# Shandong Zhonglu Oceanic Fisheries Co., Ltd.

## Financial Report for half year 2023

# Financial Report

## I. Audit Report

Has the semi-annual report been audited

☐ Yes ☑ No

The company's semi-annual financial report has not been audited.

## II. Financial Statements

The monetary unit of the financial statements in the financial notes is: RMB

### 1.Consolidated balance sheet

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

June 30, 2023

Unit:RMB

| Item | June 30, 2023 | January 1, 2023 |
|---|---|---|
| Current assets: | | |
| Monetary funds | 176,582,233.71 | 227,264,342.31 |
| Settlement provisions | | |
| Lending funds | | |
| Trading financial assets | | |
| Derivative financial assets | | |
| Notes receivable | | |
| Accounts receivable | 49,649,021.78 | 57,833,671.83 |
| Accounts receivable financing | | |
| Prepayments | 33,773,906.37 | 26,860,050.66 |
| Premium receivable | | |
| Accounts receivable reinsurance | | |
| Reinsurance contract reserve receivable | | |
| Other receivables | 6,370,630.00 | 5,562,546.59 |
| Including: Interest receivable | | |
| Dividends receivable | | |
| Buying back the sale of financial assets | | |
| Inventory | 514,432,161.66 | 426,125,273.33 |
| Contract assets | | |
| Assets held for sale | | |
| Non-current assets maturing within one | | |

| | | |
|---|---|---|
| year | | |
| Other current assets | 8,698,262.22 | 10,791,446.11 |
| Total current assets | 789,506,215.74 | 754,437,330.83 |
| Non-current assets: | | |
| Issuance of loans and advances | | |
| Debt investment | | |
| Other debt investments | | |
| Long-term receivables | | |
| Long-term equity investment | 1,730,148.44 | 1,983,923.48 |
| Other equity instrument investments | | |
| Other non-current financial assets | | |
| Investment real estate | 28,119,817.73 | 28,782,856.07 |
| Fixed assets | 1,046,244,239.75 | 630,970,963.32 |
| Construction in progress | 51,354,770.09 | 344,727,296.32 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right of use assets | 351,952.31 | 410,045.97 |
| Intangible assets | 61,786,870.88 | 62,627,704.04 |
| Development expenditure | | |
| Goodwill | | |
| Long-term deferred expenses | 69,204.04 | 79,090.36 |
| Deferred tax assets | 1,514,277.65 | 1,557,933.07 |
| Other non-current assets | 8,099,449.18 | 12,851,990.71 |
| Total non-current assets | 1,199,270,730.07 | 1,083,991,803.34 |
| Total assets | 1,988,776,945.81 | 1,838,429,134.17 |
| Current liabilities: | | |
| Short-term loans | 87,441,269.40 | 20,024,144.40 |
| Borrowing from the Central Bank | | |
| Borrowing funds | | |
| Trading financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | | |
| Accounts payable | 126,152,497.34 | 134,272,304.05 |
| Advance payment | 1,879,098.03 | 1,684,961.19 |
| Contract liabilities | 56,718,860.93 | 49,576,606.91 |
| Financial assets sold for repurchase | | |
| Deposit taking and interbank deposits | | |
| Acting trading securities | | |
| Acting underwriting securities | | |
| Employee compensation payable | 48,050,168.40 | 55,116,034.18 |
| Taxes and fees payable | 2,482,139.64 | 4,341,676.32 |
| Other payables | 17,524,810.27 | 18,326,716.51 |
| Including: Interest payable | | |

| | | |
|---|---|---|
| Dividends payable | | |
| Handling fees and commissions payable | | |
| Accounts payable reinsurance | | |
| Held for sale liabilities | | |
| Non-current liabilities maturing within one year | 3,300,000.00 | 6,502,041.67 |
| Other current liabilities | 5,813.08 | 223,557.01 |
| Total current liabilities | 343,554,657.09 | 290,068,042.24 |
| Non-current liabilities: | | |
| Insurance contract reserves | | |
| Long-term loans | 386,430,361.46 | 283,557,577.77 |
| Bonds payable | | |
| Including: Preferred stock | | |
| Perpetual bonds | | |
| Lease liabilities | 186,871.11 | |
| Long-term accounts payable | | |
| Long-term employee compensation payable | 551,802.08 | 616,935.20 |
| Estimated liabilities | | |
| Deferred income | 12,873,647.49 | 13,500,315.67 |
| Deferred tax liability | 2,526,954.30 | 2,610,499.36 |
| Other non-current liabilities | | |
| Total non-current liabilities | 402,569,636.44 | 300,285,328.00 |
| Total liabilities | 746,124,293.53 | 590,353,370.24 |
| Owner's equity: | | |
| Capital stock | 266,071,320.00 | 266,071,320.00 |
| Other equity instruments | | |
| Including: Preferred stock | | |
| Perpetual bonds | | |
| Capital reserve | 295,620,272.02 | 295,620,272.02 |
| Less: Treasury stock | | |
| Other comprehensive income | 498,039.84 | -6,291,344.58 |
| Special reserves | 303,295.34 | |
| Surplus reserves | 21,908,064.19 | 21,908,064.19 |
| General risk provision | | |
| Undistributed profits | 399,563,090.30 | 409,764,423.32 |
| Total owner's equity attributable to the parent company | 983,964,081.69 | 987,072,734.95 |
| Minority shareholders' equity | 258,688,570.59 | 261,003,028.98 |
| Total owner's equity | 1,242,652,652.28 | 1,248,075,763.93 |
| Total liabilities and owner's equity | 1,988,776,945.81 | 1,838,429,134.17 |

Legal representative: Wang Huan, Person in charge of accounting work: Fu Chuanhai, Person in charge of accounting agency: Lei Lixin

## 2. Balance sheet of the parent company

Unit:RMB

| Item | June 30, 2023 | January 1, 2023 |
|---|---|---|
| Current assets: | | |
| Monetary funds | 16,404,474.88 | 50,352,735.39 |
| Trading financial assets | | |
| Derivative financial assets | | |
| Notes receivable | | |
| Accounts receivable | 6,392,835.65 | 416,945.02 |
| Accounts receivable financing | | |
| Prepayments | 14,436,270.77 | 11,978,519.28 |
| Other receivables | 165,324,368.33 | 124,833,179.13 |
| Including: Interest receivable | 614,333.33 | |
| Dividends receivable | 79,137,061.83 | 79,137,061.83 |
| Inventory | 108,934,818.12 | 73,584,901.53 |
| Contract assets | | |
| Assets held for sale | | |
| Non-current assets maturing within one year | | |
| Other current assets | 1,244,593.24 | 1,036,415.04 |
| Total current assets | 312,737,360.99 | 262,202,695.39 |
| Non-current assets: | | |
| Debt investment | | |
| Other debt investments | | |
| Long-term receivables | 4,289,611.23 | 3,852,541.51 |
| Long-term equity investment | 328,189,455.23 | 328,189,455.23 |
| Other equity instrument investments | | |
| Other non-current financial assets | | |
| Investment real estate | 28,119,817.73 | 28,782,856.07 |
| Fixed assets | 492,932,368.07 | 112,981,919.66 |
| Construction in progress | 16,560,747.31 | 330,769,336.43 |
| Productive biological assets | | |
| Oil and gas assets | | |
| Right of use assets | | |
| Intangible assets | 147,854.76 | 242,789.22 |
| Development expenditure | | |
| Goodwill | | |
| Long-term deferred expenses | | |
| Deferred tax assets | | |
| Other non-current assets | | 3,677,308.80 |
| Total non-current asset | 870,239,854.33 | 808,496,206.92 |
| Total assets | 1,182,977,215.32 | 1,070,698,902.31 |
| Current liabilities: | | |
| Short-term loans | 49,400,000.00 | |

| | | |
|---|---|---|
| Trading financial liabilities | | |
| Derivative financial liabilities | | |
| Notes payable | | |
| Accounts payable | 26,962,250.04 | 44,867,412.91 |
| Advance receipts | 1,879,098.03 | 1,684,961.19 |
| Contract liabilities | 15,525,210.72 | 19,914,211.04 |
| Employee compensation payable | 14,033,911.90 | 16,132,001.87 |
| Taxes and fees payable | 324,075.22 | 847,721.94 |
| Other payables | 168,323,092.75 | 161,941,857.71 |
| Including: Interest payable | | |
| Dividends payable | | |
| Held for sale liabilities | | |
| Non-current liabilities maturing within one year | 3,300,000.00 | 6,502,041.67 |
| Other current liabilities | | |
| Total current liabilities | 279,747,638.66 | 251,890,208.33 |
| Non-current liabilities: | | |
| Long-term loans | 386,430,361.46 | 283,557,577.77 |
| Bonds payable | | |
| Including: Preferred stock | | |
| Perpetual bonds | | |
| Lease liabilities | | |
| Long-term accounts payable | | |
| Long-term employee compensation payable | 463,135.85 | 528,268.97 |
| Estimated liabilities | | |
| Deferred income | | |
| Deferred tax liability | | |
| Other non-current liabilities | | |
| Total non-current liabilities | 386,893,497.31 | 284,085,846.74 |
| Total liabilities | 666,641,135.97 | 535,976,055.07 |
| Owner's equity: | | |
| Capital stock | 266,071,320.00 | 266,071,320.00 |
| Other equity instruments | | |
| Including: Preferred stock | | |
| Perpetual bonds | | |
| Capital reserve | 279,115,900.17 | 279,115,900.17 |
| Less: Treasury stock | | |
| Other comprehensive income | | |
| Special reserve | | |
| Surplus reserves | 19,184,672.34 | 19,184,672.34 |
| Undistributed profits | -48,035,813.16 | -29,649,045.27 |
| Total owner's equity | 516,336,079.35 | 534,722,847.24 |

| | | |
|---|---|---|
| Total liabilities and owner's equity | 1,182,977,215.32 | 1,070,698,902.31 |

## 3.Consolidated income statement

Unit:RMB

| Item | Half year of 2023 | Half year of 2022 |
|---|---|---|
| I. Total operating income | 454,219,264.20 | 370,548,994.76 |
| Including: Operating income | 454,219,264.20 | 370,548,994.76 |
| Interest income | | |
| Earned premium | | |
| Handling fee and commission income | | |
| II. Total operating costs | 466,379,504.41 | 392,178,058.04 |
| Including: Operating costs | 436,204,233.19 | 365,817,738.76 |
| Interest expenses | | |
| Handling fees and commission expenses | | |
| Surrender deposit | | |
| Net compensation expenses | | |
| Net amount of insurance liability reserve withdrawn | | |
| Expenditures dividend policy | | |
| Reinsurance expenses | | |
| Taxes and surcharges | 1,408,885.26 | 1,574,981.39 |
| Sales expenses | 1,891,807.78 | 1,445,349.37 |
| Administrative expenses | 29,182,163.89 | 25,639,725.37 |
| R&D expenses | 615,475.75 | 332,543.96 |
| Financial expenses | -2,923,061.46 | -2,632,280.81 |
| Including: Interest expenses | 4,110,188.21 | 1,350,577.27 |
| Interest income | 908,757.25 | 202,305.23 |
| Plus: Other income | 1,528,046.31 | 688,100.25 |
| Investment income (loss , using "-") | -253,775.04 | 1,076,034.24 |
| Including: Investment income from associates and joint ventures | -253,775.04 | |
| Income from derecognition of financial assets measured at amortized cost | | |
| Exchange gains (losses, using "-") | | |
| Net exposure hedging income (loss, using "-") | | |
| Income from changes in fair value (loss , using "-") | | -96,000.00 |
| Credit impairment loss (loss , | -289,385.20 | 360,747.35 |

| | | |
|---|---|---|
| using "-") | | |
| Asset impairment loss (loss , using "-") | -2,699,370.85 | |
| Asset disposal income (loss , using "-") | | 5,105,581.41 |
| III. Operating profit (loss , using "-") | -13,874,724.99 | -14,494,600.03 |
| Plus: Non-operating income | 529,150.50 | 37,000.10 |
| Less: Non-operating expenses | 2,714.51 | 1,337.00 |
| IV. Total profit (total loss, using "-") | -13,348,289.00 | -14,458,936.93 |
| Less: Income tax expenses | 1,099,110.53 | 358,112.38 |
| V. Net profit (net loss, using "-") | -14,447,399.53 | -14,817,049.31 |
| (I)Classified by business continuity | | |
| 1. Net profit from continuing operations (net loss , using "-") | -14,447,399.53 | -14,817,049.31 |
| 2. Net profit from discontinuing operations (net loss , using "-") | | |
| (II) Classification by ownership | | |
| 1.Net profit attributable to shareholders of the parent company (net loss, using "-") | -10,201,333.02 | -9,019,125.78 |
| 2.Minority shareholder gains and losses (net loss, using "-") | -4,246,066.51 | -5,797,923.53 |
| VI. After-tax net amount of other comprehensive income | 8,720,992.54 | 9,914,560.92 |
| After-tax net amount of other comprehensive income attributable to the owner of the parent company | 6,789,384.42 | 7,634,270.71 |
| Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1.Changes in remeasurement of defined benefit plans | | |
| 2.Other comprehensive income that cannot be transferred to gain or loss under the equity method | | |
| 3. Changes in fair value of other equity instrument investments | | |
| 4. Changes in fair value of enterprise's own credit risk | | |
| 5.Others | | |
| Other comprehensive income to be reclassified into profit or loss | 6,789,384.42 | 7,634,270.71 |
| 6.Other comprehensive income that can be transferred to profit or loss under the equity method | | |
| 7.Changes in fair value of other credit investments | | |
| 8.Reclassification of financial assets into other comprehensive income | | |
| 9.Credit impairment provision of other | | |

| | | |
|---|---|---|
| debt investments | | |
| 10. Cash flow hedging reserves | | |
| 11. Translation differences in foreign currency financial statements | 6,789,384.42 | 7,634,270.71 |
| 12. Others | | |
| 13. After-tax net amount of other comprehensive income attributable to minority shareholders | 1,931,608.12 | 2,280,290.21 |
| VII. Total comprehensive income | -5,726,406.99 | -4,902,488.39 |
| Total comprehensive income attributable to the owners of the parent company | -3,411,948.60 | -1,384,855.07 |
| Total comprehensive income attributable to minority shareholders | -2,314,458.39 | -3,517,633.32 |
| VIII. Earnings per share: | | |
| (I) Basic earnings per share | -0.0383 | -0.0339 |
| (II) Diluted earnings per share | -0.0383 | -0.0339 |

If a business merger occurs under the same control in the current period, the net profit realized by the merged party before the merger is: RMB, while the net profit realized by the merged party in the previous period is:RMB.

Legal representative: Wang Huan, Person in charge of accounting work: Fu Chuanhai, Person in charge of accounting agency: Lei Lixin

## 4. Profit statement of the parent company

Unit:RMB

| Item | Half year of 2023 | Half year of 2022 |
|---|---|---|
| 1. Operating income | 67,009,605.79 | 43,901,252.32 |
| Less: Operating costs | 68,186,430.48 | 43,006,535.77 |
| Taxes and surcharges | 650,364.27 | 630,255.58 |
| Sales expenses | 377,736.62 | 89,075.70 |
| Administrative expenses | 14,849,393.19 | 14,332,990.11 |
| R&D expenses | | 26,409.47 |
| Financial expenses | 1,370,887.76 | -2,310,031.96 |
| Including: Interest expenses | 4,595,212.38 | 1,182,579.77 |
| Interest income | 729,369.72 | 104,634.80 |
| Plus: Other income | 18,491.94 | 17,154.36 |
| Investment income (loss , using "-") | | 1,076,034.24 |
| Including: Investment income from associates and joint ventures | | |
| Income from derecognition of financial assets measured at amortized cost (loss , using "-") | | |
| Net exposure hedging income (loss , using "-") | | |
| Income from changes in fair value (loss , using "-") | | |
| Credit impairment loss (loss , | 22,331.21 | 542,539.78 |

| | | |
|---|---|---|
| using "-") | | |
| Asset impairment loss (loss , using "-") | | |
| Asset disposal income (loss , using "-") | | |
| II. Operating profit (loss , using "-") | -18,384,383.38 | -10,238,253.97 |
| Plus: Non-operating income | 330.00 | 22,759.94 |
| Less: Non-operating expenses | 2,714.51 | 1,337.00 |
| III. Total profit (total loss , using "-") | -18,386,767.89 | -10,216,831.03 |
| Less: Income tax expenses | | |
| IV. Net profit (net loss , using "-") | -18,386,767.89 | -10,216,831.03 |
| (I) Net profit from continuing operations (net loss , using "-") | -18,386,767.89 | -10,216,831.03 |
| (2) Net profit from discontinuing operations (net loss, using "-") | | |
| V.After-tax net amount of other comprehensive income | | |
| (I) Other comprehensive income that cannot be reclassified into profit or loss | | |
| 1.Remeasured changes in defined benefit plans | | |
| 2.Other comprehensive income that cannot be transferred to gain or loss under the equity method | | |
| 3.Changes in fair value of other equity instrument investments | | |
| 4.Changes in fair value of enterprise's own credit risk | | |
| 5. Others | | |
| (II) Other comprehensive income to be reclassified into profit or loss | | |
| 1. Other comprehensive income that can be transferred to profit or loss under the equity method | | |
| 2.Changes in fair value of other credit investments | | |
| 3.Financial assets reclassified into other comprehensive income | | |
| 4.Provision for credit impairment of other debt investments | | |
| 5.Cash flow hedging reserves | | |
| 6. Translated differences in foreign currency financial statements | | |
| 7. Others | | |
| VI. Total comprehensive income | -18,386,767.89 | -10,216,831.03 |
| VII. Earnings per share: | | |
| (I) Basic earnings per share | | |
| (II) Diluted earnings per share | | |

## 5.Consolidated cash flow statement

Unit:RMB

| Item | Half year of 2023 | Half year of 2022 |
|---|---|---|

| | | |
|---|---|---|
| I. Cash flow generated from operating activities: | | |
| Cash received from selling goods and providing services | 466,860,334.47 | 359,507,267.53 |
| Net increase in customer deposits and interbank deposits and loans | | |
| Net increase in borrowings from the Central Bank | | |
| Net increase in borrowing funds from other financial institutions | | |
| Cash received from original insurance contract premiums | | |
| Net cash received from reinsurance business | | |
| Net increase in insured deposits and investments | | |
| Cash received for interest, handling fees, and commissions | | |
| Net increase in borrowing funds | | |
| Net increase in repurchase business funds | | |
| Net cash received from proxy trading of securities | | |
| Received refunds of taxes | 14,575,860.89 | 18,349,028.22 |
| Received other cash related to operating activities | 3,850,915.87 | 11,729,762.30 |
| Subtotal of cash inflows from operating activities | 485,287,111.23 | 389,586,058.05 |
| Cash paid for purchasing goods and receiving services | 438,723,024.15 | 352,360,139.26 |
| Net increase in customer loans and advances | | |
| Net increase in deposits with Central Bank and interbank funds | | |
| Cash paid for compensation under the original insurance contract | | |
| Net increase in lending funds | | |
| Cash paid for interest, handling fees, and commissions | | |
| Cash paid for policy dividends | | |
| Cash paid to and on behalf of employees | 75,715,483.99 | 79,035,276.88 |
| Various taxes and fees paid | 7,762,355.65 | 8,668,847.08 |
| Other cash payments related to operating activities | 17,552,207.05 | 18,239,881.04 |
| Subtotal of cash outflows from operating activities | 539,753,070.84 | 458,304,144.26 |
| Net cash flow generated from operating activities | -54,465,959.61 | -68,718,086.21 |
| II. Cash flow generated from investment activities | | |
| Cash received from investment recovery | | 260,000,000.00 |

| | | |
|---|---|---|
| Cash received from obtaining investment income | | 1,076,034.24 |
| Net cash received from disposal of fixed assets, intangible assets, and other long-term assets | | 7,554,887.43 |
| Net cash received from disposal of subsidiaries and other business units | | |
| Received other cash related to investment activities | | |
| Subtotal of cash inflows from investment activities | | 268,630,921.67 |
| Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets | 157,543,076.25 | 15,815,569.94 |
| Cash paid for investment | | 262,382,345.00 |
| Net increase in pledged loans | | |
| Net cash paid for acquiring subsidiaries and other business units | | |
| Other cash payments related to investment activities | | |
| Subtotal of cash outflows from investment activities | 157,543,076.25 | 278,197,914.94 |
| Net cash flow generated from investment activities | -157,543,076.25 | -9,566,993.27 |
| III. Cash flow generated from financing activities: | | |
| Cash received from absorbing investments | | 100,000,000.00 |
| Including: Cash received from subsidiaries absorbing minority shareholder investments | | 100,000,000.00 |
| Cash received from obtaining loans | 170,430,361.46 | |
| Received other cash related to financing activities | | |
| Subtotal of cash inflows from financing activities | 170,430,361.46 | 100,000,000.00 |
| Cash paid for debt repayment | 3,200,000.00 | 16,100,000.00 |
| Cash paid for distributing dividends, profits, or paying interest | 7,184,959.72 | 3,490,984.61 |
| Including: Dividends and profits paid by subsidiaries to minority shareholders | | |
| Other cash payments related to financing activities | 338,909.00 | 652,967.28 |
| Subtotal of cash outflows from financing activities | 10,723,868.72 | 20,243,951.89 |
| Net cash flow generated from financing activities | 159,706,492.74 | 79,756,048.11 |
| IV. The impact of exchange rate changes on cash and cash equivalents | 1,620,434.52 | 1,815,856.49 |
| V. Net increase in cash and cash equivalents | -50,682,108.60 | 3,286,825.12 |
| Plus: Opening balance of cash and cash | 227,264,342.31 | 209,649,305.99 |

| | | |
|---|---|---|
| equivalents | | |
| VI. Closing balance of cash and cash equivalents | 176,582,233.71 | 212,936,131.11 |

## 6. Cash flow statement of the parent company

Unit:RMB

| Item | Half year of 2023 | Half year of 2022 |
|---|---|---|
| I. Cash flow generated from operating activities: | | |
| Cash received from selling goods and providing services | 51,088,820.85 | 20,028,339.91 |
| Received refunds of taxes | | 31,858.29 |
| Received other cash related to operating activities | 723,823.62 | 8,001,569.03 |
| Subtotal of cash inflows from operating activities | 51,812,644.47 | 28,061,767.23 |
| Cash paid for purchasing goods and receiving services | 60,267,617.75 | 29,919,326.23 |
| Cash paid to and on behalf of employees | 18,574,437.40 | 19,240,930.75 |
| Various taxes and fees paid | 926,400.93 | 722,945.09 |
| Other cash payments related to operating activities | 7,461,551.42 | 4,432,049.90 |
| Subtotal of cash outflows from operating activities | 87,230,007.50 | 54,315,251.97 |
| Net cash flow generated from operating activities | -35,417,363.03 | -26,253,484.74 |
| II. Cash flow generated from investment activities: | | |
| Cash received from investment recovery | | 260,000,000.00 |
| Cash received from obtaining investment income | | 15,524,276.11 |
| Net cash received from disposal of fixed assets, intangible assets, and other long-term assets | | |
| Net cash received from disposal of subsidiaries and other business units | | |
| Received other cash related to investment activities | | 2,051,160.00 |
| Subtotal of cash inflows from investment activities | | 277,575,436.11 |
| Cash paid for the purchase and construction of fixed assets, intangible assets, and other long-term assets | 91,336,954.25 | 3,838,108.94 |
| Cash paid for investment | | 260,000,000.00 |
| Net cash paid for acquiring subsidiaries and other business units | | |
| Other cash payments related to investment activities | | |
| Subtotal of cash outflows from investment activities | 91,336,954.25 | 263,838,108.94 |
| Net cash flow generated from investment activities | -91,336,954.25 | 13,737,327.17 |
| III. Cash flow generated from financing activities: | | |

| | | |
|---|---|---|
| Cash received from absorbing investments | | |
| Cash received from obtaining loans | 152,430,361.46 | |
| Received other cash related to financing activities | 7,650,000.00 | 100,000,000.00 |
| Subtotal of cash inflows from financing activities | 160,080,361.46 | 100,000,000.00 |
| Cash paid for debt repayment | 3,200,000.00 | 10,100,000.00 |
| Cash paid for distributing dividends, profits, or paying interest | 6,663,459.72 | 3,321,092.94 |
| Other cash payments related to financing activities | 57,467,472.65 | 52,997,001.98 |
| Subtotal of cash outflows from financing activities | 67,330,932.37 | 66,418,094.92 |
| Net cash flow generated from financing activities | 92,749,429.09 | 33,581,905.08 |
| IV. The impact of exchange rate changes on cash and cash equivalents | 56,627.68 | 73,669.23 |
| V. Net increase in cash and cash equivalents | -33,948,260.51 | 21,139,416.74 |
| Plus: Opening balance of cash and cash equivalents | 50,352,735.39 | 49,943,353.89 |
| VI. Closing balance of cash and cash equivalents | 16,404,474.88 | 71,082,770.63 |

