: The unobservable input values of the related assets or liabilities.

9.1 Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy:

Item	Measurement by level 1	Measurement by level 2	Measurement by level 3	Balance as at 31/12/2020
I. Recurring fair value measurement				
1. Financial assets held for trading			5,000,000.00	5,000,000.00
(1) Financial assets measured at fair value through profit or loss			5,000,000.00	5,000,000.00
Total			5,000,000.00	5,000,000.00

For financial instruments traded in the active market, the Company determines their fair value based on their active market quotation; For financial instruments that are not traded in an active market, the Company uses valuation techniques to determine their fair value.

9.2 For recurring and non-recurring items in level 3 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs refers to the above table.

9.3 There are no transfers of recurring items among the levels of fair value hierarchy in the current period.

9.4 There was no change in the valuation techniques that occurred during the reporting period.

10. Related parties and transactions

10.1 The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	(%)Shareholding ratio of the Company(%)	(%)Voting rights proportion % of the Company
Shandong State-owned assets investment Co. Ltd	Shandong Jinan	Investment and management, asset management and capital operation, entrustment	450,000	47.25	47.25

Name of parent company	Registration place	Type of business	Registered capital	(%)Shareholding ratio of the Company(%)	(%)Voting rights proportion % of the Company
		management, investment consulting			

Note: State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government is the ultimate controller of the Company.

Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

10.2 Other related parties

Entity name	Relationship
Inspur General Software co., Ltd.	A company that has a transaction in the current period controlled by the same parent company
Bank of Texas co., LTD.	A company that has a transaction in the current period controlled by the same parent company

10.3 Transactions with related parties

10.3.1 Remuneration of key management

Remuneration of key management	Year ended 31/12/2020	Year ended 31/12/2019
Total	2,727,975.00	2,053,124.00

10.3.2 Other related transactions

10.3.2.1 Deposit of monetary funds of related parties

Account name	Related party	Balance as at 31/12/2020	Balance as at 1/1/2020
Cash at bank	Bank of Texas co., LTD.	671,033.41	3,201,870.61
Total		671,033.41	3,201,870.61

10.3.2.2 Others

Account name	Related party	Year ended 31/12/2020	Year ended 31/12/2019
Interest revenue	Bank of Texas co., LTD.	1,392.99	3,284.72
Total		1,392.99	3,284.72

10.4 Receivables due from and payables due to related parties

10.4.1 Receivables due from related parties

Account name	Related party	Balance as at 31/12/2020	Balance as at 1/1/2020
Prepayments	Inspur general software co. LTD	394,857.06	394,857.06
Total		394,857.06	394,857.06

11. Commitments and contingencies

11.1 Commitments

None

11.2 Contingencies

None

12. Post balance sheet events

None

13. Other significant events

13.1 Pension scheme

According to relative laws, regulations and policies, the pension system of the company has been established to pay supplementary endowment insurance for employees (namely enterprise annuity) on the basis of attending primary endowment insurance lawfully. The company has set the operating efficiency coefficient in accordance with the actual operating conditions every year, and calculated the total amount paid by the enterprise through it. In the enterprise pension, the borne expenses of the company have been disclosed in the case of employee pay payable and the condition of the established escrow plan, and the individual cost has been paid by the company from their salary. This year, the enterprise pension has been increased RMB 5.72 million, relevant information shall be referred to "Attachment 5 (19) employee pay payable".

13.2 Segment reporting

13.2.1 Determination basis of segment reporting and related accounting policy

The company's mainly business are oceanic fishing, aquatic products processing, vessels leasing and others. The company disclosure the branches reports by the character and plate of its main bussiness.

13.2.2 Financial information of segment reporting

	Oceanic fishing	Vessels leasing	Aquatic products processing	Others	Elimination between branches	Total
1. Operating income	395,568,763.49	100,719,597.20	548,852,565.43	328,450.24	-87,498,076.89	957,971,299.47
2. Operating cost	360,814,947.58	67,566,863.59	535,511,757.57	214,001.15	-87,498,076.89	876,609,493.00

	Oceanic fishing	Vessels leasing	Aquatic products processing	Others	Elimination between branches	Total
3. Credit impairment losses	34,186.24	62,385.83	-517,484.33	96,833.28		-324,078.98
4. Impairment of assets	-201,811.47		-2,409,973.98	-1,798.46		-2,613,583.91
5. Depreciation and amortization	33,546,939.76	9,287,243.81	6,786,517.28	1,880,627.37		51,501,328.22
6. Profit before tax	31,108,959.30	28,267,432.79	-4,660,006.58	-13,942,533.24		40,773,852.27
7. Income tax expenses		438,753.45	1,555,236.75	223,047.21		2,217,037.41
8. Net profit	31,108,959.30	27,828,679.34	-6,215,243.33	-14,165,580.45		38,556,814.86
9. Total assets	816,678,448.11	338,567,129.90	356,615,470.30	91,351,454.89	-343,601,268.31	1,259,611,234.89
10. Total liabilities	189,891,020.33	48,967,178.99	143,079,409.98	151,413,659.17	-339,263,796.59	194,087,471.88

