Shandong Zhonglu Oceanic Fisheries Co., Ltd

Auditor's Report

SCPAR (2022) No. 2348

Shanghai Certified Public Accountants (Special General Partnership)

Shanghai China

Auditor's Report

SCPAR (2022) No. 2348
Date: April 19, 2022

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

I. Opinion

We have audited the financial statements of Shandong Zhonglu Oceanic Fisheries Co., Ltd (hereafter referred to as "the Company"), which comprise the consolidated and the Company's balance sheets as at December 31, 2021, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

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

III. Key Audit Matters

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

A. Revenue recognition

1. The Matter

As disclosed in note 4.37the policy of revenue accounting and note 6.34 of amount of revenue.

In 2021, Amount of operating revenue of the Company is RMB 93,428.44 million , Since revenue is a key indicator of the company's profit, there is an inherent risk of misstatement whether revenue is based on real transactions and whether it is included in the appropriate accounting period, so we identify revenue recognition as a key audit matter.

2. Audit response

Our audit procedures aimed at Revenue recognition are mainly include:

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

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

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

accounts receivable;
(4) Perform a cut-off test to check whether there is an intertemporal income by taking a sample of revenue transactions recorded around the balance sheet date;
(5) Implement confirmation procedures for major customers, extract enough samples to confirm the amount and balance of receivables and advance receivables, and confirm the rationality of revenue recognition.

B. The impairment of inventory
1. The Matter
As disclosed in note 4.15 the policy of inventory accounting and note 6.6 inventory book balance and provision for diminution in value of inventories, the Company held RMB 28,459.48million of inventory book balance as well as RMB 749.94million of impairment reserve,and RMB 27,709.54 million of the carrying amount,of which accounted for 19.79% of total assets at December 31 2021. In view of the significant amount of inventory, and the process of making allowances for falling prices of inventories involves significant management judgement, we identified the book balance and provision for diminution in value of inventories as a key audit matter.

2. Audit response
Our audit procedures aimed at inventory impairment preparations are mainly include:
(1) Understand, evaluate and test the design and implementation of internal control related to inventory management and impairment reserve for company;
(2) Supervise the inventory, check the quantity and status of the inventory and the expiration date of the product; And in the follow-up audit process checked the sales and collection of inventory;
(3) Obtain the age list of inventory at the end of period,and conduct an analytical review of the long-age inventory to confirm whether the provision for inventory depreciation is reasonable;
(4) Check the implementation of relevant accounting policies and the changes in the inventory impairment of the previous year, and analyze whether the provision for inventory impairment is sufficient. obtain the latest product sales prices before and after the balance sheet date, for the inventory that has been sold after the balance sheet date We took a sample

and compared the actual selling price of the sample with the estimated selling price;.
(5) Obtain management's relevant basis for impairment calculation,check the critical data and recalculate to evaluate the accuracy of management's impairment calculation process, and review whether the financial statements are adequately and appropriately disclosed.

IV. Other Information

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

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

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

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

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

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

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

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

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

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

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

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

A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

C.P.A

Zhang Xiaorong

Ma Haijun

Shanghai Certified Public Accountants (Special General Partnership)