## 7.Consolidated statement of changes in owner's equity

Amount of current period

Unit:RMB

| Item | Half year of 2023 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total owner's equity attributable to the parent company | | | | | | | | | | | | | Minority shareholder's equity | Total owner's equity |
| | Capital stock | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | General risk provision | Undistributed profit | Others | Subtotal | | |
| | | Preferred stock | Perpetual bonds | Others | | | | | | | | | | | |
| I. Closing balance of previous year | 266,071,320.00 | | | | 295,620,272.02 | | -6,291,344.58 | | 21,908,064.19 | | 409,764,423.32 | | 987,072,734.95 | 261,003,028.98 | 1,248,075,763.93 |
| Plus: Changes in accounting policies | | | | | | | | | | | | | | | |
| Early error correction | | | | | | | | | | | | | | | |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Merger of enterprises under the same control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II. Opening balance of this year | 266,071,320.00 | | | | 295,620,272.02 | | -6,291,344.58 | | 21,908,064.19 | | 409,764,423.32 | | 987,072,734.95 | 261,003,028.98 | 1,248,075,763.93 |
| III. Increase or decrease in the current period (decrease , using "-") | | | | | | | 6,789,384.42 | 303,295.34 | | | -10,201,333.02 | | -3,108,653.26 | -2,314,458.39 | -5,423,111.65 |
| (I) Total comprehensive income | | | | | | | 6,789,384.42 | | | | -10,201,333.02 | | -3,411,948.60 | -2,314,458.39 | -5,726,406.99 |
| (II) Capital invested and reduced by owners | | | | | | | | | | | | | | | |
| 1.Ordinary shares invested by owners | | | | | | | | | | | | | | | |
| 2．Capital invested by holders of other equity instruments | | | | | | | | | | | | | | | |
| 3. Amount of share-based payments recognized in owner's equity | | | | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | | | | |
| 1．Withdrawal of surplus reserves | | | | | | | | | | | | | | | |
| 2. Withdrawal of general risk provisions | | | | | | | | | | | | | | | |
| 3．Distribution to owners (or shareholders) | | | | | | | | | | | | | | | |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4．Others | | | | | | | | | | | | | | | |
| (IV) Internal carryover of owner's equity | | | | | | | | | | | | | | | |
| 1．Capitalization of capital reserves into capital (or capital stock) | | | | | | | | | | | | | | | |
| 2.Surplus reserves converted into capital (or capital stock) | | | | | | | | | | | | | | | |
| 3．Surplus reserves to cover losses | | | | | | | | | | | | | | | |
| 4.Carryover of changes in defined benefit plans to retained earnings | | | | | | | | | | | | | | | |
| 5．Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6．Others | | | | | | | | | | | | | | | |
| (V)Special reserves | | | | | | | | 303,295.34 | | | | | 303,295.34 | | 303,295.34 |
| 1.Withdrawal in current period | | | | | | | | 1,658,748.71 | | | | | 1,658,748.71 | | 1,658,748.71 |
| 2．Current usage | | | | | | | | 1,355,453.37 | | | | | 1,355,453.37 | | 1,355,453.37 |
| (VI)Others | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 266,071,320.00 | | | | 295,620,272.02 | | 498,039.84 | 303,295.34 | 21,908,064.19 | | 399,563,090.30 | | 983,964,081.69 | 258,688,570.59 | 1,242,652,652.28 |

Amount of previous year

Unit:RMB

| Item | Half year of 2022 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total owner's equity attributable to the parent company | | | | | | | | | | | | | Minority shareholder's equity | Total owner's equity |
| | Capital stock | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | General risk provision | Undistributed profit | Others | Subtotal | | |
| | | Preferred stock | Perpetual bonds | Others | | | | | | | | | | | |
| I. Closing balance of previous year | 266,071,320.00 | | | | 284,054,997.75 | | -18,256,201.98 | 232,783.00 | 21,908,064.19 | | 379,524,911.94 | | 933,535,874.90 | 161,988,106.39 | 1,095,523,981.29 |
| Plus: Changes in accounting policies | | | | | | | | | | | | | | | |
| Early error correction | | | | | | | | | | | | | | | |
| Merger of enterprises under the same control | | | | | | | | | | | | | | | |
| Others | | | | | | | | | | | | | | | |
| II.Opening balance of this year | 266,071,320.00 | | | | 284,054,997.75 | | -18,256,201.98 | 232,783.00 | 21,908,064.19 | | 379,524,911.94 | | 933,535,874.90 | 161,988,106.39 | 1,095,523,981.29 |
| III. Increase or decrease in the current period (decrease , using "-") | | | | | 11,565,274.27 | | 7,634,270.71 | 183,325.75 | | | -9,019,125.78 | | 10,363,744.95 | 84,917,092.40 | 95,280,837.35 |
| (I) Total comprehensive income | | | | | | | 7,634,270.71 | | | | -9,019,125.78 | | -1,384,855.07 | 84,917,092.40 | 83,532,237.33 |
| (II) Capital invested and reduced by owners | | | | | 11,565,274.27 | | | | | | | | 11,565,274.27 | | 11,565,274.27 |
| 1．Ordinary shares invested by | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| owners | | | | | | | | | | | | | | | |
| 2. Capital invested by holders of other equity instruments | | | | | | | | | | | | | | | |
| 3. Amount of share-based payments recognized in owner's equity | | | | | | | | | | | | | | | |
| 4. Others | | | | | 11,565,274.27 | | | | | | | | 11,565,274.27 | | 11,565,274.27 |
| (III) Profit distribution | | | | | | | | | | | | | | | |
| 1. Withdrawal of surplus reserves | | | | | | | | | | | | | | | |
| 2. Withdrawal of general risk provisions | | | | | | | | | | | | | | | |
| 3. Distribution to owners (or shareholders) | | | | | | | | | | | | | | | |
| 4. Others | | | | | | | | | | | | | | | |
| (IV)Internal carryover of owner's equity | | | | | | | | | | | | | | | |
| 1. Capitalization of capital reserves into capital (or share capital) | | | | | | | | | | | | | | | |
| 2. Surplus reserves converted into capital (or capital stock) | | | | | | | | | | | | | | | |
| 3. Surplus reserves to cover losses | | | | | | | | | | | | | | | |
| 4. Carryover of changes in defined | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| benefit plans to retained earnings | | | | | | | | | | | | | | | |
| 5．Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | | | | |
| 6．Others | | | | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | 183,325.75 | | | | | 183,325.75 | | 183,325.75 |
| 1．Withdrawal in current period | | | | | | | | 494,302.97 | | | | | 494,302.97 | | 494,302.97 |
| 2．Current usage | | | | | | | | 310,977.22 | | | | | 310,977.22 | | 310,977.22 |
| (VI) Others | | | | | | | | | | | | | | | |
| IV. Closing balance of the current period | 266,071,320.00 | | | | 295,620,272.02 | | -10,621,931.27 | 416,108.75 | 21,908,064.19 | | 370,505,786.16 | | 943,899,619.85 | 246,905,198.79 | 1,190,804,818.64 |

**8. Statement of changes in owner's equity of the parent company**

Amount of current period

Unit:RMB

| Item | Half year of 2023 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Others | Total Total owner's equity |
| | | Preferred stock | Perpetual bonds | Others | | | | | | | | |
| I. Closing balance of previous year | 266,071,320.00 | | | | 279,115,900.17 | | | | 19,184,672.34 | -29,649,045.27 | | 534,722,847.24 |
| Plus: Changes in accounting policies | | | | | | | | | | | | |
| Early error correction | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Opening balance of | 266,071,32 | | | | 279,115,90 | | | | 19,184,672. | -29,649,045. | | 534,722,84 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| this year | 0.00 | | | | 0.17 | | | | 34 | 27 | | 7.24 |
| III. Increase or decrease in the current period (decrease , using "-") | | | | | | | | | | -18,386,767.89 | | -18,386,767.89 |
| (I) Total comprehensive income | | | | | | | | | | -18,386,767.89 | | -18,386,767.89 |
| (II) Capital invested and reduced by owners | | | | | | | | | | | | |
| 1．Ordinary shares invested by owners | | | | | | | | | | | | |
| 2．Capital invested by holders of other equity instruments | | | | | | | | | | | | |
| 3. Amount of share-based payments recognized in owner's equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| (III)Profit distribution | | | | | | | | | | | | |
| 1．Withdrawal of surplus reserves | | | | | | | | | | | | |
| 2．Distribution to owners (or shareholders) | | | | | | | | | | | | |
| 3. Others | | | | | | | | | | | | |
| (IV) Internal carryover of owner's equity | | | | | | | | | | | | |
| 1．Capitalization of capital reserves into capital (or share capital) | | | | | | | | | | | | |
| 2．Surplus reserves converted | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| into capital (or capital stock) | | | | | | | | | | | | |
| 3．Surplus reserves to cover losses | | | | | | | | | | | | |
| 4．Carryover of changes in defined benefit plans to retained earnings | | | | | | | | | | | | |
| 5．Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | |
| 6．Others | | | | | | | | | | | | |
| (V) Special reserve | | | | | | | | | | | | |
| 1．Withdrawal in current period | | | | | | | | | | | | |
| 2．Current usage | | | | | | | | | | | | |
| (VI)Others | | | | | | | | | | | | |
| IV. Closing balance of the current period | 266,071,320.00 | | | | 279,115,900.17 | | | | 19,184,672.34 | -48,035,813.16 | | 516,336,079.35 |

Amount of previous year

Unit:RMB

| Item | Half year of 2022 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital stock | Other equity instruments | | | Capital reserve | Less: Treasury stock | Other comprehensive income | Special reserves | Surplus reserves | Undistributed profit | Others | Total Total owner's equity |
| | | Preferred stock | Perpetual bonds | Others | | | | | | | | |
| I. Closing balance of previous year | 266,071,320.00 | | | | 279,115,900.17 | | | | 19,184,672.34 | -30,097,556.45 | | 534,274,336.06 |
| Plus: Changes in accounting policies | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Early error correction | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| II. Opening balance of this year | 266,071,320.00 | | | | 279,115,900.17 | | | | 19,184,672.34 | -30,097,556.45 | | 534,274,336.06 |
| III. Increase or decrease in the current period (decrease , using "-") | | | | | | | | | | -10,216,831.03 | | -10,216,831.03 |
| (I) Total comprehensive income | | | | | | | | | | -10,216,831.03 | | -10,216,831.03 |
| (II) Capital invested and reduced by owners | | | | | | | | | | | | |
| 1.Ordinary shares invested by owners | | | | | | | | | | | | |
| 2．Capital invested by holders of other equity instruments | | | | | | | | | | | | |
| 3. Amount of share-based payments recognized in owner's equity | | | | | | | | | | | | |
| 4．Others | | | | | | | | | | | | |
| (III) Profit distribution | | | | | | | | | | | | |
| 1．Withdrawal of surplus reserves | | | | | | | | | | | | |
| 2．Distribution to owners (or shareholders) | | | | | | | | | | | | |
| 3.Others | | | | | | | | | | | | |
| (IV)Internal carryover of owner's equity | | | | | | | | | | | | |
| 1．Capitalization of capital | | | | | | | | | | | | |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| reserves into capital (or share capital) | | | | | | | | | | | | |
| 2. Surplus reserves converted into capital (or capital stock) | | | | | | | | | | | | |
| 3.Surplus reserves to cover losses | | | | | | | | | | | | |
| 4.Carryover of changes in defined benefit plans to retained earnings | | | | | | | | | | | | |
| 5．Other comprehensive income carried forward to retained earnings | | | | | | | | | | | | |
| 6．Others | | | | | | | | | | | | |
| (V)Special reserves | | | | | | | | | | | | |
| 1．Withdrawal in current period | | | | | | | | | | | | |
| 2．Current usage | | | | | | | | | | | | |
| (VI)Others | | | | | | | | | | | | |
| IV.Closing balance of the current period | 266,071,320.00 | | | | 279,115,900.17 | | | | 19,184,672.34 | -40,314,387.48 | | 524,057,505.03 |

## III. Company profile

1.The registered address of Shandong Zhonglu Oceanic Fishery Co., Ltd. (hereinafter referred to as "the Company") is 29 Miaoqiao Road, Laoshan District, Qingdao, Shandong. It is a company limited by shares established on July 30, 1999, by means of promotion with Shandong Aquaculture Enterprise Group as the key promoter, with the approval of the Shandong Economic Restructuring Commission through Document LTGZ [1999] No. 85. With the approval of the China Securities Regulatory Commission through Document ZJFXZ [2000] No. 82 on June 26, 2000, the Company's B-shares were listed on the Shenzhen Stock Exchange on July 24, 2000. The short stock name is "Zhonglu B," and the stock code is "200992."

The Company's basic organizational structure consists of: Annual General Meeting, Board of Directors, Board of Supervisors, General Manager's Office (Party Committee's Office), Board Office, Human Resources Department (Organizational Department), Financial Management Department (Capital Operations Department), Corporate Development Department, Audit Department, Oceanic Management Departments, Discipline Inspection Committee's Office, Party's Mass Work Department, and Risk Control Department (Legal Affairs Department).

2. Business Nature and Key Operating Activities

The Company is engaged in the oceanic fishery industry.

The Company’s key products include tuna and its products.

The Company's business scope is: general business items: processing and sale of aquatic products; commodity import and export within the approved scope; manufacture and sale of machine-made ice; manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services; property leasing.

Business items with prerequisite licensing: open-water fishing and long-range fishing.

3. Name of the parent company and the ultimate parent company of the Group is Shandong State-owned Assets Investment Holdings Co., Ltd

4. Approver and Approval Date of Financial Reports for Release.

The financial statements have been approved by the Company's Board through the resolution made on April 26, 2023.

## IV. Basis of preparation of financial statements

### 1.Basis of preparation

On the basis of going concern and transactions and events actually occurred, accounting is based on Accrual Basis. The company generally adopts historical cost to measure accounting elements. On the premise that the amount of accounting elements determined can be obtained and measured reliably, the company adopts Replacement cost, Net realizable value, Present value and Fair value to measure accounting elements.

### 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.

### V. Significant accounting policies and accounting estimates

1. Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements and notes are in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, the application guidelines, Interpretation of the Accounting Standards for Business Enterprises, "No. 15 rules for the preparation and reporting of information disclosure by companies that issue securities to the public – general provisions on financial reports [2014 Amendment]" issued by the China

Securities Regulatory Commission and relevant supplementary provisions, which truly and completely reflect the company's financial status, operating results, changes in shareholders' equity and cash flow and other relevant information.

2. Accounting period

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

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.

4.Functional currency

The Company's functional currency is Chinese Renminbi.

5. Business combination

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. The intermediary fees of auditing, legal services, evaluation and consultation and other related management expenses incurred for business combination shall be recorded into current profits and losses when incurred. The bonds issued for the combination of enterprise or the handling fees and commissions paid for assumption other debts shall be included in initial measurement amount of the bonds and other debts issued. The handling fees, commissions and other expenses incurred from the issuance of equity securities in the course of business combination shall be offset against the premium income of equity securities, and retained earning shall be offset if the premium income is not sufficient to be offset.

5.2 Business combinations involving enterprises not under uncommon control

(a) In a business combination involving enterprises not under common control, the combination costs are determined according to the following conditions: a. 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; b. for the Business combinations which is realized step by step through multiple exchange transactions, the initial investment cost of long-term equity investment is the sum of each single transaction cost; c. The intermediary fees of auditing, legal services, evaluation and consultation and other related management expenses incurred for business combination shall be recorded into the current profit and loss when incurred. Transaction cost of equity securities or debt securities issued as consideration for the combination is included in the initial recognition amount of the equity securities or debt securities; d. If the future events that may affect the merger cost are stipulated in the combination contract or agreement, and if it is estimated that the future events are likely to occur and the amount of influence on the merger cost can be measured reliably on the purchase date, it will be included in the initial investment cost of the long-term equity investment.

(b) 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.
If investment cost of long-term equity investment is more than the difference in the share of fair value of identifiable net assets acquired by the purchaser in the merger, it shall be recognized as goodwill.
If investment cost of long-term equity investment is less than the difference in the share of fair value of identifiable net assets acquired by the purchaser in the merger, it shall be handled in the following way: a. Review the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities of the acquired purchaser and the combined cost; b. If the merger cost is still less than the fair value share of identifiable net assets acquired during the merger after review, the difference shall be recorded into profit or loss for the current period entirely.

6.Preparation of consolidated financial statements
The consolidated scope of the consolidated financial statements is determined on a control basis. Control refers to the investor has the power of the investee, through participation in the investee related activities and enjoy variable returns, and have the ability to use the power of the investee influence its return amount.
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.
If the parent company is an investment entity, the parent company should only include its subsidiaries (if any) that provide relevant services for its investment activities into the scope of consolidation and prepare consolidated financial statements; other subsidiaries shall not be consolidated. The parent company's investment in other subsidiaries shall be measured at fair value and its changes shall be recorded into profits and loss for the current period entirely. When the parent company simultaneously satisfies the following conditions, the parent company belongs to the investment subject: a. The parent company obtains funds from one or more investors for the purpose of providing investment management services to investors; b. The sole purpose of the parent company's operations is to generate returns for investors through capital gain, income from investment or both; c. The parent company measures and evaluates the performance of almost all investments at fair value.
The unified accounting policy and period used by the company and the consolidated subsidiary when preparing of consolidated 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. Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the company should adjust the opening balance of the consolidated balance sheet. Where a subsidiary or business has been acquired through a business combination involving enterprises not under common control in the reporting period, the company should not adjust the opening balance of the consolidated balance sheet. Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the income, expense, profit and cash flow of the subsidiary from the beginning of the consolidation period to the end of the reporting period are

included in the consolidated income statement and cash flow statement. Where a subsidiary or business has been acquired through a business combination involving enterprises not under common control in the reporting period, the income, expenses, profit and cash flow of the subsidiary from the purchase date to the end of the reporting period are included in the consolidated income statement and cash flow statement. The company disposed of the subsidiary during the reporting period, the income, expenses, profit and cash flow of the subsidiary from the beginning of the year to the disposal date are included in the consolidated income statement and cash flow statement.

When the parent company purchases the equity of the subsidiary owned by the minority shareholders of the subsidiary, in the consolidated financial statements, the difference between the newly acquired long-term equity investment due to the purchase of minority equity and the proportion of the newly added shareholding shall be entitled to the subsidiary's continuous calculation from the date of purchase or the date of consolidation should be adjusted to the capital reserve and if the capital reserve is insufficient to absorb the difference, the remaining amount shall be deducted from the retained earnings.

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.

In the consolidated financial statements, if the Company loses its control on an investee because of disposing some portion of its equity investment in the investee, 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, other comprehensive income arising from the change in net liabilities or net assets of the defined benefit plan remeasured by the investee shall be excluded.

7. Joint arrangement classification and accounting treatments

7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures.

Joint operation refers to a joint arrangement in which the joint venture party enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement.

The Company acted as a party participating in joint operations, confirm 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.

A joint venture refers to a joint arrangement in which the joint venture party only has rights to the net assets of the arrangement. Investments in joint ventures are accounted for by the company in accordance with the equity method.

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 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.

9. Foreign currency transactions and translation of financial statements denominated in foreign currency

(1) In the initial confirmation of a foreign currency transaction, the foreign currency amount shall be converted into THE RMB amount using an approximate exchange rate of the spot exchange rate at the date when the transactions occurs.

(2) On the balance sheet date, foreign currency monetary items and foreign currency non-monetary items shall be handled in accordance with the following methods:

(a) Foreign currency monetary items shall be translated at the central rate of THE EXCHANGE rate of RMB published by the People's Bank of China on the balance sheet 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 recognized in profit or loss for the current period.

(b) 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.

Monetary items refer to the monetary funds held by the company and the assets or liabilities to be collected or paid at a fixed or determinable amount. The term "non-monetary items" refers to items other than monetary items.

(3) The translation of financial statements denominated in foreign currency

(a) 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.

(b) 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.

(c) The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity.

(4) The company shall translate the financial statements of overseas operations in an economy with hyperinflation in accordance with the following methods:

The balance sheet items shall be restated using the general price index, and the income statement items shall be restated using the changes of the general price index, and then translated according to the spot exchange rate on the latest balance sheet date; when the overseas operation is no longer in the hyperinflationary economy, the restatement shall be stopped and the financial statements restated shall be converted according to the price level on the cessation date.

(5) 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.

10 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. When a company becomes a party to a financial instrument contract, the related financial asset or financial liability is recognized.

10.1 Financial assets

10.1.1 Classification and initial measurement

According to the business model of financial assets management and contractual cash flow characteristics of financial assets, the company divides financial assets into:

a) Financial assets measured at amortized cost;

b) Financial assets measured at fair value through other comprehensive income;

c) Financial assets measured at fair value through profit or loss.

The Company measures financial instruments at fair value upon their initial recognition. The related transaction fees for the financial assets subsequently measured at fair value through profit or loss are charged in profit or loss directly. The related transaction fees for other financial assets 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.

(a) Debt instruments

Debt instruments held by the company refer to those instruments that conform to the definition of financial liabilities from the perspective of the issuer and are measured in the following three ways:

a) Measured at amortized cost:

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

The financial asset is held within a business model whose objective is to collect contractual cash flows; 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 recognizes interest income on such financial assets in accordance with the effective interest rate method. Such financial assets mainly include cash at bank and on hand, notes receivable and accounts receivable, contract assets, other receivables, debt investments, lease receivables and long-term receivables, etc. The company lists the debt investments and long-term receivables that mature within one year (including one year) from the date of the balance sheet as non-current assets that mature within one year; debt investments with a maturity of one year (including one year) at the time of acquisition are listed as other current assets.

b) Measured at fair value through other comprehensive income
The Company classifies a financial asset as subsequently measured at fair value through other comprehensive income that meets both of the following conditions:
The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Such financial assets are measured at fair value and their changes are included in other comprehensive income, but assert impairment losses or gains, exchange gains or losses and interest income calculated in accordance with the effective interest rate method are included in profit or loss for the current period entirely. Such financial assets are listed as other debt investments, and other debt investments maturing within one year (including one year) from the date of the balance sheet are listed as non-current assets maturing within one year; other debt investments with a maturity of one year (inclusive) at the time of acquisition are listed as other current assets.

c) Measured at fair value through profit or loss
The Company classifies a financial asset as subsequently measured at fair value through profit or loss and listed as financial assets held for trading unless it is subsequently measured at amortized 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. Other non-current financial assets shall be listed as those that mature more than one year from the balance sheet date and are expected to be held for more than one year.