14. Notes to the financial statements of the Company

14.1 Accounts receivable

14.1.1 Accounts receivable by category

Item	As at 31/12/2020			
	Balance		Allowance for credit losses	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually assessment subject to allowance for credit losses				
Grouping assessment subject to allowance for credit losses	13,483,880.01	100.00	6,076,243.56	45.06
Group 1: Non-affiliated party customer portfolio	13,433,529.01	99.63	6,076,243.56	45.23
Group 2: Combination of related parties	50,351.00	0.37		
Total	13,483,880.01	100.00	6,076,243.56	45.06

Item	As at 1/1/2020			
	Balance		Allowance for credit losses	
	Amount	PCT(%)	Amount	Allowance rate (%)
Individually assessment for allowance for credit losses				
Grouping assessment subject to allowance for credit losses	35,605,161.90	100.00	6,534,010.26	18.35
Group 1: Non-affiliated party customer portfolio	20,823,141.90	58.48	6,534,010.26	31.38
Group 2: Combination of related parties	14,782,020.00	41.52		
Total	35,605,161.90	100.00	6,534,010.26	18.35

Accounts receivable that are assessed allowance for credit losses on grouping basis

①Group 1: Accounts receivable due from non-affiliated party customer portfolio:

Aging	As at 31/12/2020			As at 1/1/2020		
	Balance	ECL rate(%)	Allowance for credit losses	Balance	ECL rate(%)	Allowance for credit losses
Within 6 months	7,744,511.00	5.00	387,225.55	14,465,969.20	5.00	723,298.46
6 months-1 years				393,763.10	10.00	39,376.31
1-2 years				274,391.59	30.00	82,317.48
More than 3 years	5,689,018.01	100.00	5,689,018.01	5,689,018.01	100.00	5,689,018.01
Total	13,433,529.01		6,076,243.56	20,823,141.90		6,534,010.26

②Group 2: Accounts receivable due from combination of related parties :

Aging	As at 31/12/2020			As at 1/1/2020		
	Balance	ECL rate(%)	Allowance for credit losses	Balance	ECL rate(%)	Allowance for credit losses
combination of related parties	50,351.00			14,782,020.00		
Total	50,351.00			14,782,020.00		

14.1.2 Provision, recovery or reversal of allowance for credit losses during the year

Provision of allowance for credit losses within this year is RMB-457,766.70 and recovery or reversal of provision during the year is RMB 0.00.

14.1.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2020	(%)Percentage in total accounts receivable (%)	Balance of allowance for credit losses as at 31/12/2020
HAIXINSHEN CO.,LTD	5,010,146.62	37.16	250,507.33
PACIFIC PANDA.INC	3,600,962.12	26.71	3,600,962.12
AFKO FISHERIES COMPANY LIMITED	2,489,537.91	18.46	124,476.90
Xue Han	293,209.20	2.17	293,209.20
Ming Lu	158,154.98	1.17	158,154.98
Total	11,552,010.83	85.67	4,427,310.53

14.2 Other receivables

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Interest receivable		
Dividends receivable	101,777,374.94	94,566,287.92
Other receivables	106,275,077.33	90,924,556.66

Category	Balance as at 31/12/2020	Balance as at 1/1/2020
Less: Allowance for credit losses	3,553,611.55	3,721,971.88
Total	204,498,840.72	181,768,872.70

14.2.1 Dividends receivable

Item	Balance as at 31/12/2020	Balance as at 1/1/2020
Subsidiary dividend	101,777,374.94	94,566,287.92
Less: Allowance for credit losses		
Total	101,777,374.94	94,566,287.92

14.2.2 Other receivables

14.2.2.1 Category of other receivables by nature

Nature	Balance as at 31/12/2020	Balance as at 1/1/2020
Internal current account	102,455,780.95	86,430,396.31
Revolving fund and other	3,819,296.38	4,494,160.35
Less: Allowance for credit losses	3,553,611.55	3,721,971.88
Total	102,721,465.78	87,202,584.78

14.2.2.2 Aging analysis of other receivables

Aging	Balance as at 31/12/2020		Balance as at 1/1/2020	
	Balance	PCT (%)	Balance	PCT (%)
Within 6 months	51,184,907.86	48.16	28,899,712.54	31.79
6 months-1 years	965,983.19	0.91	10,532,528.69	11.58
1-2 years	24,151,205.40	22.73	19,060,919.56	20.96
2-3 years	18,320,374.75	17.24	5,249,795.25	5.77
More than 3 years	11,652,606.13	10.96	27,181,600.62	29.90
Total	106,275,077.33	100.00	90,924,556.66	100.00