Shanghai, China

Consolidated Balance Sheet

Dec 31,2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Ite	Note	As at	As at	Ite	Note	As at	As at
Current assets:				Current liabilities:			
Cash at bank and on hand	6.1	210,573,782	255,811,982	Short-term loans	6.1	10,013,291	41,268,275
Financial assets held for trading	6.2		5,000,000.	Financial liabilities held for trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Accounts receivable	6.3	37,806,586	66,263,029	Accounts payable	6.1	50,121,395	69,897,839
Receivables for financing				Advances from customers			
Prepayments	6.4	18,683,750	17,764,804	Contract liabilities	6.1	13,220,675	12,453,619
Other receivables	6.5	3,596,759.	2,293,236.	Employee benefits payable	6.1	45,410,711	41,862,349
Including:Interest receivable				Taxes and surcharges payable	6.2	4,258,871	2,825,413.
Dividends receivable				Other payables	6.2	9,774,065.	8,487,724.
Inventories	6.6	277,095,357	338,885,629	Including:Interest payable			
Contract assets				Dividends payable			
Held-for-sale assets				Held-for-sale liabilities			
Non-current assets due within one year				Non-current liabilities due within one year	6.2	4,909,314.	
Other current assets	6.7	20,633,592	14,567,946	Other current liabilities	6.2	14,100.	108,248.
Total current		568,389,829	700,586,629	Total current		137,722,425	176,903,470
Non-current assets:				Non-current liabilities:			
Debt investments				Long-term loans	6.2	149,393,532	
Other debt investments				Bonds payable			
Long-term receivables				Including: Preference shares			
Long-term equity investments				Perpetual loans			
Other equity instrument investments				Lease liabilities	6.2		
Other non-current financial assets				Long-term account payable			
Investment property	6.8	30,108,932	31,435,009	Long-term employee benefits payable	6.2	1,026,222.	1,243,452.
Fixed assets	6.9	476,894,877	506,290,822	Anticipation liabilities			
Construction in process	6.1	165,273,027	3,705,815.	Deferred income	6.2	13,691,209	14,488,797
Productive biological assets				Deferred tax liabilities	6.1	2,777,589.	1,451,751.
Oil and gas assets				Other non-current liabilities			
Right-of-use assets	6.1	2,354,943.		Total non-current liabilities		166,888,553	17,184,001
Intangible assets	6.1	12,110,397	12,811,879	Total		304,610,979	194,087,471
Development expenditures				Shareholders' equity:			
Goodwill				Share capital	6.2	266,071,320	266,071,320
Long-term deferred expenses	6.1	220,738.	317,044.	Other equity instruments			
Deferred tax assets	6.1	1,644,945.	1,744,636.	Including: Preference shares			
Other non-current assets	6.1	143,137,267	2,719,397.	Perpetual loans			
Total non-current		831,745,130	559,024,605	Capital reserve	6.2	284,054,997	284,054,997
				Less:treasury shares			
				Other comprehensive income	6.3	-18,256,201	-12,783,539
				Special reserve	6.3	232,783.	
				Surplus reserve	6.3	21,908,064	21,908,064
				Undistributed profit	6.3	379,524,911	343,997,929
				Equity attributable to parent company		933,535,874	903,248,772
				Minority interests		161,988,106	162,274,990
				Total		1,095,523,98	1,065,523,76
Total of assets		1,400,134,96	1,259,611,23	Total liabilities and equity		1,400,134,96	1,259,611,23

Legal representativeLegal: Lu Lianxing Person in charge of accounting function: Fu Chuanhai Person in charge of accounting department: Lei Lixin

Consolidated Statement of Income

For the year ended 31
December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Item	Note	Year ended	Year ended	Item	Note	Year ended	Year ended
1.Total operating income	6.3	934,284,40	966,213,01	Categorized by ownership			
Including: Operating income	6.3	934,284,40	966,213,01	1. Net profit attributable to parent company		35,526,98	29,537,49
2.Total operating cost		933,025,96	956,907,16	2. Profit/loss attributable to minority shareholders		1,126,88	9,019,31
Less: Operating costs	6.3	849,588,13	878,417,35	6. Other comprehensive income net of tax	6.4	-6,886,43	-18,169,68
Taxes and surcharges	6.3	2,170,92	2,324,08	Total comprehensive income attributable to shareholders of parent		-5,472,66	-13,490,69
Selling and distribution expenses	6.3	3,548,61	3,669,75	(1) Comprehensive income not to be reclassified to profit or loss			
General and administrative expenses	6.3	64,478,32	49,476,82	1) Changes in remeasurement of defined benefit obligations			
Research and development expenses	6.3	765,456	57,924.	2) Other comprehensive income not to be reclassified to profit or loss in			
Finance expenses	6.3	12,474,51	22,961,22	3) Fair value changes in other equity instrument investments			
Including:Interest expenses	6.3	1,548,60	2,264,46	4) Fair value changes in the enterprise's own credit risk			
Interest income	6.3	569,224	666,925	5)Others			
Add: Other income	6.4	40,916,41	24,237,44	(2) Comprehensive income to be reclassified to profit or loss	6.4	-5,472,66	-13,490,69
Investment income ("-" for loss)	6.4	-77,554	15,287.	1) Other comprehensive income to be reclassified to profit or loss in			
Including: Investment income from associates and joint				2) Gain or loss from fair value changes of other debt instruments			
Income from derecognition of financial assets measured				3) The amount of financial assets reclassified to other comprehensive			
Net exposure hedging gains ("-" for loss)				4) Credit impairment provision of other debt investment			
Gain from fair value changes ("-" for loss)				5) Cash flow hedging reserve			
Credit impairment losses ("-" for loss)	6.4	1,631,06	-324,078	6) Currency translation difference	6.4	-5,472,66	-13,490,69
Impairment on assets ("-" for loss)	6.4	-7,167,43	-2,613,58	7) Others			
Gains from disposal of assets ("-" for loss)	6.4	3,494,32	52,840.	Other comprehensive income attributable to minority share-holders, net	6.4	-1,413,76	-4,678,98
3. Operating profits ("-" for loss)		40,055,25	30,673,76	7. Total comprehensive income		29,767,43	20,387,13
Add: Non-operating income	6.4	884,810	10,758,56	(1) Total comprehensive income attributable to shareholders of parent		30,054,31	16,046,80
Less:Non-operating expenses	6.4	86,336.	658,478	(2) Total comprehensive income attributable to minority shareholders		-286,88	4,340,33
4. Profit before tax ("-" for loss)		40,853,72	40,773,85	8. Earnings per share			
Less:income tax expenses	6.4	4,199,85	2,217,03	(1) Basic earnings per share		0.13	0.11
5. Net profit ("-" for net loss)		36,653,86	38,556,81	(2) Diluted earnings per share		0.13	0.11
Categorized by going concern basis							
1. Profit or loss from continuing operations		36,653,86	38,556,81				
2. Profit or loss from discontinued operations							