(b) equity instrument
The company shall measure the equity instrument investment over which it has no control, joint control or significant influence according to the fair value through profit and loss, and list it as financial assets held for trading; those expected to be held for more than one year from the balance sheet date shall be listed as other non-current financial assets.
In addition, the Company designated part of non-tradable equity instrument investments as financial assets measured at fair value through other comprehensive income, and listed as other equity instrument investments. The related dividend income of such financial assets is recorded in the profit or loss for the current period entirely. Once made, the designation cannot be revoked. Where the contingent consideration recognized by the company in a business combination not under the common control constitutes a financial asset, the financial asset shall be classified as a financial asset measured at fair value through profit or loss.
For non-tradable equity instrument investments, the company may, upon initial recognition, irrevocably designate

them as financial assets measured at fair value through other comprehensive income. The designation is made on a single investment basis that meets the definition of an equity instrument from the issuer's point of view.

10.1.2 Impairment of assets

The company recognizes loss provisions on the basis of expected credit losses for financial assets measured at amortized cost, debt instrument investments which measured at fair value through other comprehensive income, lease receivables, contract assets and financial guarantee contracts. The Company considers reasonable and reliable information about past events, current conditions and the forecast of future economic conditions, and takes the risk of default as the weight to calculate the present value of the difference between the cash flow receivable under the contract and the cash flow which expected to receive. Then the probability-weighted amount of the present value should be recognized as expected credit loss.

At each balance sheet date, the company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument does not increase significantly after the initial recognition, it is in the first stage, and the company measures the loss provisions according to the expected credit losses in the next 12 months. If the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the financial instrument is in the second stage, and the company shall measure the loss provision according to the expected credit loss during the entire life of the instrument. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage, and the company shall measure the loss provision according to the expected credit losses during the entire life of the instrument.

The Company calculates interest income based on the book balance and effective interest rate of financial instruments in stages I and II and with low credit risk. For financial instruments in the third stage, the interest income shall be calculated on the basis of the amortized cost and the effective interest rate after deducting the book balance from the provision for impairment.

For notes receivable and accounts receivable, lease receivables and contract assets, regardless of the existence of a significant financing component, the Company may measure the loss provision in accordance with the expected credit losses for the entire life of the company.

a) Credit risk significantly increases judgment criteria

At each balance sheet date, the Company evaluates whether the credit risk of the relevant financial instrument has increased significantly since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition, the Company considers that reasonable and evidence-based information that can be obtained without unnecessary additional cost or effort, including qualitative and quantitative analyses based on historical data of the Company, external credit risk ratings and forward-looking information Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the change of the risk of default of financial instruments during their expected lifetime.

When one or more of the following quantitative or qualitative criteria are triggered, the Company believes that the credit risk of the financial instrument has increased significantly: a.The quantitative standard is mainly that the default probability of the remaining duration on the reporting date increases by more than a certain proportion compared with the initial confirmation; b.The qualitative criteria mainly include the occurrence of significant adverse changes in the debtor's business or financial situation, the list of early warning customers, etc; c.The upper limit indicator is that the debtor's contract payment (including principal and interest) is generally overdue for more than 90 days, and the longest is not more than 180 days.

b) Definition of assets with credit impairment

In order to determine the occurrence of credit impairment, the definition criteria adopted by the Company are consistent with the internal credit risk management objectives for the relevant financial instruments, and both quantitative and qualitative indicators are taken into account. When evaluating whether the debtor has credit impairment, the company mainly considers the following factors: a. The issuer or the debtor has significant financial difficulties; b. The debtor violates the contract, such as default or overdue payment of interest or principal, etc.; c. Concessions granted by the creditor to the debtor for economic or contractual reasons related to the debtor's financial difficulties that would not have been made in any other circumstances; d. The debtor is likely to go bankrupt or undergo other financial restructuring; e. Financial difficulties of the issuer or debtor cause the disappearance of the active market for the financial asset; f. To purchase or generate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The occurrence of credit impairment of financial assets may be caused by the joint action of multiple events, not necessarily by independently identifiable events

c) Parameters for the measurement of expected credit losses

Depending on whether there is a significant increase in credit risk and whether there has been a credit impairment, the company measures the impairment provisions for different assets at the expected credit losses of 12 months or the whole life. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The company considers quantitative analysis and prospective information of historical statistical data (such as counterparty rating, guarantee method and category of pledge, repayment method, etc.) to establish probability of default, loss given default rate and default risk exposure model.

Relevant definitions are as follows:

a. Probability of default refers to the possibility that the debtor will be unable to fulfill its payment obligations in the next 12 months or in the entire remaining term. The default probability of the company is adjusted based on the results of the historical credit loss model, and forward-looking information is added to reflect the default probability of the debtor in the current macroeconomic environment.

b. Loss given default rate refers to the company's expectation of the loss degree of default risk exposure. Loss given default rates vary depending on the type of counterparty, method of recourse and priority, and collateral. The loss given default rate is the percentage of the risk exposure loss at the time of default and is calculated on the basis of the next 12 months or the entire lifetime;

c. Default risk exposure model is the amount payable to the company at the time of default in the next 12 months or for the remainder of its life.

d) Prospective information

Prospective information is involved in both the evaluation of the significant increase of credit risks and the calculation of expected credit loss. By analyzing historical data, the Company identifies credit risks for all business types and key economic indicators for expected credit loss.

When the Company is unable to evaluate expected credit loss at reasonable cost for a single asset, the Company divides accounts receivable into several groups based on credit risk characteristics and calculates expected credit loss by groups. The basis for group determination is as follows:

| Item | Basis for group determination | Method of measuring expected credit loss |
|---|---|---|
| Banker's acceptance receivable | Acceptor | The Company calculates expected credit loss using default risk exposure and the lifetime expected credit loss rate by reference to historical experience of credit loss and based on current conditions as well as forecasts of future economic conditions. |
| Trade acceptance receivable | Acceptor | By aging analysis |
| Accounts receivable - group of related parties | Companies within the consolidated scope | The Company measures bad debt provisions by reference to historical experience of credit loss and based on forecasts of future economic conditions. |
| Accounts receivable - group of external clients<br>Lease receivable - group of external clients | Companies outside the consolidated scope and third-party clients | The Company calculates expected credit loss using aging and the lifetime expected credit loss rate. |
| Contract assets - group of external clients | Companies outside the consolidated scope and third-party clients | The Company calculates expected credit loss using aging and the lifetime expected credit loss rate. |
| Other receivables - group of related parties | Companies within the consolidated scope | The Company measures bad debt provisions by reference to historical experience of credit loss and based on forecasts of future economic conditions. |
| Other receivables - group of external clients | Companies outside the consolidated scope and third-party clients | The Company measures loss provisions using the general method, namely, the "three phases" model. |

| | | |
|---|---|---|
| Long-term receivables - group of external clients | Companies outside the consolidated scope and third-party clients | The Company measures loss provisions using the general method, namely, the "three phases" model. |

The comparison table between the aging of accounts receivable portfolio and the expected credit loss rate of the entire life of accounts receivable portfolio and lease receivable portfolio:

| Account receivable age | Expected credit loss rate on accounts receivable |
|---|---|
| Within 6 months | 5.00% |
| Six months to a year | 10.00% |
| 1 to 2 years | 30.00% |
| 2 to 3 years | 50.00% |
| More than 3 years | 100.00% |

For other receivables divided into portfolios, the company refers to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through default risk exposure and the expected credit loss rate within the next 12 months or the entire duration to calculate the expected credit loss. In order to reflect the changes in the credit risk of financial instruments since the initial recognition, the company and its subsidiaries re-measure the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss provision shall be regarded as impairment losses or the profit is included in the current profit and loss. For financial assets measured at amortized cost, the loss provision is deducted from the book value of the financial assets listed in the balance sheet; for debt investments measured at fair value through other comprehensive income, the loss provision in the company and its subsidiaries is recognized in other comprehensive income without deducting the book value of the financial asset.

10.1.3 Terminate confirmation

The recognition of a financial asset shall be terminated if it meets any of the following conditions:

a. Termination of the contractual right to receive the cash flow of the financial asset;

b. The financial asset has been transferred, and the Company has transferred almost all the risks and rewards in the ownership of the financial asset to the transferee;

c. The financial asset has been transferred. Although the company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset, it gives up control over the financial asset.

When other equity instrument investment is terminated for recognition, the difference between its book value and the sum of the consideration received and the accumulative amount of the fair value changes originally recorded directly into other comprehensive income shall be recorded into retained earnings; When the recognition of other financial assets is terminated, the difference between its book value and the sum of the consideration received and the accumulative amount of fair value changes originally recorded directly into other comprehensive income shall be recorded into the profit or loss for the current period.

10.1.4 Write-off

If the company and its subsidiaries no longer reasonably expect to recover all or part of the contractual cash flow of

the financial asset, the book balance of the financial asset shall be directly written down. Such write downs constitute a termination recognition of the underlying financial asset. This typically occurs when the company and its subsidiaries determine that the debtor has no assets or sources of income that can generate sufficient cash flow to repay the amount to be written down. However, in accordance with the procedures for the company and its subsidiaries to recover amounts due, the financial assets that are written down may still be affected by the execution activities.
If the financial assets that have been written down are recovered later, they shall be included in the profit or loss for the current period as the reversal of the asset impairment loss.

10.2 Financial liabilities
Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at the time of initial recognition.
The Company classifies financial liabilities as financial liabilities measured at amortized cost, except as follows:
(a) Financial liabilities measured at fair value through profit or loss, including financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated 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
(c) Financial guarantee contracts which are not classified as (a) or (b) and commitments to provide a loan at a below-market interest rate which are not classified as (a). In a business combination not under the common control, if the company is recognized as the purchaser of the contingent consideration and forms financial liabilities, the financial liabilities shall be measured at fair value through profit and loss.
At the time of initial recognition, in order to provide more relevant accounting information, the company may designate financial liabilities as financial liabilities measured at fair value through profit or loss for the current period. Such designation satisfies one of the following conditions:
(a) Can eliminate or significantly reduce accounting mismatches.
(b) Manage and evaluate the portfolio of financial liabilities or financial assets and portfolio of financial liabilities on the basis of fair value in accordance with the enterprise risk management or investment strategy stated in formal written documents, and report to key management personnel within the company on this basis. Once made, the designation cannot be revoked.

The company's financial liabilities are mainly financial liabilities measured at amortized cost, including notes payable and accounts payable, other payables, loans and bonds payable, etc. This kind of financial liability is initially measured at its fair value after deducting transaction expenses, and the effective interest rate method is adopted for subsequent measurement. Where the maturity is less than one year (including one year), it is listed as current liabilities; Where the maturity is more than one year but matures within one year (including one year) from the date of the balance sheet, it is shown as the non-current liabilities due within one year; The remainder is shown as non-current liabilities.

When the current obligation of a financial liability (or a part of it) has been discharged, the company derecognizes the part of the financial liability or the discharged obligation. The difference between the book value of the derecognized part and the consideration paid is included in the current profit and loss.

When the current obligation of a financial liability (or a part of it) has been discharged, the company derecognizes the financial liability (or this part of the financial liability).

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. When valuing, the company adopts valuation techniques that are applicable under the current circumstances and that there are sufficient available data and other information to support, and selects a valuation technique that is consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability. Input values and, where possible, prefer relevant observable input values. Unobservable input values are used when the relevant observable input values are unavailable or impractical to obtain.

10.4 Subsequent measurement
After initial recognition, the company shall make subsequent measurement of different types of financial assets at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit and loss.
After initial recognition, the company shall make subsequent measurement of different types of financial liabilities at amortized cost, measured at fair value through profits and losses or through other appropriate methods.
The amortized cost of a financial asset or financial liability shall be determined by the following adjustment of the initial recognized amount of the financial asset or financial liability:
(a) Deduct the principal already repaid.
(b) Plus or minus the cumulative amortization amount formed by amortizing the difference between the initial recognition amount and the amount at maturity using the effective interest rate method.
(c) Deduct the accumulated loss provisions (only applicable to financial assets).

The company recognizes interest income according to the effective interest rate method. Interest income is calculated and determined by multiplying the book balance of the financial asset by the actual interest rate, except in the following cases:
(a) For the financial assets acquired or originated with credit impairment, the Company shall calculate and determine the interest income according to the amortized cost of the financial asset and the effective interest rate adjusted by credit since the initial recognition.
(b) For financial assets purchased or generated without credit impairment but which become credit impairment in subsequent periods, the Company shall calculate and determine its interest income according to the amortized cost and effective interest rate of the financial asset in subsequent periods. Company according to the policy of the financial asset amortized cost using the actual interest rate method to calculate the interest income, if the financial instruments in the subsequent period no longer exist for its credit risk has improved credit impairment, and the improved objectively and application after the policy associated with the occurrence of an event, such as the debtor's credit rating was raised, The company turns to the actual interest rate multiplied by the book balance of the financial

asset to determine the interest income.

11. Notes receivable

For the determination and accounting treatment of expected credit losses of notes receivable, please refer to Note IV, 10 -- Financial Instruments.

12.Accounts receivable

For the determination and accounting treatment of expected credit losses of accounts receivable, please refer to Notes IV, 10 -- Financial Instruments.

13. Receivables for financing

For the determination and accounting treatment of expected credit losses of receivables for financing, please refer to Note IV, 10 -- Financial Instruments.

14. Other receivables

For the determination and accounting treatment of other expected credit losses of other receivables, please refer to Note IV, 10 -- Financial Instruments.

15 Inventories

15.1 Categories of inventories

Inventories include raw materials, work-in-progress, semi-finished products, finished products, commodities in stock, turnover materials, low-value consumables and contract performance costs., etc. The "Contract performance cost" are detailed in 17, "Contract Costs".

15.2 Measurement of inventories upon delivery

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

15.3 Provision for diminution in value of inventories

At each balance sheet date, inventories are measured at the lower of cost and net realizable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognized and included in the current profit and loss.

Net realizable value refers to the estimated selling price of inventories in daily activities minus the estimated costs to be incurred upon completion, estimated selling expenses and related taxes.

The basis for determining the net realizable value of various inventories is as follows:

(a) Finished products, commodities in stock and materials for sale that directly used for sale are the estimated selling 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) On the balance sheet date, if a part of the same inventory has contract price and the other parts do not have contract price, the net realizable value shall be determined respectively, and the corresponding cost shall be compared to determine the amount of withdrawal or reversal of the inventory depreciation reserve.
Goods in stock drops in price preparing shall be made on a single inventory item (or category of inventory) and consolidated for inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to measure separately from other items.

15.4 Inventory count system
The Company adopts the perpetual inventory system.

15.5 Amortization methods of low-value consumables
Low-cost consumables are amortized by the equal-split amortization method.

16 Contract assets
16.1 Method and standard for the confirmation of contract assets
A contractual asset is a right to receive consideration that has been transferred to a customer and that right depends on factors other than the passage of time. Contract assets and liabilities under the same contract shall be shown on a net basis, and those under different contracts shall not be set off.

16.2 Determination method and accounting treatment method of expected credit loss of contract assets
The provision for impairment of contractual assets shall refer to the expected credit loss method of financial instruments. For contract assets that do not contain significant financing components, the Company adopts a simplified method to measure loss provisions. For the contract assets containing significant financing elements, the Company shall measure the loss provisions in accordance with the general method.
In the event of an impairment loss on a contract asset, the “asset impairment loss” shall be debited according to the amount to be written down, and the contract asset impairment provision shall be credited; the reverse entry shall be made when the accrued asset impairment provision is reversed.

17 Contract costs
17.1 Determination method of asset amount related to contract costs
The contract costs of the Company include the incremental costs to obtain a contract and the costs to fulfil a contract.
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. 14 - Revenue (Revised in 2017), they will be treated as the costs to fulfil a contract and recognized 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;

(c) the costs are expected to be recovered.

The cost of obtaining the contract, that is, the incremental cost of obtaining a contract is expected to be recovered, is recognized as an asset as contract acquisition cost. Incremental costs are costs that would not have occurred without the acquisition of the contract. If the amortization period of the asset does not exceed one year, it may be recorded into the profit or loss for the current period at the time of occurrence.

Expenditures incurred by the enterprise to obtain the contract, other than incremental costs expected to be recovered, shall be recorded in the profit or loss for the current period when incurred, unless these expenditures are expressly borne by the customer.

17.2 Amortization of assets related to contract costs

Assets related to contract costs are amortized on the same basis as the commodity revenue related to the asset is recognized, and are included in the current profit and loss.

17.3 Impairment of assets related to contract costs

The Company recognizes an impairment loss in profit or loss to the extent that the carrying amount of an asset recognized 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 recognize in profit or loss a reversal of some or all of an impairment loss previously recognized. 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 recognized previously.

18 Hold assets for sale

18.1 Non-current assets held for sale and disposal group recognition criteria

A company that recovers its carrying value primarily through sales (including exchange of non-monetary assets of commercial substance, the same below) rather than the ongoing use of a non-current asset or disposal group will classify it as held for sale. The specific criteria are as follows:

(a) In accordance with the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current conditions.

(b) The sale is very likely to occur, that is, the company has made a resolution on a sale plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year.

Among them, the disposal group refers to a group of assets that are disposed of as a whole in a transaction through sale or other means, and the liabilities directly related to these assets transferred in the transaction. If the asset group or combination of asset groups to which the disposal group belongs has apportioned the goodwill obtained in the business combination in accordance with the Accounting Standards for Business Enterprises No. 8 – Impairment of Assets, the disposal group shall include the goodwill apportioned to the disposal group.

18.2 Accounting treatment

When the initial measurement or re-measurement on the balance sheet date is divided into non-current assets held for sale and disposal group, if the book value is higher than the net amount after the fair value minus the cost of sale, the book value is written down to the fair value The net amount after deducting the selling expenses, the written-down amount is recognized as asset impairment loss, which is included in the current profit and loss, and at the same time, an impairment provision for assets held for sale is made. For the disposal group, the recognized asset impairment loss is first deducted from the book value of the goodwill in the disposal group, and then deducted proportionally to the "Accounting Standards for Business Enterprises No. 42 - Non-current Assets Held for Sale, The book value of each non-current asset specified in the measurement of "Disposal Group and Discontinued Operation" (hereinafter referred to as "Hold-for-sale Standards"). If the net amount of the disposal group held for sale on the subsequent balance sheet date increases after deducting the selling expenses, the previously written down amount shall be restored, and the held-for-sale standard shall be applied after being classified as held-for-sale The amount of asset impairment loss recognized for non-current assets subject to measurement requirements shall be reversed, and the reversal amount shall be included in the current profit and loss, and the book value of each non-current asset in the disposal group shall be subject to the measurement provisions of the held-for-sale standard except for goodwill. The proportion increases its book value proportionally; the book value of goodwill that has been written off, and the non-current assets that are subject to the measurement requirements of the held-for-sale standard, the asset impairment loss recognized before being classified as held-for-sale shall not be reversed.

No depreciation or amortization is provided for the non-current assets held for sale or the non-current assets in the disposal group, and the interest and other expenses of the liabilities in the disposal group held for sale continue to be recognized.

When the non-current assets or disposal groups no longer meet the classification conditions of the held-for-sale category, they will no longer be classified as held-for-sale categories or the non-current assets will be removed from the held-for-sale disposal group, and the lower of the following is measured:

(a) The book value before being classified as held-for-sale category, adjusted according to the depreciation, amortization or impairment that should have been recognized under the assumption that it was not classified as held-for-sale category;

(b) The recoverable amount.

19 Debt investment

For the confirmation method and accounting treatment method of expected credit loss of debt investment, please refer to Note IV. 10 - Financial Instruments.

20 Other debt investments

For the confirmation method and accounting treatment method of expected credit losses of other debt investments, please refer to Note IV. 10 - Financial Instruments.

21 Long-term receivables

For the confirmation method and accounting treatment method of the expected credit loss of long-term receivables, please refer to Note IV. 10 - Financial Instruments.

22 Long-term equity investment

Long-term equity investment refers to the equity investment in which the company controls and has significant influence on the investee, as well as the investment in its joint ventures.

22.1 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.

22.2 Subsequent measurement and recognition of profit or loss

a) Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method.

Long-term equity investments accounted for using the cost method are priced at the initial investment cost. Additional or recovered investment should adjust the cost of long-term equity investment. Cash dividends or profits announced to be distributed by the investee are recognized as investment income for the current period.

b) Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method.

When the long-term equity investment is accounted for by the equity method, if the investment cost of the long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, the investment cost of the long-term equity investment shall not be adjusted; the investment cost of the long-term equity investment is less than If the investee should enjoy a share of the fair value of the identifiable net assets of the investee at the time of investment, the book value of the long-term equity investment shall be adjusted, and the difference shall be included in the current profit and loss of the investment.

In the equity method accounting, when long-term equity investment is obtained, the investment profit and loss and other comprehensive income are respectively recognized according to the share of net profit and loss and other comprehensive income realized by the investee that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted. The investing enterprise shall calculate the portion that should be distributed according to the profits or cash dividends declared and distributed by the invested unit, and correspondingly reduce the book value of the long-term equity investment. The investor shall adjust the book value of the long-term equity investment and include it in the owner's equity for other changes in the owner's equity other than the net profit and loss, other comprehensive income and profit distribution of the investee.

To confirm the net loss of the investee, the book value of the long-term equity investment and other long-term equity that substantially constitutes the net investment in the investee shall be written down to zero, unless the company is obliged to bear additional losses to the investee . If the invested unit realizes a net profit in the future, the investing enterprise shall resume the recognition of the profit-sharing amount after its profit-sharing amount makes up for the unrecognized loss-sharing amount. For other changes in the owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution, the book value of the long-term equity investment is adjusted and included in the owner's equity.

Long-term equity investments are accounted for under the equity method. When recognizing investment gains and losses, the net profit of the investee is first adjusted to the fair value of the investee's identifiable assets, accounting policies and accounting periods when the investment is obtained, and then adjustments should be made according to the appropriate amount. The net profit or loss share of the investee that enjoys or should be shared is recognized in the current investment profit and loss. The unrealized profit and loss of internal transactions with associates and joint ventures shall be calculated according to the shareholding ratio and attributable to the company, and the investment profit and loss shall be recognized on the basis of offset.

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

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the relevant activities of the arrangement must be decided by the unanimous consent of the participants sharing the control rights. When judging whether there is joint control, the first determine is whether all participants or a combination of participants collectively control the arrangement. If all participants or a group of participants must act in unison to decide the relevant activities of an arrangement, it is considered that all participants or a group of parties collectively control the arrangement. Secondly, it is judged whether the decision-making of the relevant activities of the arrangement must be unanimously agreed by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered.

Significant influence refers to the power to participate in the decision-making of an enterprise's financial and operating policies, but cannot control or jointly control the formulation of these policies with other parties. When determining whether it can exert significant influence on the investee, consider the voting shares directly or indirectly held by the investor and the impact of current executable potential voting rights held by the investor and other parties after it is assumed to be converted into the equity of the investee, including the current convertible warrants, share options and convertible corporate bonds issued by the investee.

23 Investment property

Investment real estate refers to real estate held for rent or capital appreciation, or both, including leased land use rights,

land use rights held and ready to be transferred after appreciation, and leased buildings.
Investment property of the Company use rights held for resale after appreciation. Investment property is initially measured at acquisition cost, and is subsequently measured using the cost method or using the fair value model.