14.2.2.3 The provision of allowance for credit losses

The allowance for credit losses	Stage one	Stage two		Stage three		Total
	12-month ECL	Lifetime (credit-unimpaired)	ECL	Lifetime (credit-impaired)	ECL	
Beginning balance	218,936.05			3,503,035.83		3,721,971.88
Revaluation of beginning balance	218,936.05			3,503,035.83		3,721,971.88
Provision	-163,545.89			14,258.56		-149,287.33
Reversal						

The allowance for credit losses	Stage one	Stage two	Stage three	Total
Write-off			19,073.00	19,073.00
Other changes				
Ending balance	55,390.16		3,498,221.39	3,553,611.55

14.2.2.4 Other receivables due from the top five debtors are as follows:

Debtor name	Nature of balance	Balance as at 31/12/2020	Aging	Percentage in total other receivables(%)	Balance of allowance for credit losses as at 31/12/2020
AFRICA STAR FISHERIES LIMITED	Internal current account	23,083,624.01	0-3 年	21.72	
LAIF FISHERIES COMPANY LIMITED	Internal current account	36,749,611.66	0-3 年	34.58	
YAW ADDO FISHERIES COMPANY LIMITED	Internal current account	11,080,354.12	0-3 年	10.43	
ZHONG GHA FOODS COMPANY LIMITED	Internal current account	8,477,341.67	0-3 年	7.98	
Shandong Zhonglu Oceanic Fisheries Refrigeration Co., Ltd	Internal current account	17,679,453.83	0-2 年	16.64	
Total		97,070,385.29		91.35	

14.3 Long-term equity investments

Item	As at 31/12/2020			As at 1/1/2020		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	232,189,455.23		232,189,455.23	232,189,455.23		232,189,455.23
Total	232,189,455.23		232,189,455.23	232,189,455.23		232,189,455.23

14.3.1 Investment to subsidiaries

Investee	Balance as at 1/1/2020	Additions	Reductions	Balance as at 31/12/2020	Provision for impairment in current period	Balance of provision for impairment as at 31/12/2019
HABITAT INTERNATIONAL	12,476,145.60			12,476,145.60		

Investee	Balance as at 1/1/2020	Additions	Reductions	Balance as at 31/12/2020	Provision for impairment in current period	Balance of provision for impairment as at 31/12/2019
CORP.						
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	22,869,513.38			22,869,513.38		
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24			55,448,185.24		
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	141,395,611.01			141,395,611.01		
Total	232,189,455.23			232,189,455.23		

14.4 Operating income and operating costs

Operating income and operating costs by category

Item	Year ended 31/12/2020		Year ended 31/12/2019	
	Income	Cost	Income	Cost
I . Primary operating business	108,685,800.84	99,119,500.56	165,454,472.43	120,934,031.01
II . Other operating business	4,999,320.98	1,807,861.27	4,902,160.57	1,864,630.29
Total	113,685,121.82	100,927,361.83	170,356,633.00	122,798,661.30

14.5 Investment income

Item	Year ended 31/12/2020	Year ended 31/12/2019
Gain/(Loss) from long-term equity investments in cost method	7,880,977.02	2,725,025.89
Investment income of structured deposits	15,287.67	
Total	7,896,264.69	2,725,025.89

note: Subsidiary HABITAT INTERNATIONAL CORP. held a board resolution on December 29, 2020, According to 30% of the net profit realized in 2019, dividends will be distributed to the parent company at 30% of the net profit realized in 2019, with a dividend amount of RMB 7,880,977.02.

15. Supplementary information

15.1 Details of non-recurring gain or loss for the year

Item	Amount	备注 Remark
Gain or loss on disposal of non-current assets, including the written-down portion for impairment provision	10,164,623.19	
Government grants (except the government grants closely related to the business of the Company and enjoyed according to unified quota or ration standards)	1,802,247.14	
Other non-operating income/(expenses) except the above items	-11,692.73	
Gain or loss from entrusting others to invest or manage assets	15,287.67	
Effects of income tax on non-recurring items	-247,241.88	

Item	Amount	备注 Remark
Effects of non-recurring items attributable to the minority shareholders of the Company	-2,256,471.10	
Total	9,466,752.29	

15.2 Return on equity and earnings per share

Profit in report period	Weighted average return on equity(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	Year ended 31/12/2020	Year ended 31/12/2019	Year ended 31/12/2020	Year ended 31/12/2019	Year ended 31/12/2020	Year ended 31/12/2019
Net profit attributable to the common share holders	3.30	9.74	0.1110	0.3094	0.1110	0.3094
Net profit attributable to the common shareholders after deducting non-recurring gain or loss items	2.24	9.52	0.0754	0.3022	0.0754	0.3022

Section XIII. Documents available for reference

- I. The financial statement of the Company with signature and seal from the person in charge of the Company, person in charge of the accounting works and person in charge of accounting;
- II. Original audit report seal with accounting firms and signature and seal from CPA;
- III. Original text of all documents of the Company as well as manuscript of the announcement that disclosed on website appointed by CSRC.

Shandong Zhonglu Oceanic Fisheries Co., Ltd.
Chairman: Lu Lianxing

27 March 2021