If an enterprise merges under the same control in the current period, the net profit realized by the merged party before the merger is 0.00 RMB yuan, and the net profit realized by the merged party in the previous period is 0.00 RMB yuan.

Legal representativeLegal：Lu Lianxing Person in charge of accounting function：Fu Chuanhai Person in charge of accounting department：Lei Lixin

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. **Unit: RMB Yuan**

Ite	Not	Year ended	Year ended	Ite	Not	Year ended	Year ended
1. Cash flows from operating activities				3. Cash flows from financing activities:			
Cash received from sales and services		975,952,42	961,184,99	Cash received from investments by others			
Taxes and surcharges refunds		38,193,93	53,868,30	Including: cash received by subsidiaries from minority shareholders'			
Cash received related to other operating activities	6.4	41,622,89	29,713,13	Cash received from borrowings		227,138,47	51,867,03
Total cash inflows from operating activities		1,055,769,2	1,044,766,4	Cash received related to other financing activities			
Cash paid for goods and services		690,728,21	729,377,07	Total cash inflows from financing activities		227,138,47	51,867,03
Cash paid to and for employees		165,791,07	169,022,38	Cash repayments for debts		105,644,25	62,615,30
Taxes and surcharges cash payments		7,890,85	12,515,54	Cash payments for distribution of dividends, profit and interest		2,311,23	2,159,58
Cash paid related to other operating activities	6.4	21,463,27	20,605,71	Including: dividends or profit paid by subsidiaries to minority			
Total cash outflows from operating activities		885,873,42	931,520,71	Cash paid related to other financing activities	6.4	3,627,73	
Net cash flows from operating activities		169,895,82	113,245,71	Total cash outflows from financing activities		111,583,22	64,774,88
2. Cash flows from investing activities:				Net cash flows from financing activities		115,555,25	-12,907,85
Cash received from withdraw of investments		5,000,00	5,000,00	4. Effect of foreign exchange rate changes on cash and cash equivalents		-4,758,72	-12,686,37
Cash received from investment income		49,972.	15,287.	5. Net increase in cash and cash equivalents		-46,086,30	71,131,97
Net cash received from disposal of \property, plant and equipement intangible assets and other long-term assets		5,119,124	21,653,74	Add: beginning balance of cash and cash equivalents		255,735,61	184,603,63
Net cash received from disposal of subsidiaries and other business				6. Ending balance of cash and cash equivalents		209,649,30	255,735,61
Cash received related to other investing activities							
Total cash inflows from investing activities		10,169,09	26,669,03				
Cash paid for property, plant and equipement,intangible assets and		336,947,75	33,188,53				
Cash payments for investments			10,000,00				
Net cash paid for acquiring subsidiaries and other business units							
Cash paid related to other investing activities							
Total cash outflows from investing activities		336,947,75	43,188,53				
Net cash flows from investing activities		-326,778,65	-16,519,50				