23.1 Using the cost model
The investment real estate is depreciated or amortized on a straight-line basis according to the following service life and estimated net residual value rate:

| Category | Depreciation period (years) | Residual rate | Annual depreciation rate |
|---|---|---|---|
| Buildings | 20-40 | 0%-10% | 2.25%-5.00% |

23.2 Using the fair value model
No depreciation or amortization is made for investment real estate, and its book value is adjusted based on the fair value of the investment real estate on the balance sheet date, and the difference between the fair value and the original book value is included in the current profit and loss.

24 Fixed assets
24.1 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 recognized 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.

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

25 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.

26 Borrowing costs

26.1 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. 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. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Borrowing costs include borrowing interest, amortization of discount or premium, auxiliary expenses, and foreign exchange differences arising from foreign currency borrowings.

26.2 Borrowing costs will be capitalized if they meet the following conditions at the same time

(a) The asset expenditure has occurred, and the asset expenditure includes the cash paid for the purchase, construction or production of assets eligible for capitalization, the transfer of non-cash assets or the payment of interest-bearing debts;

(b) The borrowing costs have been incurred;

(c) The acquisition, construction or production activities necessary to make the asset ready for its intended use or sale have begun.

The capitalization of borrowing costs shall cease when the purchased, constructed or produced assets that meet the capitalization conditions are ready for intended use or sale. If an asset that meets the capitalization conditions is abnormally interrupted in the process of acquisition, construction or production, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended. The borrowing costs incurred during the interruption period are recognized as expenses and included in the current profit and loss until the acquisition, construction or production of the asset resumes. The capitalization of borrowing costs continues if the interruption is a necessary procedure for the acquired, constructed or produced assets eligible for capitalization to be ready for their intended use or sale.

26.3 During the capitalization period, the capitalized amount of interest (including the amortization of discount or premium) for each accounting period shall be determined in accordance with the following provisions:

(a) If a special loan is borrowed for the purchase, it is determined by the amount interest expense actually incurred in the current period of the special loan, minus the interest income obtained from the unused loan funds or the investment income obtained from temporary investment.

(b) If general borrowings are occupied for the purchase, it is determined by the weighted average of accumulated asset expenditures of the accumulated asset expenditures in exceed the special borrowings by the capitalization rate of occupied general borrowings. The capitalization rate is determined based on the weighted average interest rate of

general borrowings.
If there is a discount or premium on the loan, the amount of the discount or premium amortized in each accounting period shall be determined according to the actual interest rate method, and the interest amount of each period shall be adjusted. During the capitalization period, the capitalized amount of interest in each accounting period shall not exceed the actual amount of interest incurred on the relevant borrowings in the current period.

26.4 The auxiliary expenses incurred by special borrowing, which are incurred before the purchased, built or produced assets meeting the capitalization conditions reach the scheduled state of being available for use or sale, shall be capitalized according to the amount incurred when incurred and included into the cost of the assets meeting the capitalization conditions; Where an asset purchased, built or produced conforming to the capitalization conditions has reached the pre-scheduled state of being usable or saleable, it shall be recognized as an expense according to the amount incurred at the time of occurrence and recorded into the profit or loss for the current period. Auxiliary expenses incurred by general borrowing shall be recognized as expenses according to the amount incurred when incurred, and shall be recorded into the profit or loss for the current period.

27 Right-of-use assets
The right-of-use assets class of the company mainly includes housing and buildings.

27.1 Conditions for the confirmation of the right-of-use assets
The right-of-use assets refer to the right that the company, as the lessee, can use the leased assets during the lease term. The company shall confirm the right-of-use assets on the date when the lease term begins. Right-of-use assets are recognized when economic benefits are likely to flow in and costs can be measured reliably.

27.2 Initial measurement of right-of-use assets
The right-of-use assets are initially measured at cost, which includes:
(a) The initial measurement amount of lease liabilities.
(b) The amount of lease payment paid on or before the beginning of the lease term, if there is lease incentive, will be deducted from the amount of lease incentive already enjoyed.
(c) Initial direct expenses incurred by the lessee.
(d) The expected costs incurred by the lessee in disassembling and removing the leased asset, restoring the site where the leased asset is located or restoring the leased asset to the state stipulated in the lease terms.

27.3 Subsequent measurement of the right-of-use assets
(a) Use the cost model to measure the right-of-use assets.
(b) Depreciation of the right-of-use assets. Where the ownership of the leased asset can be reasonably determined at the end of the lease term, the company shall calculate depreciation during the remaining service life of the leased asset. Where it is not reasonably certain that the ownership of the leased asset can be acquired at the end of the lease term, the company shall calculate depreciation during the period during which the lease term and the remaining service life of the leased asset are shorter. The specific depreciation methods of various right-of-use assets are as follows.

27.4 Depreciation methods of various right-of-use assets

All types of fixed assets are depreciated using the straight-line method according to the following service life time, estimated net residual value rateand depreciation rate:

| Category | The method for depreciation | Depreciation period (years) | Residual rate | Annual depreciation rate |
|---|---|---|---|---|
| Buildings | Straight-line depreciation | 1.5-3 | - | - |

27.5 Change of lease

When the lease liabilities are re-measured according to the present value of the changed lease payments and the book value of the right-of-use assets is adjusted accordingly, if the book value of the right-of-use assets has been reduced to zero but the lease liabilities still need to be further reduced, the remaining amount shall be recorded into the profit or loss for the current period.

27.6 Impairment test method and impairment provision method of usufruct

On the balance sheet date, if there is any indication that the right-of-use assets are impaired, the corresponding impairment provision shall be set aside according to the difference between the carrying value and the recoverable amount.

28 Intangible assets

28.1 Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by an enterprise. Intangible assets are initially measured at cost, and their service life is analyzed and judged upon acquisition of intangible assets.

28.2 The company usually considers the following factors in determining the service life of intangible assets:

(a) The usual life cycle of the products produced with the asset and the available information about the service life of similar assets;

(b) The current situation of technology and process and the estimation of the future development trend;

(c) Market demand for products or services produced by the assets;

(d) Actions expected by current or potential competitors;

(e) The expected maintenance expenditure to maintain the ability of the asset to bring economic benefits, and the company's expected ability to pay the related expenditure;

(f) Relevant legal provisions or similar restrictions on the asset control period, such as the franchise period, lease period, etc.;

(g) Correlation with the service life of other assets held by enterprises.

If it is impossible to foresee the period during which intangible assets bring economic benefits to the company, they shall be regarded as intangible assets with uncertain service life.

28.3 For intangible assets with limited service life, they shall be amortized systematically and reasonably (or by straight line method) during their service life. At the end of each year, the company shall review the service life and amortization method of intangible assets with limited service life. If the service life and amortization method of intangible assets are different from those previously estimated, the amortization period and amortization method will be changed.

For intangible assets with limited service life, when the straight-line method is used to calculate the amortization amount, the service life and residual rate of each intangible asset are as follows:

| Category | Amortization period (years) | Residual rate |
|---|---|---|
| land use rights | 42-49 | 0% |
| software | 5-10 | 0% |

28.4 Internally generated projects

(a) Expenditure of internal research and development project, including expenditure of research stage and expenditure of development stage, among which: Research is an original and planned investigation for the acquisition and understanding of new scientific or technical knowledge; Development refers to the application of research results or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, etc., prior to commercial production or use.

(b) Expenditure in the research phase is recognized 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 following conditions at the same time:

1) It is technically feasible to complete the intangible asset so that it can be used or sold;
2) The intent that the intangible asset can be completed and used or sold;
3) The way in which the intangible assets can generate economic benefits include the ability to prove that the products produced by using the intangible assets have a market or that the intangible assets themselves exist in the market. If the intangible assets will be used internally, its usefulness shall be proved;
4) Have sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
5) Expenses attributable to the development stage of the intangible asset can be measured reliably.

29 Goodwill

Goodwill is the difference between the initial merger cost and the fair value share of identifiable net assets acquired in the combination of enterprises not under common control. The company does not amortize goodwill, which is measured by the amount of costs less accumulated impairment provisions and shown separately in the consolidated balance sheet.

30 Impairment of long-term assets

For fixed assets, construction in process, intangible assets with limited service life, investment property measured by cost model and non-current non-financial assets such as long-term equity investment in subsidiaries, cooperative enterprise and associated enterprises, the company shall judge whether there is any sign of impairment on the balance sheet date. If there is any indication of impairment, the recoverable amount shall be estimated and the impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached a usable state, regardless of whether there are signs of impairment, are tested for impairment every year.

If the impairment test results show that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be made and the impairment loss shall be recorded according to the difference. The recoverable amount is the higher of the net value of the fair value of the asset less the disposal expense and the present value of the estimated future cash flows of the asset. The fair value of the asset is determined according to the sales agreement price in a fair transaction; If there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the bid price of the buyer of the asset; Where there is no sale agreement and an active market for the asset, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees related to the disposal of assets, related taxes, handling fees and direct expenses incurred to bring the assets into a saleable state. The present value of the estimated future cash flow of an asset is determined according to the estimated future cash flow generated during the continuous use of the asset and the final disposal by choosing an appropriate discount rate. The asset impairment reserve is calculated and recognized on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined. Asset group is the minimum portfolio of assets that can generate cash inflow independently.

As for the impairment test of goodwill, the book value of goodwill formed as a result of business combination shall be allocated to the relevant asset group in a reasonable way from the purchase date; If it is difficult to allocate to the related asset group, allocate to the related asset group portfolio. The relevant asset group or asset group combination is the asset group or asset group combination that can benefit from the synergies of the business combination and is not larger than the reporting segment identified by the Company.

When conducting impairment tests on related asset groups or asset group combinations containing goodwill, if there are signs of impairment in the asset groups or asset group combinations related to goodwill, the impairment tests shall first be conducted on the asset groups or asset group combinations that do not contain goodwill to calculate recoverable amounts and confirm the corresponding impairment losses. And goodwill of the asset group or combination of group assets impairment test, comparing its book value and recoverable amount, such as the recoverable amount is lower than the book value, the amount of impairment loss first deduction allocation to the asset group or combination of group assets in the book value of the goodwill, again according to the asset group or combination of group assets all assets except goodwill in the book value of the share, Deduct the carrying value of other assets in proportion, provided that the carrying value of each asset after deduction shall not be less than the net of the fair value of the asset minus disposal expenses (if determined) and the present value of the estimated future cash flows of the asset (if determined), whichever is higher, and shall not be less than zero.

Once the aforesaid impairment loss of assets is recognized, the part whose value can be recovered shall not be turned back in subsequent periods.

31 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 recognized as expense in profit or loss for the current period.

Long-term deferred expenses are amortized on an average basis using the straight-line method over the following years:

| Category | Amortization period (years) |
|---|---|
| Renovation costs | 2 to 5 years |

32 Contract liabilities

Contractual liabilities reflect obligations to transfer goods to customers for consideration received or receivable. If the customer has paid the contract consideration or obtained the right to unconditionally receive the contract consideration before transferring the goods to the customer, the contract liability shall be recognized according to the amount received or receivable at the earlier date of the actual payment made by the customer and the amount due and payable. Contract assets and liabilities under the same contract shall be shown on a net basis, and those under different contracts shall not be set off.

33 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. The benefits provided by the company to employees' spouses, children, dependents, survivors of deceased employees and other beneficiaries are also considered as employee benefits.

33.1 Short-time employee benefits

Short-term employee benefits refer to the employee compensation that the company needs to pay in full within 12 months after the end of the annual report period for the employee to provide relevant services.

Short-term employee benefits include employee salary, bonus, allowance and subsidy, employee welfare, medical insurance premium, industrial injury insurance premium and maternity insurance premium, housing provident fund, labor union funds and employee education funds, short-term paid absenteeism, short-term profit sharing plan, non-monetary welfare and other short-term remuneration.

In the accounting period in which employees have rendered services, the Company recognizes the short-term employee benefits as liability, and charges to profit or loss for the current period or includes in the cost of relevant assets.

33.2 Post-employment benefits

Post-employment benefits refer to various forms of remuneration and welfare provided by the company for the service provided by the employee after the employee retires or terminates the labor relationship with the company, excluding short-term remuneration and dismissal welfare.

The post-employment benefits plan includes a defined contribution plan and a defined benefit plan. Among them, the set contribution plan refers to the post-employment welfare plan in which the company no longer bears the further payment obligation after the fixed expenses are deposited in the independent fund. Defined benefit plans refer to post-employment benefit plans other than defined contribution plans.

Defined contribution plan including basic endowment insurance, unemployment insurance, etc. During the accounting period when the employee provides services, the amount payable calculated according to the defined contribution plan is recognized as a liability and recorded into the profit or loss for the current period or the cost of related assets.

At the end of the reporting period, the employee compensation costs arising from the defined benefit plans are

recognized as the following components:
(a) Service cost, including current service cost, past service cost and settlement gain or loss.
(b) Net interest on defined benefit plan net liabilities or net assets, including interest income on plan assets, interest expense on defined benefit plan obligations, and interest affected by asset caps.
(c) Recalculate changes in net liabilities or net assets of defined benefit plans
Unless other accounting standards require or allow the cost of employee benefits to be included in the cost of assets, items (a) and (b) above shall be included in the current profit and loss; Item (c) shall be included in other comprehensive income and shall not be allowed to be transferred back to profit and loss in subsequent accounting periods, but such amounts recognized in other comprehensive income may be transferred within the scope of equity.

Under the defined benefit plan, the earliest date on which past service costs are recognized as current expenses is:
(a) When modifying the defined benefit plan.
(b) When the company confirms relevant restructuring expenses or dismissal benefits.
Recognize a settlement gain or loss at the time of defined benefit plan settlement.

33.3 Termination benefits
Termination benefits refer to the compensation given to employees by the company for terminating their labor relations with employees before the expiration of their labor contracts or for encouraging employees to accept layoffs voluntarily.
Termination benefits provided by the Company to employees are recognized 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.

33.4 Other long-term employee benefits
Other long-term employee benefits refers to all employee compensation except short-term compensation, post-separation benefits and dismissal benefits, including long-term paid absenteeism, long-term disability benefits, long-term profit sharing plans, etc.
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 recognized and measured in accordance with the above requirements relating to defined benefits plan. At the end of the reporting period, the enterprise shall recognize the employee compensation costs generated by other long-term employee benefits as the following components:
(a) Service cost
(b) Net interest on net liabilities or net assets of other long-term employee benefits
(c) Changes in net liabilities or net assets of other long-term employee benefits are re-measured.
In order to simplify the related accounting treatment, the total net amount of the above items is included in the

current profit and loss or the cost of the related assets

34 Lease liabilities

Recognize the present value of outstanding lease payments as lease liabilities on the commencement date of the lease term, except for short-term leases and leases of low value assets. When calculating the present value of the lease payment, the lease embedded interest rate is used as the discount rate. If the inherent interest rate cannot be determined, the incremental interest rate of the lessee shall be used as the discount rate. The interest expense of the lease liability during each period of the lease term shall be calculated according to the fixed periodic interest rate and recorded into the profit and loss of the current period, except for those recorded into the cost of assets in accordance with note 4 and 25. Variable lease payments that are not included in the measurement of lease liabilities shall be included in current profit and loss when actually incurred, unless otherwise stipulated to be included in the cost of related assets.

Lease term began, in the future when substantial changes occurred in the fixed payment, the guaranteed residual value is expected to cope with the amount of change, is used to determine the lease payment ratio index or change, call options, renewal options or terminate the option evaluation results or the actual exercise changes, according to the changes of the lease the present value of the payments to measure lease liability.

35 Estimated liabilities

Obligations related to contingent events that meet the following conditions at the same time are recognized as estimated liabilities：

(a) The obligation is a present obligation of the enterprise;

(b) The performance of the obligation is likely to result in the outflow of economic benefits from the enterprise;

(c) The amount of the obligation can be measured reliably.

Estimated liabilities should be initially measured according to the best estimate of the expenditure required to perform the relevant current obligations.

36 Share-based payment

36.1 Types of share-based payment

Share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment.

Equity-settled share-based payment refers to a transaction in which an enterprise uses shares or other equity instruments as consideration in order to obtain services. The equity instruments referred to here are the enterprise's own equity instruments.

Cash-settled share-based payment refers to a transaction in which an enterprise undertakes an obligation to deliver cash or other assets calculated and determined on the basis of shares or other equity instruments in order to obtain services.

36.2 Determination method of fair value of equity instruments.

If there is an active market for equity instruments, it shall be determined according to the quotation in the active market.

If there is no active market for equity instruments, use valuation techniques, including reference to prices used in recent market transactions between parties who are familiar with the situation and willing to trade, reference to the current fair value, discounted cash flow of other financial instruments that are substantially the same. It is determined by methods such as cash method and option pricing model.

36.3 The basis for confirming the best estimate of vested equity instruments.
On each balance sheet date, according to the latest follow-up information such as the change in the number of exercisable people and the completion of performance indicators, the number of stock options that are expected to be exercised is revised, and the expenses to be apportioned in each period are confirmed on this basis. For an option cost spanning multiple accounting periods, it can generally be apportioned according to the proportion of the waiting period length of the option to the entire waiting period length in a certain accounting period.

36.4 Accounting treatment related to implementation, modification and termination of share-based payment plan
36.4.1 The equity-settled share-based payment that is exercisable immediately after the grant in exchange for employee services shall be included in the relevant costs or expenses according to the fair value of the equity instruments on the grant date, and the capital reserve shall be increased accordingly.
Equity-settled share-based payment that can be exercised in exchange for employee services after the completion of the service during the waiting period or when the specified performance conditions are met, on each balance sheet date during the waiting period, the best estimate of the number of exercisable equity instruments is Based on the fair value of the equity instruments on the grant date, the services obtained in the current period are included in the relevant costs or expenses and capital reserves.
On the balance sheet date, if the subsequent information indicates that the number of exercisable equity instruments is different from the previous estimate, adjustments shall be made and adjusted to the actual number of exercisable equity instruments on the exercise date.
For equity-settled share-based payments, no adjustments will be made to the confirmed costs and total owner's equity after the vesting date. On the exercise date, the share capital and share premium will be confirmed according to the exercise situation, and the capital reserves (other capital reserves) confirmed during the waiting period will be carried forward.
For the granted equity instruments such as options in an active market, the fair value shall be determined according to the quotation in the active market. For granted options and other equity instruments that do not have an active market, the option pricing model should be used to determine their fair value, and the option pricing model selected should at least consider the following factors:
a) The exercise price of the option;
b) The validity period of the option;
c) The current price of the underlying shares;
d) Estimated stock price volatility;
e) Estimated dividends on the shares;
f) The risk-free interest rate during the life of the option.

36.4.2 The cash-settled share-based payment that can be exercised immediately after the grant shall be included in the relevant costs or expenses at the fair value of the liabilities assumed by the enterprise on the grant date, and the liabilities shall be increased accordingly.

For the cash-settled share-based payment that can only be exercised after completing the services during the waiting period or meeting the specified performance conditions, on each balance sheet date during the waiting period, on the basis of the best estimate of the vesting situation, the liability shall be borne by the enterprise according to the the fair value amount of the service obtained in the current period is included in the cost or expense and the corresponding liability.

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is re-measured, and the changes are included in the current profit and loss.

37 Revenues

Accounting policies used for revenue recognition and measurement.

37.1 Principles of revenue recognition

When the contract with the customer meets the following conditions at the same time, the revenue is recognized when the customer obtains the control of the relevant commodity:

(a) The parties to the contract have approved the contract and promised to perform their respective obligations;

(b) The contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provision of labor services;

(c) The contract has clear payment terms related to the transferred goods;

(d) The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of future cash flows of the Group;

(e) The consideration entitled to the transfer of goods to the customer is likely to be recovered.

Evaluate the contract on the contract inception date, identify each individual performance obligation contained in the contract, and allocate the transaction price to each individual performance obligation according to the relative proportion of the stand-alone selling price of the commodities promised by each individual performance obligation. In determining the transaction price, the influence of factors such as variable consideration, significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered. Then determine whether each individual performance obligation is performed within a certain period of time or at a certain point in time, and recognize revenue separately when each individual performance obligation is performed.

If one of the following conditions is met, the performance obligation is fulfilled within a certain period of time; otherwise, the performance obligation is fulfilled at a certain point in time:

a) The customer obtains and consumes the economic benefits brought by the company's performance when the company performs the contract;

b) The customer can control the commodities under construction in the process of contract performance;

c) The commodities produced by the enterprise during the performance of the contract have irreplaceable uses, and the enterprise has the right to receive payment for the part of the performance that has been completed so far during the entire contract period.

For performance obligations performed within a certain period of time, revenue is recognized according to the progress of performance within that period. The progress of contract performance is determined by the input method or output method according to the nature of the transferred goods. When the progress of contract performance cannot be reasonably determined, and the costs incurred are expected to be compensated, revenue shall be recognized according to the amount of costs incurred until the progress of contract performance can be reasonably determined.

If one of the above conditions is not met, revenue will be recognized at the transaction price allocated to the single performance obligation when the customer obtains control over the relevant commodity. The following indications should be considered when judging whether a customer has acquired control of a commodity:
<a> The enterprise has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product;
<b> The enterprise has transferred the legal ownership of the product to the customer, that is, the customer already owns the legal ownership of the product;
<c> The enterprise has transferred the commodity in kind to the customer, that is, the customer has physically possessed the commodity;
<d> The enterprise has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the commodity;
<e> The customer has accepted the product;
<f> Other indications that the customer has obtained control of the goods.

37.2 Methods of revenue recognition used by the Company
(a) Revenue recognized by the Company at a point in time in the control over assets
For the foreign sale of seine fish, the Company uses sales contracts and settlement contracts as the basis, recognizes the change of ownership based on the date of settlement contracts, and then recognizes revenue accordingly.
TMost of the Company's fish from long-line fishing is transported back to China for sale. Sales contracts and settlement contracts are used as the basis. The Company recognizes the change of ownership based on the date of settlement contracts and then recognizes revenue accordingly.
Processing of aquatic products for domestic sale by the Company: Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. issues shipment confirmations according to faxed or email orders from domestic clients. The Company delivers goods based on shipping notes issued by the sales department and confirmed by the warehouse department. After clients acknowledge receipt, the Company will recognize revenue.
Processing of aquatic products for foreign sale by the Company: After receiving purchase orders from foreign clients, the international trade department will issue export shipment confirmations and arrange the storage and transport department to prepare the goods. The Company will revenue sales revenue based on shipping notes, packing lists, customs declaration forms, and other export documents.

(b) Revenue recognized by the Company by performance period:
The Company's revenue from cold storage: After receiving orders from clients and after the goods are put in storage, the warehouse department will issue warehouse warrants to clients to confirm the specific names, specifications, pieces, weight, and storage dates. After the warehouse warrants are signed by the warehouse manager and confirmed by clients, the Company will recognize revenue by calculating the storage fees based on the actual number of storage days.
38 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.

38.1 Judgment basis and accounting treatment method of government grants related to assets

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. Government grants related to assets are recognized as deferred income. They are amortized in profit or loss for each period over the related assets' estimated useful period on a systematic basis.

If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the undistributed balance of relevant deferred income shall be transferred to the profit and loss of the current period of asset disposal.

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.

38.2 Judgment basis and accounting treatment method of government grants related to income

Except those grants which are classified as government grants related to assets, other government grants are classified as government grants related to income.

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 grant related to income is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and amortized in profit or loss over the periods in which the related costs are recognized. If the grant related to income is a compensation for related expenses or losses already incurred, the grant is recognized directly in profit or loss for the current period.