Legal representativeLegal: Lu Lianxing **Person in charge of accounting function: Fu Chuanhai** **Person in charge of accounting department: Lei Lixin**

Consolidated Statement of Changes in Equity

For the year ended 31
December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Item	Year 2021														
	Equity attributable to shareholders of parent company													Minority interests	Total owners'
	Share capital	Other equity			Capital reserve	Less:treasury	Other compreh	Special reserve	Surplus reserve	General risk	Undistributed	Others	Sub-total		
		Prefere	Perpet	Other											
1. Ending balance of last year	266,071,3				284,054,9		-12,783,5		21,908,0		343,997,9		903,248,7	162,274,9	1,065,523,
Add: Impact from changes in accounting															
Impact from corrections of errors in prior															
Business combination under common control															
Others															
2. Beginning balance of current year	266,071,3				284,054,9		-12,783,5		21,908,0		343,997,9		903,248,7	162,274,9	1,065,523,
3. Movement for current year("-" for decrease)							-5,472,6	232,78			35,526,9		30,287,1	-286,88	30,000,2
(1) Total comprehensive income							-5,472,6				35,526,9		30,054,3	-286,88	29,767,4
(2) Shareholder's contributions and withdrawals															
1) Common stock contributed by shareholders															
2) Capital contributed by other equity															
3) Share-based payment recorded in															
4) Others															
(3) Profits distribution															
1) Appropriation of surplus reserve															
2) Distribution to shareholders															
3) Others															
(4) Internal transfer within shareholder's equity															
1) Conversion of capital reserve into share capital															
2) Conversion of surplus reserve into share															
3) Recover of loss by surplus reserve															
4) Change of defined benefit obligations carried															
5) Other comprehensive income carried forward															
6) Others															
(5) Special reserve								232,78					232,78		232,78
1) Accrual of special reserve								954,70					954,70		954,70
2) Utilization of special reserve								721,91					721,91		721,91
(6) Others															
4. Ending balance of current year	266,071,3				284,054,9		-18,256,2	232,78	21,908,0		379,524,9		933,535,8	161,988,1	1,095,523,

Legal representativeLegal: Lu Lianxing   Person in charge of accounting function: Fu Chuanhai   Person in charge of accounting department: Lei Lixin

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31
December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Ite m	Year 2020														
	Equity attributable to shareholders of parent company													Minority interests	Total owners' equity
	Share capital	Other equity			Capital reserve	Less:treasury	Other compreh	Special reserve	Surplus reserve	General risk	Undistributed	Others	Sub-total		
		Prefere	Perpet	Other											
1. Ending balance of last year	266,071,3				284,054,9		707,15		21,908,0		314,460,4		887,201,9	157,934,6	1,045,136,
Add: Impact from changes in accounting															
Impact from corrections of errors in prior															
Business combination under common control															
Others															
2. Beginning balance of current year	266,071,3				284,054,9		707,15		21,908,0		314,460,4		887,201,9	157,934,6	1,045,136,
3. Movement for current year("-" for decrease)							-13,490,6				29,537,4		16,046,8	4,340,33	20,387,1
(1) Total comprehensive income							-13,490,6				29,537,4		16,046,8	4,340,33	20,387,1
(2) Shareholder's contributions and withdrawals															
1) Common stock contributed by shareholders															
2) Capital contributed by other equity															
3) Share-based payment recorded in															
4) Others															
(3) Profits distribution															
1) Appropriation of surplus reserve															
2) Distribution to shareholders															
3) Others															
(4) Internal transfer within shareholder's equity															
1) Conversion of capital reserve into share capital															
2) Conversion of surplus reserve into share															
3) Recover of loss by surplus reserve															
4) Change of defined benefit obligations carried															
5) Other comprehensive income carried forward															
6) Others															
(5) Special reserve															
1) Accrual of special reserve															
2) Utilization of special reserve															
(6) Others															
4. Ending balance of current year	266,071,3				284,054,9		-12,783,5		21,908,0		343,997,9		903,248,7	162,274,9	1,065,523,

Legal representativeLegal: Lu Lianxing Person in charge of accounting function: Fu Chuanhai Person in charge of accounting department: Lei Lixin

Balance Sheet

Dec
31,2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. **Unit: RMB Yuan**

Ite	Note	As at	As at	Ite	Note	As at	As at
Current assets:				Current liabilities:			
Cash at bank and on hand		49,943,353	32,186,883	Short-term loans			
Financial assets held for trading			5,000,000.	Financial liabilities held for trading			
Derivative financial assets				Derivative financial liabilities			
Notes receivable				Notes payable			
Accounts receivable	14.	8,731,060.	7,407,636.	Accounts payable		12,713,180	7,330,041.
Receivables for financing				Advances from customers			
Prepayments		3,565,433.	1,873,295.	Contract liabilities		1,930,695	2,228,473
Other receivables	14.	119,015,186	204,498,840	Employee benefits payable		13,477,985	10,254,765
Including:Interest receivable				Taxes and surcharges payable		426,832.	674,445.
Dividends receivable	14.	85,085,303	101,777,374	Other payables		43,495,400	78,050,679
Inventories		47,379,848	49,561,762	Including:Interest payable			
Contract assets				Dividends payable			
Held-for-sale assets				Held-for-sale liabilities			
Non-current assets due within one year				Non-current liabilities due within one year		3,840,573	
Other current assets		8,240,901	2,174,139.	Other current liabilities			71,483.
Total current		236,875,784	302,702,558	Total current		75,884,668	98,609,889
Non-current assets:				Non-current liabilities:			
Debt investments				Long-term loans		149,393,532	
Other debt investments				Bonds payable			
Long-term receivables		3,858,748	4,411,879.	Including: Preference shares			
Long-term equity investments	14.	232,189,455	232,189,455	Perpetual loans			
Other equity instrument investments				Lease liabilities			
Other non-current financial assets				Long-term account payable			
Investment property		30,108,932	31,435,009	Long-term employee benefits payable		682,730.	875,940.
Fixed assets		47,561,985	54,478,042	Anticipation liabilities			
Construction in process		118,472,605		Deferred income			
Productive biological assets				Deferred tax liabilities			
Oil and gas assets				Other non-current liabilities			
Right-of-use assets		1,003,689.		Total non-current liabilities		150,076,262	875,940.
Intangible assets		488,798.	790,045.	Total		225,960,930	99,485,829
Development expenditures				Shareholders' equity:			
Goodwill				Share capital		266,071,320	266,071,320
Long-term deferred expenses				Other equity instruments			
Deferred tax assets				Including: Preference shares			
Other non-current assets		89,675,267	394,857.	Perpetual loans			
Total non-current		523,359,482	323,699,289	Capital reserve		279,115,900	279,115,900
				Less:treasury shares			
				Other comprehensive income			
				Special reserve			
				Surplus reserve		19,184,672	19,184,672
				Undistributed profit		-30,097,556	-37,455,874
				Total		534,274,336	526,916,018
Total of assets		760,235,266	626,401,847	Total liabilities and equity		760,235,266	626,401,847

Legal representativeLegal: Lu Lianxing **Person in charge of accounting function: Fu Chuanhai** **Person in charge of accounting department: Lei Lixin**