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 company obtains policy-based preferential loan discounts, it shall distinguish two situations when the finance allocates the discounted funds to the lending bank and the finance directly allocates the discounted funds to the enterprise:

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.

38.3 The recognition timing for government grants

If the government subsidy is a monetary asset, the company will recognize it when it meets the conditions attached to the government subsidy and is actually received; if the government subsidy is a non-monetary asset, the company recognizes the government subsidy when it obtains the control right of the non-monetary asset. Among them, non-monetary assets are measured at fair value; if the fair value cannot be obtained reliably, it is measured at the

nominal amount.
When the confirmed government grant needs to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income will be offset, and the excess will be included in the current profit and loss; if there is no relevant deferred income, it will be directly included in the current profit and loss.

39 Deferred tax asset and deferred tax liability
Income tax is accounted for using the balance sheet liability method. Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized 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 recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.
On the basis of calculating and determining the current income tax (that is, the income tax payable in the current period) and the deferred income tax expenses (or gains), the sum of the two is recognized as the income tax expenses (or gains) in the income statement, but Excludes income tax effects of transactions or events that are directly included in owners' equity.
On the balance sheet date, review the book value of deferred tax assets. 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.

40 Leases
A lease is a contract that transfers or acquires the right to control the use of one or more identified assets for a specified period in exchange for or payment of consideration. At the inception date of a contract, assess whether the contract is or contains a lease.

40.1 Company as the lessee
The main categories of leased assets are office buildings and cold storage.

40.1.1 Initially measured
On the commencement date of the lease term, the right to use the leased asset during the lease term is recognized as a right-of-use asset, and the present value of the unpaid lease payments is recognized as a lease liability (except for short-term leases and leases of low-value assets). When calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate; if the interest rate implicit in the lease cannot be determined, the incremental borrowing rate of the lessee is used as the discount rate.

40.1.2 Subsequently measured
With reference to the relevant depreciation provisions of "Accounting Standards for Business Enterprises No. 4 - Fixed Assets", the right-of-use assets are depreciated (see Note IV. 27 "Right-of-use assets"), and it can be reasonably determined that the ownership of the leased assets will be obtained when the lease term expires. Depreciation is accrued over the remaining useful life of the leased asset. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, depreciation shall be accrued within the shorter of the lease term and the remaining useful life of the leased asset.

For lease liabilities, the interest expense in each period of the lease term is calculated at a fixed periodic interest rate, and is included in the current profit and loss or included in the cost of relevant assets. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit and loss or the cost of related assets when they are actually incurred.

40.1.3 After the lease commencement date, when there is a change in the actual fixed payment amount, a change in the

estimated payable amount of the guaranteed residual value, a change in the index or ratio used to determine the lease payment amount, a purchase option, a lease renewal option or a termination option When there is a change in the assessment result or the actual exercise of the option, the company re-measures the lease liability according to the present value of the changed lease payments, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included in the current profit and loss.

40.1.4 Short-term leases and leases of low-value assets

For short-term leases (leases with a term of less than 12 months on the lease commencement date) and leases of low-value assets, a simplified approach is adopted, and the right to use assets and lease liabilities are not recognized. The Company recognizes 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.

40.2 Company as lessor

On the lease inception date, based on the substance of the transaction, leases are classified into finance leases and operating leases. A finance lease is a lease that substantially transfers substantially all the risks and rewards associated with ownership of the leased asset. Operating leases refer to leases other than finance leases.

40.2.1 Operating lease

The Company recognizes lease payments for operating leases in profit or loss applying a straight-line basis in each period over the lease term. Variable lease payments related to operating leases that are not included in lease receipts are included in profit or loss for the current period when they are actually incurred.

40.2.2 Finance lease

On the commencement date of the lease period, the financial lease receivables are recognized and the financial lease assets are derecognized. The financial lease receivables are initially measured with the net investment in the lease (the sum of the unguaranteed residual value and the present value of the lease receipts not yet received at the start date of the lease term, discounted at the interest rate embedded in the lease), and the interest income during the lease period is calculated and recognized at a fixed periodic interest rate. The variable lease payments obtained that are not included in the net lease investment measurement are included in the current profit and loss when they are actually incurred.

40.2.3 The Company's revenue applicable to the lease standards

The Company's revenue from vessel leases: Shandong Zhonglu Aquaculture Shipping Co., Ltd. and Habitat International Corporation lease their vessels by time charter. The Company leases vessels equipped with operating staff to others for certain periods. During the lease term, the ships are subject to the lessees' dispatch. Regardless of whether they run any business using the vessels, the Company charges lease fees to them and bears any fixed costs incurred (such as staff salaries, maintenance costs, etc.). During the lease term, the fees are settled on a regular basis between the Company and its clients. The Company recognizes revenue based on the number of lease days as agreed upon with the clients.

The Company's property and other lease revenue: After entering into a lease contract with a client, the Company charges lease fees based on the lease area and the contractual unit price to the lessee and bears any fixed costs (such as staff salaries, maintenance costs, etc.). During the lease term, the fees are settled on a regular basis between the Company and the client. The Company recognizes revenue based on the lease period.

41 Other Important Accounting Policies and Accounting Estimations

Production safety expenditures

In November 2022, the Ministry of Finance and the Ministry of Emergency Management issued the Management Measures for the Withdrawal and Utilization of Production Safety Expenditures in Enterprise (CZ [2022] No. 136), and it was implemented on, and as of, the date of issue. At the same time, the Management Measures for the Withdrawal and Utilization of Production Safety Expenditures in Enterprises (CQ [2012] No. 16) was superseded.

Basis and accounting treatment of the withdrawal and utilization of production safety expenditures:

The Company withdraws production safety expenditures for water transportation - general transportation at 1% of the revenue for the previous year.

42 Changes in Important Accounting Policies and Accounting Estimations

42.1 "Companies' accounting treatment of the foreign sale of products or byproducts produced before fixed assets reach the intended use or during research and development" in the Interpretation of ASBE No. 15.

Since January 1, 2022, the Company has started to implement the provision on "companies' accounting treatment of the foreign sale of products or byproducts produced before fixed assets reach the intended use or during research and development" in the Interpretation of ASBE No. 15 issued by the Ministry of Finance. The Company has made retroactive adjustments to the trial sales that occurred from the beginning of the earliest period of the financial statements, during which the Company first implemented the provision, to January 1, 2022. This accounting policy change has no impact on the Company's financial statements.

42.2 "The judgement of onerous contracts" in the Interpretation of ASBE No. 15.

Since January 1, 2022, the Company has started to implement the provision on "the judgement of onerous contracts" in the Interpretation of ASBE No. 15 issued by the Ministry of Finance. The Company implemented the provision for all obligations that had yet to be performed as at January 1, 2022. Based on the cumulative effects, the Company adjusted the retained earnings as at the beginning of 2022 as well as the amounts of other relevant items in the financial statements. The information during the comparable period was not adjusted. Implementing this provision has no impact on the Company's financial statements as at January 1, 2022.

42.3 Since November 30, 2022, the Company has started to implement the provision on "the accounting treatment of income tax effects from the dividends of financial instruments classified as equity instruments by the issuer" in the Interpretation of ASBE No. 16 issued by the Ministry of Finance.

Since November 30, 2022, the Company has started to implement the provision on "the accounting treatment of income tax effects from the dividends of financial instruments classified as equity instruments by the issuer" in the Interpretation of ASBE No. 16 issued by the Ministry of Finance. For the recognized dividends payable of financial instruments classified as equity instruments that fall within the scope of the provision and occurred between January 1, 2022 and November 30, 2022, the Company made adjustments according to the provision. For the recognized dividends payable of financial instruments classified as equity instruments that fall within the scope of the provision and occurred before January 1, 2022 with the relevant financial instruments yet to be derecognized as at January 1, 2022, the Company made retroactive adjustments according to the provision. This accounting policy change has no impact on the Company's financial statements.

42.4 Since November 30, 2022, the Company has started to implement the provision on "the accounting treatment of companies' change of cash-settled share-based payment to equity-settled share-based payment" in the Interpretation of ASBE No. 16 issued by the Ministry of Finance.

Since November 30, 2022, the Company has started to implement the provision on "the accounting treatment of companies' change of cash-settled share-based payment to equity-settled share-based payment" in the Interpretation of ASBE No. 16 issued by the Ministry of Finance. For new transactions between January 1, 2022 and November 30, 2022, the Company has made adjustments according to the provision. For transactions that occurred before January 1, 2022, the Company has made adjustments according to the provision by adjusting the retained earnings as at January 1, 2022 as well as the amounts of other relevant items in the financial statements based on the cumulative effects. The information during the comparable period was not adjusted. This accounting policy change has no impact on the Company's financial statements.

43 Significant accounting judgments and estimates

In the process of applying accounting policies, the company needs to make judgments, estimates and assumptions about the book value of statement items that cannot be accurately measured due to the inherent uncertainty of operating activities. These judgments, estimates and assumptions are made based on the past historical experience of the company's management and taking into account other relevant factors. These judgments, estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the actual results caused by the uncertainty of these estimates may differ from the current estimates of the company's management, resulting in significant adjustments to the carrying amounts of the assets or liabilities affected in the future.

The company regularly reviews the aforementioned judgments, estimates and assumptions on a going concern basis. If the change in accounting estimates only affects the current period of the change, the amount of impact will be recognized in the current period of the change; if it affects both the current period of the change and the future period, the affected amount shall be confirmed in the current period of the change and the future period.

On the balance sheet date, the important areas where the company needs to make judgments, estimates and assumptions about the amounts of financial statement items are as follows:

(1) Revenue recognition

As stated in Note IV.37, "Revenue", the recognition of revenue involves the following significant accounting judgments and estimates:
Estimate the recoverability of consideration to which the customer is entitled for the transfer of goods to the customer:
Enterprises mainly rely on past experience and work to make judgments. These major judgments and changes in estimates may have an impact on operating income, operating costs, and profit or loss in the current or subsequent periods of the change, and may have a significant impact.

(2) Significant accounting judgments and estimates related to leases

① Identification of lease

When a company identifies whether a contract is a lease or contains a lease, it needs to assess whether there is an identified asset and the customer controls the right-of-use the asset for a certain period of time. In assessing, it is necessary to consider the nature of the asset, substantive substitution rights, and whether the customer is entitled to substantially all of the economic benefits arising from the use of the asset during that period and is able to direct the use of the asset.

② Classification of lease

When a company acts as a lessor, it classifies leases as operating leases and finance leases. When classifying, management needs to make analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

③ Lease liabilities

When the company is the lessee, the lease liability is initially measured at the present value of the unpaid lease payments on the commencement date of the lease term. In measuring the present value of lease payments, the company estimates the discount rate to use and the lease term of lease contracts for which renewal or termination options exist. When evaluating the lease term, the company comprehensively considers all relevant facts and circumstances that bring economic benefits from the exercise of the option by the company, including expected changes in facts and circumstances from the commencement date of the lease term to the date when the option is exercised. Different judgments and estimates may affect the recognition of lease liabilities and right-of-use assets, and will affect profit or loss in subsequent periods.

(3) Impairment of financial instruments

The company uses the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires major judgments and estimates, and all reasonable and evidence-based information, including forward-looking information, must be considered. When making such judgments and estimates, the company infers the expected changes in the debtor's credit risk based on historical repayment data combined with economic policies, macroeconomic indicators, industry risks and other factors.

(4) Provision for inventory depreciation

According to the inventory accounting policy, the company measures at the lower of cost and net realizable value. For inventories whose cost is higher than net realizable value and obsolete and slow-moving inventory, provision for inventory depreciation is made. The impairment of inventories to net realizable value is based on an assessment of the marketability of inventories and their net realisable value. Identifying the impairment of inventories requires management to make judgments and estimates on the basis of obtaining conclusive evidence and considering factors such as the purpose of holding inventories and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect the book value of inventories and the accrual or reversal of the provision for impairment of inventories in the period in which the estimate is changed.

(5) Provision for impairment of long-term assets
On the balance sheet date, the company judges whether there are signs of possible impairment of non-current assets other than financial assets. For intangible assets with indefinite useful lives, in addition to the annual impairment test, when there is an indication of impairment, the impairment test is also performed. Other non-current assets other than financial assets shall be tested for impairment when there is an indication that their carrying amount is unrecoverable. When the book value of the asset or asset group is higher than the recoverable amount, that is, the higher of the net amount after the fair value minus disposal costs and the present value of the expected future cash flow, it indicates that an impairment has occurred.
The net amount after the fair value minus disposal costs is determined by reference to the sale agreement price or observable market price of similar assets in an arm's length transaction, minus the incremental cost that can be directly attributable to the disposal of the asset.
When estimating the present value of future cash flows, it is necessary to make significant judgments on the output, selling price, relevant operating costs and the discount rate used in calculating the present value of the asset (or asset group). When estimating the recoverable amount, the company will use all relevant information that can be obtained, including the forecast of production, selling price and related operating costs based on reasonable and supportable assumptions.

(6) Depreciation and amortization
After considering the residual value of investment real estate, fixed assets and intangible assets, the company accrues depreciation and amortization on a straight-line basis within their useful lives. The company periodically reviews the useful life to determine the amount of depreciation and amortization that will be charged to each reporting period. The useful life is determined by the company based on past experience with similar assets combined with expected technological updates. Depreciation and amortization expense is adjusted in future periods if there are material changes from previous estimates.

(7) Deferred tax assets
To the extent that it is probable that there will be sufficient taxable profits to offset the losses, the company recognizes deferred tax assets for all unused tax losses. This requires the management of the company to use a lot of judgment to estimate the time and amount of future taxable profits, and combine tax planning strategies to determine the amount of deferred tax assets that should be recognized.

(8) Income tax

In the normal business activities of the company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be listed as disbursements before tax requires the approval of the tax authorities. If there is a difference between the final determination result of these tax matters and the initially estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

(9) Internal retirement benefits and supplementary retirement benefits

The company's internal retirement benefits and supplementary retirement benefits expenses and liabilities are determined based on various assumptions. These assumptions include discount rate, growth rate of average medical expenses, growth rate of subsidies for internal retirees and retirees and other factors. Differences between actual results and assumptions will be recognized and charged to current year expenses as soon as they occur. Although the management believes that reasonable assumptions have been adopted, changes in actual experience and assumptions will still affect the company's internal retirement benefits and supplementary retirement benefits expenses and liabilities.

(10) Other major accounting policies, accounting estimates and methods of preparing financial statements

The company shall determine the operating divisions based on the internal organizational structure, management requirements and internal reporting system, and shall determine the reporting divisions based on the operating divisions.

① This component can generate income and expenses in daily activities;

② The enterprise management can regularly evaluate the operating results of this component to decide to allocate resources to it and evaluate its performance;

③ The enterprise can obtain the financial status, operating results and cash flow of this component of accounting information.

## VI. Taxes

1. Main taxes categories and tax rates

| Tax category | Tax basis | Tax rate |
|---|---|---|
| Value added tax | Output tax deducted input tax that can be credited against the output tax | 13%，9%、6%、5%、Tax exemption |
| Urban maintenance and construction tax | Turnover tax payable | 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 COMP ANY LIMITED | 25% |

| Name of tax enterprise | Tax rate of income tax |
|---|---|
| Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd. | 25% |
| Shandong zhonglu ocean refrigeration 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%. |
| Sino-Ocean (Qingdao) Industrial Investment Development Co., Ltd. | 25% |

2. Tax Preferences and Approval Documents

2.1 Value-added tax preference

In accordance with Item 1 of Article 15 of the Provisional Regulations of the People's Republic of China on Value-Added Tax, Item 1 of Article 35 of the Implementation Rules of the Provisional Regulations of the People's Republic of China on Value-Added Tax, and the notice of the Ministry of Finance and the State Taxation Administration on issuing the Notes to the Scope of Taxation for Agricultural Products through CSZ [1995] No. 52, the sales revenue of the Company and its subsidiaries from long-range fishing falls within the scope of the aquaculture industry as defined in the foregoing provisions, and hence, it is entitled to the value-added tax preference. In accordance with the provisions of the Notice on the Comprehensive Roll-out of Business Tax to Value Added Tax Transformation Pilot Program (No. 36 of 2016), the value-added tax is exempt for the direct or indirect international freight forwarding services provided by taxpayers. Shandong Zhonglu Aquaculture Shipping Co., Ltd., a subsidiary of the Company, is exempt from the value-added tax for the relevant sales revenue it has gained.

2.2 Income tax preference

In accordance with relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (Order No. 63 of the President of the People's Republic of China), the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China (Order No. 512 of the State Council of the People's Republic of China), the Notice of the Ministry of Finance and the State Taxation Administration on Issuing the Primary Processing Scope of Agricultural Products Entitled to Enterprise Income Tax Preference Policies (Trial) (CS [2008] No. 149), the Supplementary Notice of the Ministry of Finance and the State Taxation Administration on the Relevant Primary Processing Scope of Agricultural Products Entitled to Enterprise Income Tax Preference Policies (CS [2011] No. 26) and the Announcement of the State Taxation Administration on Issues Concerning the Enterprise Income Tax Preference for the Implementation of Farming, Forestry, Husbandry, and Fishery Projects (Announcement No. 48 of 2011 of the State Taxation Administration), the processing fees charged by the Company for its primary processing of agricultural products and authorized primary processing of agricultural products can be treated as tax-exempt items for the primary processing of agricultural products. The income gained by the Company from its long-range fishing and primary processing of agricultural products is exempt from the enterprise income tax. Other income gained by the company than the income from its long-range fishing and primary processing of agricultural products will be subject to the enterprise income tax at a tax rate of 25%.

## VII. Notes to consolidated financial statement items

### 1. Monetary funds

Unit:RMB

| Item | Closing balance Closing balance | Opening balance |
|---|---|---|
| Cash on hand | 2,757,074.69 | 2,325,815.67 |
| Bank deposit | 173,825,159.02 | 224,938,526.64 |
| Total | 176,582,233.71 | 227,264,342.31 |
| Including: total amount of funds deposited overseas | 27,155,822.08 | 39,621,432.70 |

### 2. Accounts receivable

#### (1) Classified disclosure of accounts receivable

Unit:RMB

| Category | Closing balance Closing balance | | | | | Opening balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book balance | | Bad debt provision | | Book value | Book balance | | Bad debt provision | | Book value |
| | Amount | Proportion | Amount | Accrual ratio | | Amount | Proportion | Amount | Accrual ratio | |
| Among them: | | | | | | | | | | |
| Accounts receivable accrued for bad debts by combination | 59,293,703.62 | 100.00% | 9,644,681.84 | 16.27% | 49,649,021.78 | 67,429,306.19 | 100.00% | 9,595,634.36 | 14.23% | 57,833,671.83 |
| Including: | | | | | | | | | | |
| Total | 59,293,703.62 | 100.00% | 9,644,681.84 | 16.27% | 49,649,021.78 | 67,429,306.19 | 100.00% | 9,595,634.36 | 14.23% | 57,833,671.83 |

Accrued bad debt provisions by combination： 9,644,681.84

Unit:RMB

| Name | Closing balance | | |
|---|---|---|---|
| | | | Accrual ratio |

| | Book balance | Bad debt provision | |
|---|---|---|---|
| Accrued bad debt provisions by combination | 59,293,703.62 | 9,644,681.84 | 16.27% |
| Total | 59,293,703.62 | 9,644,681.84 | |

If the bad debt provision of accounts receivable is made based on the general model of expected credit losses, please refer to the disclosure methods of other accounts receivable to disclose the relevant information of bad debts provision:

☐Applicable ☑Not applicable

Disclosure by aging

Unit:RMB

| Aging | Closing balance |
|---|---|
| Within 1 year (included) | 51,958,477.63 |
| 1-2 years | 46,755.57 |
| 2-3 years | 764,078.18 |
| Over 3 years | 6,524,392.24 |
| 4-5 years | 6,524,392.24 |
| Total | 59,293,703.62 |

## (2) Bad debt provisions accrued, recovered or reversed in the current period

Accrual for bad debt provisions in the current period:

Unit:RMB

| Category | Opening balance | Change amount of current period | | | | Closing balance |
|---|---|---|---|---|---|---|
| | | Accrual | Recovery or reversal | Write off | Others | |
| Accrued bad debt provisions by combination | 9,595,634.36 | 708,094.38 | 659,046.90 | | | 9,644,681.84 |
| Total | 9,595,634.36 | 708,094.38 | 659,046.90 | | | 9,644,681.84 |

## (3) Accounts receivable of the top five closing balance collected by the debtor

Unit:RMB

| Name of entity | Closing balance accounts receivable | Proportion to the total closing balance of accounts receivable | Closing balance of bad debt provisions |
|---|---|---|---|
| W.E.C.F. CO..LTD. | 26,269,235.50 | 44.30% | 1,313,461.78 |
| PANDA CO.LTD | 3,600,962.12 | 6.07% | 3,600,962.12 |
| Fengqun Aquatic Products Co., Ltd | 3,293,677.74 | 5.55% | 164,683.89 |
| Shenzhen Shenzhiyang | 2,989,730.41 | 5.04% | 149,486.52 |

| | | | |
|---|---|---|---|
| Trading Co., Ltd | | | |
| Chenghong Refrigeration Co., Ltd | 2,758,755.13 | 4.65% | 137,937.76 |
| Total | 38,912,360.90 | 65.61% | |

## 3. Prepayments

### (1) Prepayments presented by aging

Unit:RMB

| Aging | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Amount | Proportion | Amount | Proportion |
| Within 1 year | 32,703,670.91 | 96.83% | 25,486,029.47 | 94.88% |
| 1-2 years | 1,070,235.46 | 3.17% | 1,374,021.19 | 5.12% |
| Total | 33,773,906.37 | | 26,860,050.66 | |

### (2) Prepayments of the top five closing balance collected by prepayment object

| Name of entity | Closing balance | Proportion to the total closing balance of prepayments |
|---|---|---|
| China Overseas Fisheries Association | 9,421,302.28 | 27.94% |
| KTI COMPANY LIMITED | 4,131,645.83 | 12.25% |
| PARTIES TO THE NAURU AGREEMENT(PNA FUND) | 2,746,933.80 | 8.15% |
| KIRIBATI GOVERNMENT NO.1 | 2,379,774.74 | 7.06% |
| TECHNICAL SUPPLY CENTER S.L. | 1,900,228.73 | 5.64% |
| Total | 20,579,885.38 | 61.04% |

## 4. Other receivables

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Other receivables | 6,370,630.00 | 5,562,546.59 |
| Total | 6,370,630.00 | 5,562,546.59 |

### (1) Other receivables

### 1) Classification of other receivables by nature of payment

Unit:RMB

| Nature of payment | Closing book balance | Opening book balance |
|---|---|---|
| Security deposit | 165,965.36 | 605,619.95 |
| Transactions and others | 11,284,340.69 | 9,847,319.45 |
| Bad debt provision | -5,079,676.05 | -4,890,392.81 |
| Total | 6,370,630.00 | 5,562,546.59 |

## 2) Accrual of bad debt provisions

Unit:RMB

| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| | Expected credit loss for the next 12 months | Expected credit loss for the entire duration (no credit impairment has occurred) | Expected credit loss for the entire duration (credit impairment has occurred) | |
| Balance on January 1, 2023 | 552,110.86 | | 4,338,281.95 | 4,890,392.81 |
| Balance on January 1, 2023 in current period | | | | |
| Accrual of current period | 299,815.36 | | | 275,900.68 |
| Reversal of current period | 87,425.02 | | | 87,425.02 |
| Other changes | 807.58 | | | 807.58 |
| Balance on June 30, 2023 | 765,308.78 | | 4,338,281.95 | 5,079,676.05 |

Changes in book balance with significant changes in loss reserves during the current period

☐Applicable ☐Not applicable

Disclosure by aging

Unit:RMB

| | Closing balance |
|---|---|
| Within 1 year (included) | 4,439,212.35 |
| 1-2 years | 2,069,371.56 |
| 2-3 years | 349,646.69 |
| Over 3 years | 4,592,075.45 |
| 4-5 years | 4,592,075.45 |
| Total | 11,450,306.05 |

## 3) Bad debt provisions accrued, recovered or reversed in the current period

Accrual of bad debt provision in current period

Unit:RMB

| Category | Opening balance Opening balance | Change amount in current period | | | | Closing balance Closing balance |
|---|---|---|---|---|---|---|
| | | Accrual | Recovery or reversal | Write-off | Others | |
| Bad debts of other accounts receivable | 4,890,392.81 | 275,900.68 | 87,425.02 | | 807.58 | 5,079,676.05 |
| Total | 4,890,392.81 | 275,900.68 | 87,425.02 | | 807.58 | 5,079,676.05 |

### 4) Other accounts receivable with the top five closing balance collected by the debtor

Unit:RMB

| Name of entity | Nature of payment | Closing balance | Aging | Proportion to total closing balance of other receivables | Closing balance of bad debt provision |
|---|---|---|---|---|---|
| Shandong State-owned Assets Investment Holdings Co., Ltd | Receivable custody fees | 2,250,000.00 | Within 1 year | 19.65% | |
| Bak Seong Ho | Employee loans | 1,055,050.91 | Within 1 year, 1-2 years | 9.21% | 301,642.29 |
| China Overseas Fisheries Association | Security deposit | 382,250.00 | Within 1 year | 3.34% | 19,112.50 |
| Yuxiang International Enterprise Co., Ltd | Current accounts | 360,490.00 | Within 1 year | 3.15% | 18,024.50 |
| Daihatsu Corporation of Japan | Current accounts | 288,896.39 | Over 5 years | 2.52% | 288,896.39 |
| Total | | 4,336,687.30 | | 37.87% | 627,675.68 |

## 5. Inventory

Does the company need to comply with disclosure requirements in the real estate industry

No

### (1)Category of inventories

Unit:RMB

| Item | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Inventory falling price reserve or contract performance cost impairment provision | Book value | Book balance | Inventory falling price reserve or contract performance cost impairment provision | Book value |
| Raw material | 200,440,042.43 | 6,769,784.67 | 193,670,257.76 | 161,964,426.73 | 4,070,413.82 | 157,894,012.91 |
| Commodities in stock | 359,907,879.25 | 43,254,574.30 | 316,653,304.95 | 315,997,100.12 | 54,150,416.89 | 261,846,683.23 |
| Turnover | 1,108,985.45 | | 1,108,985.45 | 1,109,413.83 | | 1,109,413.83 |

| | | | | | | |
|---|---|---|---|---|---|---|
| materials | | | | | | |
| Contract performance cost | 2,547,708.58 | | 2,547,708.58 | 3,416,444.22 | | 3,416,444.22 |
| Sent commodities | | | | 5,304,761.22 | 4,041,291.15 | 1,263,470.07 |
| Low value consumables | 451,904.92 | | 451,904.92 | 595,249.07 | | 595,249.07 |
| Total | 564,456,520.63 | 50,024,358.97 | 514,432,161.66 | 488,387,395.19 | 62,262,121.86 | 426,125,273.33 |

### (2)Inventory falling price reserves and contract performance cost impairment provisions

Unit:RMB

| Item | Opening balance Opening balance | Increased amount in the current period | | Decreased amount in the current period | | Closing balance |
|---|---|---|---|---|---|---|
| | | Accrual | Others | Reversal or resale | Others | |
| Raw materials | 4,070,413.82 | 2,699,370.85 | | | | 6,769,784.67 |
| Commodities in stock | 54,150,416.89 | | | 10,895,842.59 | | 43,254,574.30 |
| Sent commodities | 4,041,291.15 | | | 4,041,291.15 | | |
| Total | 62,262,121.86 | 2,699,370.85 | | 14,937,133.74 | | 50,024,358.97 |

### 6. Other current assets

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Input tax amount to be deducted for value-added tax | 8,507,530.94 | 10,392,999.68 |
| Prepaid income tax | 103,110.94 | 374,592.16 |
| Prepaid other taxes | 87,620.34 | 23,854.27 |
| Total | 8,698,262.22 | 10,791,446.11 |

### 7. Long-term equity investment

Unit:RMB

| Invested entity | Opening balance (book value) | Increase/decrease in current period | | | | | | | | Closing balance (book value) | Closing balance of impairment provision |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Additional investment | Reducing investment | Investment profit and loss recognized under the equity method | Other comprehensive income adjustments | Other equity changes | Declaring the distribution of cash dividends or profits | Accrual of impairment provision | Others | | |
| I.Joint venture | | | | | | | | | | | |
| II.Associated enterprise | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Jinan Qinzhen Food Technology Co., Ltd | 1,983,923.48 | | | -253,775.04 | | | | | | 1,730,148.44 | |
| Subtotal | 1,983,923.48 | | | -253,775.04 | | | | | | 1,730,148.44 | |
| Total | 1,983,923.48 | | | -253,775.04 | | | | | | 1,730,148.44 | |

## 8. Investment real estate

**(1)Investment real estate using cost measurement model**

☑Applicable ☐Not applicable

Unit:RMB

| Item | House and building | Land use right | Construction in progress | Total |
|---|---|---|---|---|
| I. Original book value | | | | |
| 1.Opening balance | 51,308,578.35 | | | 51,308,578.35 |
| 2.Increased amount in current period Increased amount in the current period | | | | |
| (1)Outsourcing | | | | |
| (2)Transferred from inventory, fixed assets, and construction in progress | | | | |
| 3) Increase in business merger | | | | |
| | | | | |
| 3.Current decrease amount | | | | |
| (1)Disposal | | | | |
| (2) Other transfers out | | | | |
| | | | | |
| 4.Closing balance | 51,308,578.35 | | | 51,308,578.35 |
| II.Accumulated depreciation and amortization | | | | |
| 1.Opening balance | 21,639,210.22 | | | 21,639,210.22 |
| 2.Increased amount in current period Increased amount in the current period | 663,038.34 | | | 663,038.34 |

| | | | | |
|---|---|---|---|---|
| (1)Accrual or amortization | 663,038.34 | | | 663,038.34 |
| | | | | |
| 3.Current decrease amount | | | | |
| (1)Disposal | | | | |
| (2)Other transfers out | | | | |
| | | | | |
| 4.Closing balance | 22,302,248.56 | | | 22,302,248.56 |
| III. Impairment provision | | | | |
| 1.Opening balance | 886,512.06 | | | 886,512.06 |
| 2.Increased amount in the current period | | | | |
| (1) Accrual | | | | |
| | | | | |
| 3.Current decrease amount | | | | |
| (1)Disposal | | | | |
| (2)Other transfers out | | | | |
| | | | | |
| 4.Closing balance | 886,512.06 | | | 886,512.06 |
| Book value | | | | |
| 1.Closing book value | 28,119,817.73 | | | 28,119,817.73 |
| 2.Opening book value | 28,782,856.07 | | | 28,782,856.07 |

**(2)Investment real estate using fair value measurement model**

☐Applicable ☑Not applicable

**(3)Investment real estate without obtaining property ownership certificate**

Unit:RMB

| Item | Book value | Reason for not completing the property rights certificate |
|---|---|---|
| Office building | 28,047,820.36 | See Notes |

Other notes

Note: According to the "Debt Repayment Opinion" signed between our company and Shandong Provincial Aquatic Products Group Corporation in April 2006, as well as the "Civil Ruling " (2005) LZZ No. 1299 of the People's Court of Lixia District, Jinan City, Shandong Provincial Aquatic Products Group Corporation will offset the debt owed by its office complex building and office supplies located at No. 43, Heping Road, Lixia District, Jinan City to Shandong Zhonglu Oceanic Fisheries Co., Ltd, the original book value of the confirmed office complex building is 54223132.40RMB, and the book value is 31807244.79 RMB(including the self use part included in fixed assets and the rental part included in investment real estate). The land used for this property is an allocated land, and the property ownership certificate has not yet been obtained.

## 9. Fixed assets

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Fixed assets | 1,046,244,239.75 | 630,970,963.32 |
| Total | 1,046,244,239.75 | 630,970,963.32 |

### (1) Fixed assets

Unit:RMB

| Item | Houses and buildings | Ships and nets | Machines and equipment | Transportation equipment | Furniture and office equipment | Total |
|---|---|---|---|---|---|---|
| I.Original book value: | | | | | | |
| 1.Opening balance | 196,047,378.12 | 741,147,928.30 | 63,509,105.74 | 9,548,435.79 | 12,066,534.30 | 1,022,319,382.25 |
| 1. Increased amount in the current period | 38,619.00 | 454,927,968.42 | 67,978.19 | 286,761.26 | 159,433.79 | 455,480,760.66 |
| (1)Purchase | | 18,134,668.22 | 62,389.38 | 131,499.03 | 131,747.26 | 18,460,303.89 |
| (2)Transferred from construction in progress | | 421,643,953.45 | | | | 421,643,953.45 |
| (3)Increase in business merger | | | | | | |
| Impact of exchange rate fluctuations | 38,619.00 | 15,149,346.75 | 5,588.81 | 155,262.23 | 27,686.53 | 15,376,503.32 |
| 3. Current decrease amount | | | | | 18,260.22 | 18,260.22 |
| (1)Disposal or scrapping | | | | | 18,260.22 | 18,260.22 |
| | | | | | | |
| 2. Closing balance | 196,085,997.12 | 1,196,075,896.72 | 63,577,083.93 | 9,835,197.05 | 12,207,707.87 | 1,477,781,882.69 |
| II.Accumulated depreciation | | | | | | |
| 1.Opening balance | 46,512,265.13 | 295,149,632.28 | 32,577,597.44 | 7,770,183.81 | 9,181,166.77 | 391,190,845.43 |
| 2.Increased amount in current period | 2,896,423.07 | 34,560,488.17 | 1,854,568.15 | 566,114.27 | 327,176.06 | 40,204,769.72 |
| 1) Accrual | 2,888,144.03 | 32,378,908.80 | 1,851,462.12 | 424,662.45 | 306,494.45 | 37,849,671.85 |
| Impact of exchange rate fluctuations | 8,279.04 | 2,181,579.37 | 3,106.03 | 141,451.82 | 20,681.61 | 2,355,097.87 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| 3.Current decrease amount | | | | | 15,545.71 | 15,545.71 |
| (1)Disposal or scrapping | | | | | 15,545.71 | 15,545.71 |
| | | | | | | |
| 4.Closing balance | 49,408,688.20 | 329,710,120.45 | 34,432,165.59 | 8,336,298.08 | 9,492,797.12 | 431,380,069.44 |
| III.Impairment provision | | | | | | |
| 1.Opening balance | | 157,573.50 | | | | 157,573.50 |
| 2.Increased amount in current period | | | | | | |
| (1)Accrual | | | | | | |
| | | | | | | |
| 3.Current decrease amount | | | | | | |
| (1)Disposal or scrapping | | | | | | |
| | | | | | | |
| 4.Closing balance | | 157,573.50 | | | | 157,573.50 |
| IV. Book value | | | | | | |
| 1.Closing book value | 146,677,308.92 | 866,208,202.77 | 29,144,918.34 | 1,498,898.97 | 2,714,910.75 | 1,046,244,239.75 |
| 2.Opening book value | 149,535,112.99 | 445,840,722.52 | 30,931,508.30 | 1,778,251.98 | 2,885,367.53 | 630,970,963.32 |

## (2)Temporarily idle fixed assets

Unit:RMB

| Item | Original book value | Accumulated depreciation | Impairment provision | Book value | 备注 |
|---|---|---|---|---|---|
| Refrigerating Equipment | 2, 179, 020. 00 | 1, 961, 118. 00 | | 217, 902. 00 | |

## (3)Fixed assets without obtaining property ownership certificate

Unit:RMB

| Item | Book value | Reason for not obtaining the property rights certificate |
|---|---|---|
| Houses and buildings | 1,572,595.25 | See the notes |

Other notes

Note: According to the "Debt Repayment Opinion" signed between our company and Shandong Provincial Aquatic Products Group Corporation in April 2006, as well as the "Civil Ruling " (2005) LZZ No. 1299 of the People's Court of Lixia District, Jinan City, Shandong Provincial Aquatic Products Group Corporation will offset the debt owed with its office complex building and office supplies located at No. 43, Heping Road, Lixia District, Jinan City to Shandong Zhonglu Oceanic Fisheries Co., Ltd, the original book value of the confirmed office complex building is 54223132.40 yuan, and the book value is 31807244.79 yuan (including the self use part included in fixed assets and the rental part included in investment real estate). The land used for this property is an allocated land, and the property ownership certificate has not yet been obtained.

## 10. Construction in progress

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Construction in progress | 51,354,770.09 | 344,727,296.32 |
| Total | 51,354,770.09 | 344,727,296.32 |

### (1) Construction in progress

Unit:RMB

| Item | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Tailong 7 seine boat | | | | 169,190,918.22 | | 169,190,918.22 |
| Tailong 9 seine boat | | | | 161,578,418.21 | | 161,578,418.21 |
| Two newly built trawlers | 15,566,963.14 | | 15,566,963.14 | | | |
| Renovation of Tuna Exhibition Hall | 993,784.17 | | 993,784.17 | | | |
| Phase I of Zhonglu Marine Innovation Industrial Park Project | 34,794,022.78 | | 34,794,022.78 | 13,957,959.89 | | 13,957,959.89 |
| Total | 51,354,770.09 | | 51,354,770.09 | 344,727,296.32 | | 344,727,296.32 |

### (2)Changes in important ongoing construction projects for the current period

Unit:RMB

| Name of item | Budget amount | Opening balance | Increased amount in current period | Amount transferred to fixed assets in the | Other decreases in the current period | Closing balance | Proportion of accumulated project investment | Project progress | Accumulated amount of interest capital | Among them: Current interest | Current interest capitalization rate | Source of funds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|

| | | | | current period | | | to budget | | ization | capitalization amount | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Tailong 7 seine boat | 207,000,000.00 | 169,190,918.22 | 22,794,309.83 | 191,985,228.05 | | | 92.75% | 100% | 4,337,396.45 | 1,020,133.16 | 4.00% | other |
| Tailong 9 seine boat | 207,000,000.00 | 161,578,418.21 | 22,796,793.28 | 184,375,211.49 | | | 89.07% | 100% | 4,337,396.45 | 1,020,133.17 | 4.00% | other |
| Two newly built trawlers | 26,000,000.00 | | 15,566,963.14 | | | 15,566,963.14 | 59.87% | 59.87% | 77,888.33 | 77,888.33 | 4.00% | other |
| Renovation of Tuna Exhibition Hall | 2,038,899.00 | | 993,784.17 | | | 993,784.17 | 48.74% | 48.74% | | | | other |
| Phase I of Zhonglu Marine Innovation Industrial Park Project | 90,000,000.00 | 13,957,959.89 | 20,836,062.89 | | | 34,794,022.78 | 38.66% | 38.66% | 3,630,666.67 | 2,641,333.34 | 3.50% | other |
| Total | 532,038,899.00 | 344,727,296.32 | 82,987,913.31 | 376,360,439.54 | | 51,354,770.09 | | | 12,383,347.90 | 4,759,488.00 | | |

## 11. Use right assets

Unit:RMB

| Item | Houses and buildings | Total |
|---|---|---|
| I.Original book value | | |
| 1.Opening balance | 1,809,939.63 | 1,809,939.63 |
| 2.Increased amount in the current period | 432,148.58 | 432,148.58 |
| Exchange rate impact | 50,277.47 | 50,277.47 |
| 3.Current decrease amount | | |
| | | |
| 4.Closing balance | 2,242,088.21 | 2,242,088.21 |
| II.Accumulated depreciation | 572,806.67 | 572,806.67 |
| 1.Opening balance | 1,399,893.66 | 1,399,893.66 |
| 2. Increased amount in the current period | 490,242.24 | 490,242.25 |

| | | |
|---|---|---|
| (1)Accrual | 451,178.11 | 451,178.11 |
| Exchange rate impact | 39,064.13 | 39,064.14 |
| 3.Current decrease amount | | |
| (1)Disposal | | |
| | | |
| 4.Closing balance | 1,890,135.90 | 1,890,135.91 |
| III.Impairment provision | | |
| 1.Opening balance | | |
| 2.Increased amount in the current period | | |
| (1)Accrual | | |
| | | |
| 3.Current decrease amount | | |
| (1)Disposal | | |
| | | |
| IV.Book value | | |
| 1.Closing book value | | |
| | 351,952.31 | 351,952.30 |
| 2.Opening book value | 410,045.97 | 410,045.97 |

## 12. 12.Intangible assets

### (1)Intangible assets

Unit:RMB

| Item | Land use right | Patent right | Non-patent technology | Computer software | Total |
|---|---|---|---|---|---|
| I.Original book value | | | | | |
| 1.Opening balance | 69,409,842.26 | | | 2,330,603.07 | 71,740,445.33 |
| 2.Increased amount in current period | | | | | |
| (1) Purchase | | | | | |
| (2)Internal R&D | | | | | |
| (3)Increase in business merger | | | | | |
| | | | | | |
| 3.Current decrease amount | | | | | |
| (1)Disposal | | | | | |
| | | | | | |
| 4.Closing balance | 69,409,842.26 | | | 2,330,603.07 | 71,740,445.33 |
| I. Accumulated | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| amortization | | | | | |
| 1.Opening balance | 7,420,487.56 | | | 1,692,253.73 | 9,112,741.29 |
| 2.Increased amount in current period | 714,486.24 | | | 126,346.92 | 840,833.16 |
| (1)Accrual | 714,486.24 | | | 126,346.92 | 840,833.16 |
| | | | | | |
| 3.Current decrease amount | | | | | |
| (1)Disposal | | | | | |
| | | | | | |
| 4.Closing balance | 8,134,973.80 | | | 1,818,600.65 | 9,953,574.45 |
| III.Impairment provision | | | | | |
| 1.Opening balance | | | | | |
| Increased amount in current period | | | | | |
| (1)Accrual | | | | | |
| | | | | | |
| 3.Current decrease amount | | | | | |
| (1)Disposal | | | | | |
| | | | | | |
| 4.Closing balance | | | | | |
| Book value | | | | | |
| 1.Closing book value | 61,274,868.46 | | | 512,002.42 | 61,786,870.88 |
| 2.Opening book value | 61,989,354.70 | | | 638,349.34 | 62,627,704.04 |

## 13. Long-term deferred expenses

Unit:RMB

| Item | Opening balance | Increased amount in current period | Amortized amount in current period | Other decreased amount | Closing balance |
|---|---|---|---|---|---|
| Decoration expense for offices | 79,090.36 | | 9,886.32 | | 69,204.04 |
| Total | 79,090.36 | | 9,886.32 | | 69,204.04 |

## 14. Deferred income tax assets/deferred income tax liabilities

### (1)Deferred income tax assets not offset

Unit:RMB

| Item | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Deductible temporary difference | Deferred tax assets | Deductible temporary difference | Deferred tax assets |

| | | | | |
|---|---|---|---|---|
| Asset impairment provision | 49,815.65 | 223,277.78 | 49,961.39 | 223,277.78 |
| Tax paid government subsidies related to assets for deferred income | 5,163,999.48 | 1,290,999.87 | 5,338,621.20 | 1,334,655.29 |
| Total | 5,213,815.13 | 1,514,277.65 | 5,388,582.59 | 1,557,933.07 |

**(2)Deferred income tax liabilities not offset**

Unit:RMB

| Item | Closing balance | | Opening balance | |
|---|---|---|---|---|
| | Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Accelerated depreciation of fixed assets | 10,107,817.25 | 2,526,954.30 | 10,411,997.44 | 2,610,499.36 |
| Total | 10,107,817.25 | 2,526,954.30 | 10,411,997.44 | 2,610,499.36 |

**(3)Deferred income tax assets or liabilities listed at net amount after offsetting**

Unit:RMB

| Item | Deferred income tax assets and liabilities offset at the end of the period | Closing balance of deferred income tax assets or liabilities after offsetting | Deferred income tax assets and liabilities offset at the end of the period | Opening balance of deferred income tax assets or liabilities after offsetting |
|---|---|---|---|---|
| Deferred income tax assets | | 1,514,277.65 | | 1,557,933.07 |
| Deferred income tax liabilities | | 2,526,954.30 | | 2,610,499.36 |

**(4)Details of unconfirmed deferred income tax assets**

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Deductible temporary differences - bad debt provisions | 14,724,357.89 | 13,592,916.05 |
| Deductible temporary differences - inventory falling price reserves | 50,024,358.97 | 62,262,121.86 |
| Deductible temporary differences - deductible losses | | 7,987,245.92 |
| Deductible temporary differences - impairment provision of construction in progress | 4,077,658.55 | 4,077,658.55 |

| | | |
|---|---|---|
| Total | 68,826,375.41 | 87,919,942.38 |

## 15. Other non-current assets

Unit:RMB

| Item | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Prepaid land payment | 2,000,000.00 | | 2,000,000.00 | 2,000,000.00 | | 2,000,000.00 |
| Advance payment for construction in progress and equipment | 6,099,449.18 | | 6,099,449.18 | 10,851,990.71 | | 10,851,990.71 |
| Total | 8,099,449.18 | | 8,099,449.18 | 12,851,990.71 | | 12,851,990.71 |

## 16. Short-term loans

## (1)Category of short-term loans

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Mortgage loan | 28,029,658.29 | 10,012,533.29 |
| Guaranteed Loan | 19,400,000.00 | |
| Credit loans | 40,011,611.11 | 10,011,611.11 |
| Total | 87,441,269.40 | 20,024,144.40 |

## 17. Accounts payable

### (1) Presentation of accounts payable

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Within 1 year (included) | 117,778,360.07 | 129,391,901.74 |
| Over 1 year | 8,374,137.27 | 4,880,402.31 |
| Total | 126,152,497.34 | 134,272,304.05 |

## 18. Advance receipts

### (1)Presentation of advance receipts

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Advance rent collection | 1,879,098.03 | 1,684,961.19 |
| Total | 1,879,098.03 | 1,684,961.19 |

## 19. Contract liabilities

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Advance payment for goods | 56,718,860.93 | 49,576,606.91 |
| Total | 56,718,860.93 | 49,576,606.91 |

## 20. Payroll payable

### (1) Presentation of payroll payable

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| I.Short -term compensation | 53,077,921.51 | 75,878,264.88 | 83,945,724.28 | 45,010,462.11 |
| II.Post employment benefits - defined contribution plan | 2,026,077.30 | 6,602,945.93 | 5,589,316.94 | 3,039,706.29 |
| III.Dismissal benefits | 3,962.00 | 224,088.00 | 228,050.00 | |
| IV.Other benefits due within one year | 8,073.37 | | 8,073.37 | |
| Total | 55,116,034.18 | 82,705,298.81 | 89,771,164.59 | 48,050,168.40 |

### (2)Presentation of short-term salary

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| 1.Salaries, bonuses, allowances, and subsidies | 51,653,463.36 | 68,953,421.72 | 76,942,856.64 | 43,664,028.44 |
| 2.Employee welfare expenses | 72,168.00 | 1,365,014.59 | 1,437,182.59 | |
| 3.Social insurance premiums | 12,715.32 | 2,907,593.58 | 2,917,611.72 | 2,697.18 |
| Including: Medical insurance premiums | 10,928.96 | 2,510,251.29 | 2,521,180.25 | |
| Work injury insurance premium | 1,786.36 | 352,692.36 | 354,478.72 | |
| 4.Housing provident fund | | 2,235,417.88 | 2,235,417.88 | |
| 5.Trade union funds and employee education funds | 1,339,574.83 | 416,817.11 | 412,655.45 | 1,343,736.49 |
| Total | 53,077,921.51 | 75,878,264.88 | 83,945,724.28 | 45,010,462.11 |

### (3)Presentation of defined contribution plans

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| 1.Basic pension insurance | 21,651.20 | 5,333,819.83 | 5,355,471.03 | |
| 2. Unemployment insurance premium | 947.24 | 221,871.88 | 222,819.12 | |
| 3.Enterprise annuity payment | 2,003,478.86 | 1,047,254.22 | 11,026.79 | 3,039,706.29 |
| Total | 2,026,077.30 | 6,602,945.93 | 5,589,316.94 | 3,039,706.29 |

## 21. Tax payable

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Value added tax | 244,635.99 | 282,208.25 |
| Enterprise income tax | 929,272.25 | 1,541,093.07 |
| Personal income tax | 41,218.59 | 559,650.11 |
| Urban maintenance and construction tax | 2,943.78 | 4,008.32 |
| Property tax | 340,194.59 | 340,194.59 |
| Land use tax | 200,210.99 | 200,210.82 |
| Education surcharges | 1,491.37 | 2,863.10 |
| Other taxes and fees | 722,172.08 | 1,411,448.06 |
| Total | 2,482,139.64 | 4,341,676.32 |

## 22. Other payables

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Other payables | 17,524,810.27 | 18,326,716.51 |
| Total | 17,524,810.27 | 18,326,716.51 |

#### (1)Other payables

#### 1) Presentation of other payables by payment nature

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Security deposit | 775,595.64 | 5,965,114.77 |
| Employee expenses | 1,594,561.11 | 716,721.01 |
| Safety production cost | 2,808,236.18 | 1,667,772.64 |
| Others | 12,346,417.34 | 9,977,108.09 |
| Total | 17,524,810.27 | 18,326,716.51 |

## 23. Non current liabilities maturing within one year

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Long-term loans maturing within one year | 3,300,000.00 | 6,502,041.67 |
| Total | 3,300,000.00 | 6,502,041.67 |

## 24. Other current liabilities

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Advance payment output tax | 5,813.08 | 223,557.01 |
| Total | 5,813.08 | 223,557.01 |

## 25. Long-term loans

### (1)Category of long-term loans

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Mortgage loan | 47,200,000.00 | 47,264,244.44 |
| Guaranteed Loan | 108,240,000.00 | 96,093,333.33 |
| Mortgage and guaranteed loan | 230,990,361.46 | 140,200,000.00 |
| Total | 386,430,361.46 | 283,557,577.77 |

## 26. Lease liabilities

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Rental of office space | 186,871.11 | |
| Total | 186,871.11 | |

## 27. Long-term employee compensation payable

### (1)Long term employee payroll payable

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| I. Other long-term benefits | 551,802.08 | 616,935.20 |
| Total | 551,802.08 | 616,935.20 |

## 28. Deferred income

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance | Cause |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Government subsidies | 13,500,315.67 | | 626,668.18 | 12,873,647.49 | Government subsidies related to assets |
| Total | 13,500,315.67 | | 626,668.18 | 12,873,647.49 | |

Items involving government subsidies:

Unit:RMB

| Liability item | Opening balance | Newly added subsidy amount in current period | Amount included in non-operating income for the current period | Amount included in other income in the current period | Expense amount for offsetting cost for current period | Other changes | Closing balance | Related to assets/related to income |
|---|---|---|---|---|---|---|---|---|
| Special construction fund | 7,954,109.04 | | | 519,041.16 | | | 7,435,067.88 | Related to assets |
| Financial subsidies for shipbuilding | 5,546,206.63 | | | 107,627.02 | | | 5,438,579.61 | Related to assets |

## 29. Capital stock

Unit:RMB

| | Opening balance | Increase/decrease for this change | | | | | Closing balance |
|---|---|---|---|---|---|---|---|
| | | Issue of new shares | Stock dividend | Conversion of provident fund into shares | Others | Subtotal | |
| Total number of shares | 266,071,320.00 | | | | | | 266,071,320.00 |

## 30. Capital reserves

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Capital premium (share capital premium) | 189,093,492.79 | | | 189,093,492.79 |
| Other capital reserve | 106,526,779.23 | | | 106,526,779.23 |
| Total | 295,620,272.02 | | | 295,620,272.02 |

## 31. Other comprehensive income

Unit:RMB

| Item | Opening | Amount incurred in current period Current amount incurred | Closing |
|---|---|---|---|

| | balance | Amount incurred before income tax in the current period | Less: previously included in other comprehensive income and transferred to profit or loss in the current period | Less: Previously included in other comprehensive income, and transferred to retained earnings in the current period | Less: Income tax expense | Attributable to the parent company after tax | Attributable to minority shareholders after tax | balance |
|---|---|---|---|---|---|---|---|---|
| I.Other comprehensive income to be reclassified into profit or loss | -6,291,344.58 | 8,720,992.54 | | | | 6,789,384.42 | 1,931,608.12 | 498,039.84 |
| Translation differences in foreign currency financial statements | -6,291,344.58 | 8,720,992.54 | | | | 6,789,384.42 | 1,931,608.12 | 498,039.84 |
| Total of other comprehensive income | -6,291,344.58 | 8,720,992.54 | | | | 6,789,384.42 | 1,931,608.12 | 498,039.84 |

## 32. Special reserves

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Safe production expense | | 1,663,748.71 | 1,360,453.37 | 303,295.34 |
| Total | | 1,663,748.71 | 1,360,453.37 | 303,295.34 |

## 33. Surplus reserves

Unit:RMB

| Item | Opening balance | Increase in current period | Decrease in current period | Closing balance |
|---|---|---|---|---|
| Statutory surplus reserve | 21,908,064.19 | | | 21,908,064.19 |
| Total | 21,908,064.19 | | | 21,908,064.19 |

## 34. Undistributed profits

Unit:RMB

| Item | Current period | Previous period |
|---|---|---|
| Undistributed profit at the end of the previous period before adjustment | 409,764,423.32 | 379,524,911.94 |
| Undistributed profits at the beginning of the adjustment period | 409,764,423.32 | 379,524,911.94 |
| Plus: Net profit attributable to the owners of the parent company in the current period | -10,201,333.02 | 30,239,511.38 |
| Undistributed profit at the end of the period | 399,563,090.30 | 409,764,423.32 |

Details of undistributed profits at the beginning of the adjustment period:

1) Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, the undistributed profits by yuan at the beginning of the period were affected.

2) Due to changes in accounting policies, the undistributed profit by yuan at the beginning of the period was affected.

3) Due to significant accounting error correction, the undistributed profit by yuan at the beginning of the period was affected.

4) Due to changes in the scope of consolidation caused by the same control, the undistributed profit by yuan at the beginning of the period was affected .

5) The total amount of other adjustments affects on the undistributed profit by yuan at the beginning of the period.

## 35. Operating income and operating costs

Unit:RMB

| Item | Amount incurred in the current period | | Amount incurred in the previous period | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |
| Main business | 449,292,839.15 | 435,341,802.68 | 365,737,998.47 | 364,824,763.13 |
| Other businesses | 4,926,425.05 | 862,430.51 | 4,810,996.29 | 992,975.63 |
| Total | 454,219,264.20 | 436,204,233.19 | 370,548,994.76 | 365,817,738.76 |

Income generated by contract:

(1)Operating income in current period classified by revenue recognition time

| Item | Income from product sales | Income from OEM processing | Income from refrigeration fee | Income from other businesses |
|---|---|---|---|---|
| Recognized at a certain point | 439,423,679.54 | 1,287,662.99 | | 3,395,000.15 |
| Recognized within a certain duration | | | 10,112,921.52 | |
| Total | 439,423,679.54 | 1,287,662.99 | 10,112,921.52 | 3,395,000.15 |

(2)Income subject to leasing standards

| Item | Ship leasing | House leasing and others |
|---|---|---|
| Main business | 63,548,295.62 | |
| Other businesses | | 2,420,645.59 |
| Total | 63,548,295.62 | 2,420,645.59 |

## 36. Taxes and surcharges

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in the previous period |
|---|---|---|
| Consumption tax | 65.04 | |
| Urban maintenance and construction tax | 49,808.79 | 23,456.65 |
| Education surcharges | 21,323.33 | 10,017.56 |
| Property tax | 934,220.78 | 911,202.45 |
| Land use tax | 243,084.06 | 505,100.21 |
| Vehicle and vessel use tax | 12,711.68 | 1,636.68 |
| Stamp duty | 133,456.01 | 116,889.48 |
| Local education surcharges | 14,215.57 | 6,678.36 |
| Total | 1,408,885.26 | 1,574,981.39 |

## 37. Sales expenses

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Employee compensation | 905,191.78 | 953,992.32 |
| Business promotion expenses | 520,013.60 | 238,660.36 |
| Travel expenses | 84,708.59 | 7,817.80 |
| Depreciation expenses | 49,215.30 | 56,918.60 |
| Communication fee | 1,139.18 | 2,700.42 |
| Others | 331,539.33 | 185,259.87 |
| Total | 1,891,807.78 | 1,445,349.37 |

## 38. Administrative expenses

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Employee compensation | 19,022,687.71 | 15,642,222.75 |
| Accumulated depreciation and amortization | 2,177,428.40 | 944,275.86 |
| Travel expenses | 832,275.16 | 830,012.14 |
| Business entertainment expenses | 370,266.84 | 222,761.89 |
| Vehicle cost | 471,464.76 | 445,322.50 |
| Intermediary service fee | 60,433.66 | 164,535.87 |
| Office expenses | 342,445.70 | 219,585.23 |
| Property water and electricity | 811,278.58 | 759,509.61 |

| | | |
|---|---|---|
| Depreciation of use rights assets | 260,242.55 | 928,672.60 |
| Others | 4,833,640.53 | 5,482,826.92 |
| Total | 29,182,163.89 | 25,639,725.37 |

## 39. R&D expenses

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Employee compensation | 354,685.14 | 293,851.00 |
| Materials | 4,599.01 | 9,626.24 |
| Depreciation | 96,697.44 | |
| Others | 159,494.16 | 29,066.72 |
| Total | 615,475.75 | 332,543.96 |

## 40. Financial expenses

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Interest expenses | 4,110,188.21 | 1,350,577.27 |
| Less: Interest income | 908,757.25 | 179,373.83 |
| Exchange gains and losses | -6,865,649.63 | -4,218,361.31 |
| Handling fee expenditure | 609,479.19 | 366,973.75 |
| Other expenses | 131,678.02 | 47,903.31 |
| Total | -2,923,061.46 | -2,632,280.81 |

## 41. Other income

Unit:RMB

| Sources of other income generation | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Shipbuilding financial discount | 107,627.02 | 107,627.02 |
| Financial subsidies for special construction funds in the blue economic zone | 349,243.44 | 349,243.44 |
| Special funds for cold chain logistics | 141,211.80 | 141,211.80 |
| Refund of individual income tax procedures | 21,836.73 | 22,928.75 |
| Job stabilization subsidy | 4,500.00 | 590.93 |
| Support subsidy for ammonia refrigeration medium transformation | 28,585.92 | 14,292.96 |
| Special funds for the development of deep-sea fisheries | 767,000.00 | |
| Rewards and subsidies for high-quality agricultural development policies | 100,000.00 | |
| Value added tax addition and deduction | 8,041.40 | 52,205.35 |
| Total | 1,528,046.31 | 688,100.25 |

## 42. Investment income

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|

| | | |
|---|---|---|
| Long-term equity investment income accounted using the equity method | -253,775.04 | |
| Investment income of trading financial assets during the holding period | | 1,076,034.24 |
| Total | -253,775.04 | 1,076,034.24 |

## 43. Income from changes in fair value

Unit:RMB

| Sources of income from changes in fair value | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Trading financial liabilities | | -96,000.00 |
| Total | | -96,000.00 |

## 44. Credit impairment loss

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Credit impairment loss on accounts receivable | -85,703.21 | 369,577.28 |
| Credit impairment losses on other receivables | -203,681.99 | -8,829.93 |
| Total | -289,385.20 | 360,747.35 |

## 45. Asset impairment loss

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| II. Inventory falling price loss and contract performance cost impairment loss | -2,699,370.85 | |
| Total | -2,699,370.85 | |

## 46. Non-operating income

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period | Amount included in current non-recurring gains and losses |
|---|---|---|---|
| Compensation income | 528,820.50 | 17,073.10 | 528,820.50 |
| Others | 330.00 | 19,927.00 | 330.00 |
| Total | 529,150.50 | 37,000.10 | |

## 47. Non-operating expenses

Unit:RMB

| Item | Amount incurred in the | Amount incurred in previous | Amount included in current |
|---|---|---|---|

| | current period | period | non-recurring gains and losses |
|---|---|---|---|
| Losses on scrapping of fixed assets | 2,714.51 | 1,337.00 | 2,714.51 |
| Total | 2,714.51 | 1,337.00 | 2,714.51 |

### 48. Income tax expenses

#### (1)Income tax expense statement

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Current income tax expense | 1,139,000.17 | 314,456.95 |
| Deferred income tax expense | -39,889.64 | 43,655.43 |
| Total | 1,099,110.53 | 358,112.38 |

#### (2)Accounting profit and income tax expense adjustment process

Unit:RMB

| Item | Amount incurred in current period |
|---|---|
| Total profit | -13,348,289.00 |
| Income tax expenses calculated based on statutory/applicable tax rates | -3,337,072.25 |
| The impact of adjusting income tax of previous periods | 41,915.89 |
| The impact of non-taxable income | 1,951,633.38 |
| The impact of deductible losses on unrecognized deferred income tax assets in the prior periods of use | |
| The impact of deductible temporary differences or deductible losses on unrecognized deferred income tax assets in the current period | 2,442,633.52 |
| Income tax expenses | 1,099,110.53 |

### 49. Other comprehensive income

Refer to 31, VII,Sections 10 of the notes for details.

### 50. Items of cash flow statement

#### (1)Other cash received related to operating activities

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Financial expenses - interest income | 908,757.25 | 209,168.93 |
| Government subsidies and other non-operating income | 1,418,557.36 | 1,082,566.91 |
| Current accounts and others | 1,523,601.26 | 10,438,026.46 |
| Total | 3,850,915.87 | 11,729,762.30 |

### (2)Other cash paid related to operating activities

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Cash paid sales expenses | 2,482,632.44 | 7,836,790.46 |
| Cash paid management fees | 11,014,487.90 | 7,463,756.44 |
| Cash paid research and development expenses | 101,296.45 | 4,039.00 |
| Current accounts and others | 3,953,790.26 | 2,935,295.14 |
| Total | 17,552,207.05 | 18,239,881.04 |

### (3)Other cash paid related to financing activities

Unit:RMB

| Item | Amount incurred in the current period | Amount incurred in previous period |
|---|---|---|
| Payment of lease payments | 338,909.00 | 652,967.28 |
| Total | 338,909.00 | 652,967.28 |

## 51. Supplementary information to the cash flow statement

### (1)Supplementary information to the cash flow statement

Unit:RMB

| Supplementary information | Amount in current period | Amount in previous period |
|---|---|---|
| 1. Adjusting net profit to cash flow from operating activities: | | |
| Net profit | -14, 447, 399. 53 | -14, 817, 049. 31 |
| Plus: Asset impairment provision | -12, 237, 762. 89 | -360, 747. 35 |
| Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets | 37, 849, 671. 85 | 24, 984, 413. 04 |
| Depreciation of use rights assets | 451, 178. 11 | 1, 104, 702. 78 |
| Amortization of intangible assets | 318, 282. 00 | 896, 447. 27 |
| Amortization of long-term deferred expenses | 9, 886. 32 | 4, 822, 591. 49 |
| Loss on disposal of fixed assets, intangible assets, and other long-term assets (income, using"-") | | 5, 105, 581. 41 |
| Loss on scrapping of fixed assets (income, using "-") | 2, 714. 51 | |
| Loss from changes in fair value (income , using "-") | | 96, 000. 00 |
| Financial expenses (income , using "-") | 3, 298, 123. 39 | -2, 632, 280. 81 |
| Investment losses (income , using "-") | 253, 775. 04 | -1, 076, 034. 24 |
| Decrease in deferred income tax assets (increase, using "-") | 43, 655. 42 | 43, 655. 43 |
| Increase in deferred income tax liabilities | -83, 545. 06 | -75, 190. 54 |

| | | |
|---|---|---|
| (decrease , using "-") | | |
| Decrease in inventory (increase , using "-") | -76, 069, 125. 44 | -31, 159, 401. 15 |
| Decrease in operating receivables (increase , using "-") | -3, 241, 578. 67 | -26, 306, 042. 37 |
| Increase in operating payables (decrease , using "-") | 9, 386, 165. 34 | -29, 344, 731. 86 |
| Others | | |
| Net cash flow generated from operating activities | -54, 465, 959. 61 | -68, 718, 086. 21 |
| 2. Major investment and financing activities that do not involve cash receipts and payments: | | |
| Debt converted to capital | | |
| Convertible corporate bonds maturing within one year | | |
| Fixed assets acquired through financing lease | | |
| 3. Net changes in cash and cash equivalents: | | |
| Closing balance of cash | 176, 582, 233. 71 | 212, 936, 131. 11 |
| Less: Opening balance of cash | 227, 264, 342. 31 | 209, 649, 305. 99 |
| Plus: Closing balance of cash equivalents | | |
| Less: Opening balance of cash equivalents | | |
| Net increase in cash and cash equivalents | -50, 682, 108. 60 | 3, 286, 825. 12 |

**(2)Composition of cash and cash equivalents**

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| I. Cash | 176,582,233.71 | 227,264,342.31 |
| Including: cash in hand | 2,757,074.69 | 2,325,815.67 |
| Bank deposits available for payment at any time | 173,825,159.02 | 224,938,526.64 |
| II. Closing balance of cash and cash equivalents | 176,582,233.71 | 227,264,342.31 |

## 52. Assets with restricted ownership or use rights

Unit:RMB

| Item | Closing book value | Reason for restriction |
|---|---|---|
| Fixed assets | 474,879,441.40 | Mortgage loan |
| Intangible assets | 4,676,999.00 | Mortgage loan |
| Construction in progress | 15,566,963.14 | Mortgage loan |
| Total | 495,123,403.54 | |

## 53. Item Foreign currency monetary items

### (1)Foreign currency monetary items

Unit:RMB

| Item | Closing foreign currency balance | Conversion exchange rate | Closing converted RMB balance |
|---|---|---|---|
| Monetary funds | | | 53,204,512.93 |
| Including: US dollar | 5,302,902.94 | 7.2098 | 38,232,869.62 |
| Euro | 36,158.09 | 7.8717 | 284,625.64 |
| Hong Kong dollar | | | |
| Japanese yen | 217,779,217.00 | 0.0504 | 10,976,072.54 |
| Cedi | 5,603,886.88 | 0.6560 | 3,676,149.79 |
| Western France | 2,923,979.00 | 0.0119 | 34,795.35 |
| Accounts receivable | | | 40,670,939.49 |
| Including: USD | 4,813,679.58 | 7.2098 | 34,705,667.04 |
| Euro | | | |
| Hong Kong dollar | | | |
| Japanese yen | 105,592,262.80 | 0.0504 | 5,321,850.05 |
| Cedi | 980,826.85 | 0.6560 | 643,422.41 |
| Long-term loans | | | |
| Including: USD | | | |
| Euro | | | |
| Hong Kong dollar | | | |
| | | | |

### (2) Explanation of overseas operating entities, including for important overseas operating entities, the main overseas operating location, recording currency, and selection basis should be disclosed. If there is a change in recording currency, the reasons should also be disclosed.

☑ Applicable □ Not applicable

| Important overseas operating entities | Overseas main business location | Recording currency | Selection basis |
|---|---|---|---|
| HABITAT INTERNATIONAL CORPORATION | Panama Panama | USD | The economic environment in which the business operates |
| LAIF FISHERIES COMPANY LIMITED | Ghana | USD | The economic environment in which the business operates |
| YAW ADDO FISHERIES COMPANY LIMITED | Ghana | USD | The economic environment in which the business operates |

| | | | |
|---|---|---|---|
| ZHONG GHA FOODS COMPANY LIMITED | Ghana | USD | The economic environment in which the business operates |
| AFRICA STAR FISHERIES LIMITED | Ghana | USD | The economic environment in which the business operates |

### 54. Government subsidies

#### (1)Basic information of government subsidies

Unit:RMB

| Kind | Amount | Reporting items | Amount included in current profit and loss |
|---|---|---|---|
| Refund of individual income tax procedures | 21,836.73 | Other income | 21,809.13 |
| Job stabilization subsidy | 4,500.00 | Other income | 4,500.00 |
| Special funds for the development of deep-sea fisheries | 767,000.00 | Other income | 767,000.00 |
| Rewards and subsidies for high-quality agricultural development policies | 100,000.00 | Other income | 100,000.00 |

## VIII. Changes in the Scope of Consolidation

### 1.Others

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

## IX. Equity in other entities

### 1.Equity in subsidiaries

#### (1)Composition of enterprise groups

| Name of subsidiary | Main operating location | Place of registration | Business nature | Shareholding proportion | | Method of acquisition |
|---|---|---|---|---|---|---|
| | | | | | Indirect | |
| Shandong Zhonglu Aquatic Shipping Co., Ltd | Qingdao, Shandong | Qingdao, Shandong | Ocean shipping | 100.00% | | Establishment by investment |

| | | | | | | |
|---|---|---|---|---|---|---|
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd | Qingdao, Shandong | Qingdao, Shandong | Ocean fishing | 59.05% | | Establishment by investment |
| Zhonglu Oceanic(Qingdao) Industrial Investment and Development Co., Ltd | Qingdao, Shandong | Qingdao, Shandong | Food processing and refrigeration | 66.63% | 33.37% | Establishment by investment |
| Shandong Zhonglu Oceanic(Yantai) Food Co., Ltd | Yantai, Shandong | Yantai, Shandong | Food processing and refrigeration | 53.79% | 18.67% | Establishment by investment |
| HABITAT INTERNATIONAL CORPORATION | Panama | Panama | Ocean shipping | 100.00% | | Establishment by investment |
| Shandong Zhonglu Oceanic Refrigeration Co., Ltd | Yantai, Shandong | Yantai, Shandong | Warehousing service | | 100.00% | Establishment by investment |
| LAIF FISHERIES COMPANY LIMITED | Ghana | Ghana | Ocean fishing | | 100.00% | Establishment by investment |
| AFRICA STAR FISHERIES LIMITED | Ghana | Ghana | Ocean fishing | | 100.00% | Establishment by investment |
| ZHONG GHA FOODS COMPANY LIMITED | Ghana | Ghana | Ocean fishing | | 100.00% | Establishment by investment |
| YAW ADDO FISHERIES COMPANY LIMITED | Ghana | Ghana | Ocean fishing | | | 经营租赁 Operating lease |

**(2)Important non wholly-owned subsidiaries**

Unit:RMB

| Name of subsidiary | Shareholding proportion of minority shareholder | Profit and loss attributable to minority shareholders in the current period | Dividends declared for distribution to minority shareholders in the current period | Closing balance of minority shareholders' equity |
|---|---|---|---|---|
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd | 40.95% | -5,767,205.47 | | 163,619,690.31 |

| | | | | |
|---|---|---|---|---|
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd | 27.54% | 1,521,138.96 | | 95,064,493.20 |
| Total | | -4,246,066.51 | | 258,684,183.51 |

**(3)Main financial information of important non-wholly-owned subsidiaries**

Unit:RMB

| Name of subsidiary | Closing balance | | | | | | Opening balance | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current assets | Non-current assets | Total of assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd | 318,868,714.59 | 222,539,470.73 | 541,408,185.32 | 136,409,922.42 | 5,438,579.61 | 141,848,502.03 | 284,746,514.95 | 228,527,101.55 | 513,273,616.50 | 98,801,188.48 | 5,546,206.63 | 104,347,395.11 |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd | 389,021,961.13 | 123,076,343.26 | 512,098,304.39 | 156,949,306.18 | 9,962,022.18 | 166,911,328.36 | 349,063,247.82 | 126,955,026.31 | 476,018,274.13 | 125,790,070.11 | 10,564,608.40 | 136,354,678.51 |

Unit:RMB

| Name of subsidiary | Amount incurred in current period | | | | Amount incurred in previous period | | | |
|---|---|---|---|---|---|---|---|---|
| | Operating income | Net profit | Total comprehensive income | Cash flow of operating activities | Operating income | Net profit | Total comprehensive income | Cash flow of operating activities |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd | 123,113,716.41 | -14,083,529.85 | -9,366,538.10 | -7,785,536.38 | 70,960,103.41 | -20,046,540.01 | -14,478,065.76 | -63,483,126.67 |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd | 242,865,824.14 | 5,523,380.41 | 5,523,380.41 | -11,712,010.07 | 247,788,335.98 | 8,755,027.60 | 8,755,027.60 | 38,520,754.41 |

**2.Equity in joint venture or associate enterprises**

**(1)Important joint venture or associate enterprises**

| Name of joint venture or associate enterprise | Main business location | Place of registration | Business nature | Shareholding proportion | | Accounting methods for investments in joint ventures or associated enterprises |
|---|---|---|---|---|---|---|
| | | | | Direct | Indirect | |
| Jinan Qinzhen Food Technology Co., Ltd | Jinan, Shandong | Jinan, Shandong | Food processing | | 10.87% | Accounted with equity method |

Explanation of the difference between the shareholding ratio in a joint venture or associated enterprises and the voting rights ratio:

Basis for holding less than 20% of voting rights but with significant impact, or holding 20% or more of voting rights but without significant impact:

Our subsidiary Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. holds a 15.00% stock share in Jinan Qinzhen Food Technology Co., Ltd. and appoints directors to it, which has a significant impact on its production and operation.

## X.Risks Related to Financial Instruments

Our company's financial assets include accounts receivable and other receivables, while our company's financial liabilities include accounts payable, other payables, and short-term loans. For a detailed description of various financial instruments, please refer to the relevant items in Note 6. The company faces various financial instrument risks in its daily activities, mainly including credit risk, liquidity risk, and market risk. The board of directors is fully responsible for establishing and supervising the company's risk management structure, as well as formulating and monitoring the company's risk management policies.

Risk management objectives and policies: The objective of our company in risk management is to achieve an appropriate balance between risk and return, minimize the negative impact of risk on our company's business performance, and maximize the interests of shareholders and other equity investors.

1. Credit risks

If the customer or counterparty involved in the financial instrument is unable to fulfill their obligations under the contract and causes financial losses to the company, it is considered a credit risk. Credit risk mainly comes from accounts receivable from customers. The book value of accounts receivable, notes receivable, and other receivables is the company's maximum credit risk for financial assets.

2.Liquidity risk

Liquidity risk refers to the risk of a shortage of funds encountered by the company in fulfilling its obligations related to financial liabilities. Our company ensures sufficient liquidity to fulfill matured debts under normal and tight financial conditions, and conducts financing negotiations with financial institutions to maintain a certain level of standby credit line to reduce liquidity risk.

3.Market risks

Foreign exchange risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in foreign exchange rates. The foreign exchange risk faced by our company mainly comes from financial assets denominated in US dollars, and the amount of foreign currency financial assets converted into RMB is listed in the foreign currency monetary item in the notes.

(2)Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market interest rates. The interest rate risk faced by our company mainly comes from long-term bank loans, which is a floating interest rate and has the risk of changes in the RMB benchmark interest rate.

## XI. Related Parties and Related Transactions

### 1. 1.The situation of the parent company of the enterprise

| Name of parent company | Place of registration | Business nature | Registered capital | The shareholding ratio of the parent company in the company | Proportion of voting rights of the parent company to the company |
|---|---|---|---|---|---|
| Shandong State -owned Assets Investment Holdings Co., Ltd | Jinan, Shandong | Investment and Management, Asset Management and Capital Operations, Custody Operations, Investment Consulting | ￥4,500,000,000 | 47.25% | 47.25% |

The ultimate controlling party of the enterprise is the State owned Assets Supervision and Administration Commission of the People's Government of Shandong Province.

### 2. Situation of subsidiaries of the enterprise

The situation of subsidiaries of the enterprise is detailed in Note 9, Equity in Other Entities.

### 3. Situation of joint ventures and associated enterprises of our company

For important joint ventures or associated enterprises of our company, refer to Note 9, Equity in Joint Arrangements or Associated Enterprises.

## 4. Other related parties

| Name of other related parties | Relationship between other related parties and our company |
|---|---|
| Inspur General Software Co., Ltd | Controlled by the same parent company |
| Dezhou Bank Co., Ltd | Controlled by the same parent company |
| Zhongtai Xincheng Asset Management Co., Ltd | Controlled by the same parent company |
| Jinan Qinzhen Food Technology Co., Ltd | Associate enterprise |

## 5.Related party transactions

### (1) Related party transactions for purchasing and selling goods, providing and receiving labor services

Table of Purchasing Goods/Accepting Labor Services

Unit:RMB

| Related parties | Content of related party transaction | Amount incurred in current period | Approved transaction limit | Does it exceed the transaction limit | Amount incurred in previous period |
|---|---|---|---|---|---|
| Jinan Qinzhen Food Technology Co., Ltd | Tuna | 89,020.41 | | No | 30,080.70 |

### (2)Related entrusted management/contracting and entrusted management/outsourcing situation

Table of entrusted management/contracting situation of our company:

Unit:RMB

| Name of the entrusting party/outsourcing party | Name of trustee/contractor | Type of entrusted/contracted assets | Starting date of commission/contracting | Ending date of commission/contracting | Pricing basis for custody income/contracting income | Confirmed custody income/contracting income in this period |
|---|---|---|---|---|---|---|
| Shandong State-owned Assets Investment Holdings Co., Ltd | Shandong Zhonglu Oceanic Fisheries Co., Ltd | Entrusted management | April 14, 2022 | | Fixed charges | 849,056.60 |

### (3)Related leasing situation

As the lessee, our company:

Unit:RMB

| Name of lessor | Types of leased assets | Simplified rental fees for short-term leases and low value asset leases (if applicable) | Variable lease payments not included in the measurement of lease liabilities (if applicable) | Rent paid | Interest expense on lease liabilities assumed | Increased use rights assets |
|---|---|---|---|---|---|---|

| | | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period | Amount incurred in current period | Amount incurred in previous period |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhongtai Xincheng Asset Management Co., Ltd | Office building | | | | | 195,000.00 | 195,000.00 | | | | |
| Zhongtai Xincheng Asset Management Co., Ltd | Vehicle | 31,700.00 | 28,700.00 | | | | | | | | |

**(4) Compensation for key management personnel**

Unit:RMB

| Item | Amount incurred in current period | Amount incurred in previous period |
|---|---|---|
| Compensation for key management personnel | 1,807,927.00 | 855,189.00 |

**(5)Other related party transactions**

Interest income

| Name of item | Related party | Amount incurred in current period | Amount incurred in previous period |
|---|---|---|---|
| Income from deposit interest | Dezhou Bank Co., Ltd | 2721.96 | 1551.33 |
| Total | | 2721.96 | 1551.33 |

## 6. Accounts receivable and payable of related parties

**(1)Receivable**

Unit:RMB

| Name of item | Related party | Closing balance | | Opening balance | |
|---|---|---|---|---|---|
| | | Book balance | Bad debt provision | Book balance | Bad debt provision |

| | | | | | |
|---|---|---|---|---|---|
| Entrusted management fee | Shandong State-owned Assets Investment Holdings Co., Ltd | 2,250,000.00 | | 1,350,000.00 | 67,500.00 |

## XII. Commitments and contingencies

### 1. Important commitments

Significant commitments existing on the balance sheet date

As of the balance sheet date, there are no commitments that need to be disclosed.

### 2. Contingencies

#### (1)Significant contingencies on the balance sheet date

There are no significant contingencies that need to be disclosed by the company.

#### (2) The company should also explain if it has not any important contingencies that need to be disclosed

There are no significant contingencies that need to be disclosed by the company.

## XIII. Events after the balance sheet date

### 1. Explanation of other events after the balance sheet date

As of the reporting date, there are no events after the balance sheet date that need to be disclosed.

## XIV. Other Important Matters

### 1. Pension plan

According to relevant laws, regulations, and policies, our company has established an enterprise annuity system to pay supplementary pension insurance (i.e. enterprise annuity) for employees on the basis of participating in basic pension insurance in accordance with the law. A business efficiency coefficient is set based on the actual business situation every year, and the total amount of enterprise contributions is calculated based on this business efficiency coefficient. The expenses that the company should bear in the enterprise annuity have been disclosed in the payable employee compensation - defined contribution plan, and the individual contributions of employees are withheld and paid by the company from their wages. During this reporting period, a provision of 1.0473 million yuan was made for enterprise annuity. Refer to "20 of Note 7-Employee Compensation Payable" for relevant disclosures.

### 2. Segment Information

#### (1)Basis for determining reporting segments and accounting policies

Our company's main business includes ocean fishing, seafood refrigeration processing trade, ocean shipping, and other businesses. The company discloses segment reports based on the nature of its main business.

#### (2)Financial information of the reporting segment

Unit:RMB

| Item | Ocean fishing | Ocean shipping | Seafood refrigeration processing trade | Others | Inter-segment offset | Total |
|---|---|---|---|---|---|---|
| I. Income from main business | 184,991,696.92 | 63,548,295.62 | 241,209,101.28 | 125,297.96 | -40,581,552.63 | 449,292,839.15 |
| II. Main business cost | 197,906,540.54 | 54,196,624.73 | 228,529,277.69 | 84,141.24 | -45,374,781.52 | 435,341,802.68 |
| III. Credit impairment loss | -524,241.31 | -4,381.36 | 227,560.57 | 11,676.90 | | -289,385.20 |
| IV. Asset impairment loss | | | -2,699,370.85 | | | -2,699,370.85 |
| V.Depreciation and amortization | 25,481,801.03 | 10,111,004.66 | 3,646,872.06 | 1,991,201.29 | | 41,230,879.04 |
| VI.Total profit | -20,369,653.74 | 11,641,660.07 | 6,147,085.83 | -10,767,381.16 | | -13,348,289.00 |
| VII.Income tax expenses | | 475,405.11 | 623,705.42 | | | 1,099,110.53 |
| VIII.Net profit | -20,369,653.74 | 11,166,254.96 | 5,523,380.41 | -10,767,381.16 | | -14,447,399.53 |
| IX.Total assets | 1,123,948,413.10 | 345,451,317.60 | 512,098,304.40 | 674,928,286.20 | -667,649,375.50 | 1,988,776,945.81 |
| X.Total liabilities | 460,086,880.15 | 106,713,554.79 | 166,911,328.36 | 603,655,092.98 | -591,242,562.75 | 746,124,293.53 |

## XV. Notes to Main Items in the Parent Company's Financial Statements

### 1. Accounts receivable

#### (1)Classified disclosure of accounts receivable

Unit:RMB

| Category | Closing balance | | | | | Opening balance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Book balance | | Bad debt provision | | Book value | Book balance | | Bad debt provision | | Book value |
| | Amount | Proportion | Amount | Accrual proportion | | Amount | Proportion | Amount | Accrual proportion | |
| Among them: | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Accounts receivable of bad debt provision withdrawn by combination | 12,113,751.41 | | 5,720,915.76 | | 6,392,835.65 | 6,127,907.51 | 100.00% | 5,710,962.49 | 93.20% | 416,945.02 |
| Including: | | | | | | | | | | |
| Total | 12,113,751.41 | | 5,720,915.76 | | 6,392,835.65 | 6,127,907.51 | 100.00% | 5,710,962.49 | 93.20% | 416,945.02 |

Bad debt provision withdrawn by combination：5,720,915.76

Unit:RMB

| Name | Closing balance | | |
|---|---|---|---|
| | Book balance | Bad debt provision | Accrual proportion |
| Non-related party combination | 12,113,751.41 | 5,720,915.76 | 47.23% |
| Total | 12,113,751.41 | 5,720,915.76 | |

If the bad debt provision of accounts receivable is made based on the general model of expected credit losses, please refer to the disclosure methods of other accounts receivable to disclose the relevant information for bad debt provision:

☐Applicable ☑Not applicable

Disclosure by aging

Unit:RMB

| Aging | Closing balance |
|---|---|
| Within 1 year (included) | 6,424,733.40 |
| Over 3 years | 5,689,018.01 |
| Over 5 years | 5,689,018.01 |
| Total | 12,113,751.41 |

## (2)Bad debt provisions accrued, recovered or reversed in the current period

Accrual of bad debt provision in current period:

Unit:RMB

| Category | Opening balance | Change amount of current period | | | | Closing balance |
|---|---|---|---|---|---|---|
| | | Accrual | Recovery or reversal | Write-off | Others | |
| Accounts receivable | 5,710,962.49 | 9,953.27 | | | | 5,720,915.76 |
| Total | 5,710,962.49 | 9,953.27 | | | | 5,720,915.76 |

### (3)Accounts receivable of the top five closing balances collected by the debtor

Unit:RMB

| Name of entity | Closing balance of accounts receivable | Proportion to total closing balance of accounts receivable | Closing balance of bad debt provision |
|---|---|---|---|
| Shandong Zhonglu Oceanic(Yantai) Food Co., Ltd | 5,749,741.00 | 47.46% | |
| PANDA CO.LTD | 3,600,962.12 | 29.73% | 3,600,962.12 |
| SOCIETE DES MAREYEURS GROSSISTES | 637,954.90 | 5.27% | 31,897.75 |
| Qingdao Haifeng Group Co., Ltd | 430,625.10 | 3.55% | 430,625.10 |
| Lv Ming | 158,154.98 | 1.31% | 158,154.98 |
| Total | 10,577,438.10 | 87.32% | |

## 2. Other receivables

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Interest receivable | 614,333.33 | |
| Dividends receivable | 79,137,061.83 | 79,137,061.83 |
| Other receivables | 85,572,973.17 | 45,696,117.30 |
| Total | 165,324,368.33 | 124,833,179.13 |

**(1)Interest receivable**

**1)Classification of interest receivable**

Unit:RMB

| Item | Closing balance | Opening balance |
|---|---|---|
| Loan interest | 614,333.33 | |
| Total | 614,333.33 | |

**2) Accrual of bad debt provision**

☐Applicable ☑Not applicable

**(2)Dividends receivable**

**1) Classification of dividends receivable**

Unit:RMB

| Item (or invested entity) | Closing balance | Opening balance |
|---|---|---|
| Dividends receivable from subsidiaries | 79,137,061.83 | 79,137,061.83 |
| Total | 79,137,061.83 | 79,137,061.83 |

**2)Important dividends receivable with an aging of over 1 year**

Unit:RMB

| Item (or invested entity) | Closing balance | Aging | Reason for non-recovery | Whether impairment has occurred and its judgment basis |
|---|---|---|---|---|
| Dividends receivable from subsidiaries | 70,637,061.83 | 1-3 years | Funds necessary for ensuring the production and operation of subsidiaries | No impairment occurred |
| Total | 70,637,061.83 | | | |

**3) Accrual of bad debt provision**

☐Applicable ☑Not applicable

**(3) Other receivables**

**1) Classification of other receivables by nature of payment**

Unit:RMB

| Nature of payment | Closing book balance | Opening book balance |
|---|---|---|
| Internal transactions within the company | 82,200,813.19 | 43,971,159.92 |
| Reserve funds and others | 6,940,621.60 | 5,325,703.48 |
| Bad debt provision | -3,568,461.62 | -3,600,746.10 |
| Total | 85,572,973.17 | 45,696,117.30 |

**2)Accrual of bad debt provision**

Unit:RMB

| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| | Expected credit loss in the next 12 months | Expected credit loss for the entire duration (no credit impairment occurred) | Expected credit loss for the entire duration (credit impairment occurred) | |
| Balance as of January 1, 2023 | 128,695.12 | | 3,472,050.98 | 3,600,746.10 |
| Balance as of January 1, 2023 in the current period | | | | |
| Reversal in this period | 32,284.48 | | | 32,284.48 |
| Balance as of June 30, 2023 | 96,410.64 | | 3,472,050.98 | 3,568,461.62 |

Changes in book balance with significant changes in loss reserves during the current period

☐Applicable ☑Not applicable

Disclosure by aging

Unit:RMB

| Aging | Closing balance |
|---|---|
| Within 1 year (included) | 67,753,425.17 |
| 1-2 years | 8,840,415.70 |
| 2-3 years | 8,058.82 |
| Over 3 years | 12,539,535.10 |
| Over 5 years | 12,539,535.10 |
| Total | 89,141,434.79 |

**3) Bad debt provisions accrued, recovered or reversed in the current period**

**Accrual of bad debt provision in this period**

Unit:RMB

| Category | Opening balance | Change amount in this period | | | | Closing balance |
|---|---|---|---|---|---|---|
| | | Accrual | Recovery or reversal | Write-off | Others | |
| Other receivables | 3,600,746.10 | | 32,284.48 | | | 3,568,461.62 |
| Total | 3,600,746.10 | | 32,284.48 | | | 3,568,461.62 |

**4) The receivables of top five closing balance collected by the debtor**

Unit:RMB

| Name of entity | Nature of payment | Closing balance | Aging | Proportion to total closing balance of other receivables | Closing balance of bad debt provision |
|---|---|---|---|---|---|
| LAIF FISHERIES COMPANY LIMITED | Current accounts | 30,913,211.87 | Over 0-3 years | 34.68% | |
| AFRICA STAR FISHERIES LIMITED | Current accounts | 17,028,833.78 | Over 0-3 years | 19.10% | |
| YAW ADDO FISHERIES COMPANY LIMITED | Current accounts | 8,693,131.15 | Over 0-3 years | 9.75% | |
| ZHONG GHA FOODS COMPANY LIMITED | Current accounts | 3,574,484.59 | Over 0-3 years | 4.01% | |
| Shandong Provincial State-owned Assets Investment Holding Co., Ltd | Receivable custody fees | 2,250,000.00 | Within 1 year | 2.52% | |
| Total | | 62,459,661.39 | | 70.06% | |

## 3. Long-term equity investment

Unit:RMB

| Item | Closing balance | | | Opening balance | | |
|---|---|---|---|---|---|---|
| | Book balance | Impairment provision | Book value | Book balance | Impairment provision | Book value |
| Investment on subsidiaries | 328,189,455.23 | | 328,189,455.23 | 328,189,455.23 | | 328,189,455.23 |
| Total | 328,189,455.23 | | 328,189,455.23 | 328,189,455.23 | | 328,189,455.23 |

## (1)Investment on subsidiaries

Unit:RMB

| Invested entity | Opening balance (book value ) | Change in increase/decrease in this period | | | | Closing balance (book value) | Closing balance of impairment provision |
|---|---|---|---|---|---|---|---|
| | | Additional investment | Reducing investment | Accrual of impairment provision | Others | | |
| HABITAT INTERNATIONAL CORP. | 12,476,145.60 | | | | | 12,476,145.60 | |
| Shandong Zhonglu Aquatic Shipping 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 | |
| Zhonglu Oceanic(Qingdao) Industrial Investment and Development Co., Ltd | 96,000,000.00 | | | | | 96,000,000.00 | |
| Total | 328,189,455.23 | | | | | 328,189,455.23 | |

## 4. Operating income and operating costs

| Item | Amount incurred in current period | | Amount incurred in previous period | |
|---|---|---|---|---|
| | Income | Cost | Income | Cost |

| | | | | |
|---|---|---|---|---|
| Main business | 63,739,903.60 | 67,337,263.61 | 41,543,053.81 | 42,013,560.14 |
| Other businesses | 3,269,702.19 | 849,166.87 | 2,358,198.51 | 992,975.63 |
| Total | 67,009,605.79 | 68,186,430.48 | 43,901,252.32 | 43,006,535.77 |

Unit:RMB

Income-related information:

Unit:RMB

| Category of contract | Segment 1 | Segment 2 | | Total |
|---|---|---|---|---|
| Type of commodity | | | | |
| Including: | | | | |
| Income from main business | 63,614,605.64 | 125,297.96 | | 63,739,903.60 |
| Income from other businesses | | 3,269,702.19 | | 3,269,702.19 |
| Total | 63,614,605.64 | 3,395,000.15 | | 67,009,605.79 |

Information related to contract performing obligations:

There are no outstanding contract performing obligations.

Information related to the transaction price allocated to the remaining contract performing obligations:

The corresponding revenue amount for contract performing obligations that have been signed but have not yet been fulfilled or fully fulfilled at the end of this report period is 0.00RMB. Among them, __ RMB is expected to recognize revenue in the year, __ RMB is expected to recognize revenue in the year, and __ RMB is expected to recognize revenue in the year.

### 5. Investment income

Unit:RMB

| Item | Amount incurred in current period | Amount incurred in previous period |
|---|---|---|
| Investment income of trading financial assets during the holding period | | 1,076,034.24 |
| Total | | 1,076,034.24 |

## XVI. Additional information

### 1. Detailed statement of non-recurring profits and losses for the current period

☑Applicable ☐Not applicable

Unit:RMB

| Item | Amount | 说明 Remarks |
|---|---|---|
| Government subsidies included in current profit and loss (excluding government subsidies that are closely related to the company's normal business operations, complying with national policies and regulations, and enjoyed in a certain standard quota or quantity continuously) | 1,528,046.31 | |

| | | |
|---|---|---|
| Income from custody fees obtained from entrusted operations | 849,056.60 | |
| Other non-operating income and expenses other than the above | 526,435.99 | |
| Less: Income tax impact amount | 133,125.10 | |
| Amount affected by minority shareholders' equity | 725,319.31 | |
| Total | 2,045,094.49 | -- |

The specific situation of other profit and loss items that meet the definition of non-recurring profit and loss:

☐Applicable ☑ Not applicable

The company does not have any specific cases of profit or loss items that meet the definition of non-recurring profit or loss.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure of Companies Issuing Securities to the Public as recurring profit and loss items

☐Applicable ☑ Not applicable

## 2. Earnings on equity and earnings per share

| Profit during the reporting period | ROE | Earnings per share | |
|---|---|---|---|
| | | Basic earnings per share (RMB /Share) | Diluted earnings per share (RMB /Share) |
| Net profit attributable to common shareholders of the company | -1.04% | -0.0383 | -0.0383 |
| Net profit attributable to common shareholders of the company after deducting non-recurring profits and losses | -1.25% | -0.0460 | -0.0583 |

## 3. Differences in accounting data according to domestic and foreign accounting standards

### 1)Differences in net profit and net assets in financial reports disclosed according to international accounting standards and Chinese accounting standards

☐Applicable ☑ Not applicable

### 2) Differences in net profit and net assets in financial reports disclosed according to overseas accounting standards and Chinese accounting standards

☐Applicable ☑ Not applicable