Statement of Income

For the year ended 31 December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Ite	Not	Year ended	Year ended	Ite	Not	Year ended	Year ended
1.Including: Operating income	14.	139,327,28	113,685,12	4. Net profit ("-" for net loss)		7,358,31	2,669,27
Less: Operating costs	14.	116,889,77	100,927,36	1. Profit or loss from continuing operations		7,358,31	2,669,27
Taxes and surcharges		688,962	735,280	2. Profit or loss from discontinued operations			
Selling and distribution expenses		233,063	307,386	5. Other comprehensive income net of tax			
General and administrative expenses		32,987,05	21,914,74	(1) Comprehensive income not to be reclassified to profit or loss			
Research and development expenses		623,103		1) Changes in remeasurement of defined benefit obligations			
Finance expenses		2,366,26	5,006,50	2) Other comprehensive income not to be reclassified to profit or loss in			
Including:Interest expenses		382,300	1,065,75	3) Fair value changes in other equity instrument investments			
Interest income		116,329	331,901	4) Fair value changes in the enterprise's own credit risk			
Add: Other income		13,154,77	10,029,64	5)Others			
Investment income ("-" for loss)	14.	8,867,10	7,896,26	(2) Comprehensive income to be reclassified to profit or loss			
Including: Investment income from associates and joint				1) Other comprehensive income to be reclassified to profit or loss in			
Income from derecognition of financial assets measured				2) Gain or loss from fair value changes of other debt instruments			
Net exposure hedging gains ("-" for loss)				3) The amount of financial assets reclassified to other comprehensive			
Gain from fair value changes ("-" for loss)				4) Credit impairment provision of other debt investment			
Credit impairment losses ("-" for loss)		-115,883	607,054	5) Cash flow hedging reserve			
Impairment on assets ("-" for loss)		-117,230	-203,609	6) Currency translation difference			
Gains from disposal of assets ("-" for loss)		17,065.	55,893.	7) Others			
2. Operating profits ("-" for loss)		7,344,88	3,179,09	6. Total comprehensive income		7,358,31	2,669,27
Add: Non-operating income		13,479.	3,363.	7. Earnings per share			
Less:Non-operating expenses		50.00	290,132	(1) Basic earnings per share			
3. Profit before tax ("-" for loss)		7,358,31	2,892,32	(2) Diluted earnings per share			
Less:income tax expenses			223,047				

Legal representativeLegal：Lu Lianxing Person in charge of accounting function：Fu Chuanhai Person in charge of accounting department：Lei Lixin

Statement of Cash Flows

For the year ended 31 December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. **Unit: RMB Yuan**

Item	Note	Year ended	Year ended	Item	Note	Year ended	Year ended
1. Cash flows from operating activities				3. Cash flows from financing activities:			
Cash received from sales and services		78,815,60	131,940,32	Cash received from investments by others			
Taxes and surcharges refunds				Cash received from borrowings		207,138,47	
Cash received related to other operating activities		88,202,29	12,775,98	Cash received related to other financing activities		44,124,03	32,182,16
Total cash inflows from operating activities		167,017,90	144,716,31	Total cash inflows from financing activities		251,262,50	32,182,16
Cash paid for goods and services		43,827,72	78,227,83	Cash repayments for debts		54,808,28	
Cash paid to and for employees		40,070,47	41,123,81	Cash payments for distribution of dividends, profit and interest		797,792.	
Taxes and surcharges cash payments		903,215.	1,105,108	Cash paid related to other financing activities		5,345,639	12,461,71
Cash paid related to other operating activities		80,422,02	45,320,00	Total cash outflows from financing activities		60,951,71	12,461,71
Total cash outflows from operating activities		165,223,43	165,776,76	Net cash flows from financing activities		190,310,79	19,720,45
Net cash flows from operating activities		1,794,471	-21,060,44	4. Effect of foreign exchange rate changes on cash and cash equivalents		-126,645	-393,346
2. Cash flows from investing activities:				5. Net increase in cash and cash equivalents		20,924,47	-24,018,44
Cash received from withdraw of investments		5,000,000	5,000,000	Add: beginning balance of cash and cash equivalents		32,186,88	56,205,33
Cash received from investment income		25,559,17	685,177.	6. Ending balance of cash and cash equivalents		53,111,35	32,186,88
Net cash received from disposal of \property, plant and		30,000.	79,485.				
Net cash received from disposal of subsidiaries and other business							
Cash received related to other investing activities		13,000,00					
Total cash inflows from investing activities		43,589,17	5,764,662				
Cash paid for property, plant and equipement,intangible assets and		214,643,32	8,266,611				
Cash payments for investments			10,000,00				
Net cash paid for acquiring subsidiaries and other business units							
Cash paid related to other investing activities			9,783,160				
Total cash outflows from investing activities		214,643,32	28,049,77				
Net cash flows from investing activities		-171,054,14	-22,285,10				

Legal representativeLegal: Lu Lianxing Person in charge of accounting function: Fu Chuanhai Person in charge of accounting department: Lei Lixin

Statement of Changes in Equity

For the year ended 31 December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Item	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners'
		Preference	Perpetual loans	Others								
1. Ending balance of last year	266,071,32				279,115,90				19,184,672	-37,455,87		526,916,018
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Others												
2. Beginning balance of current year	266,071,32				279,115,90				19,184,672	-37,455,87		526,916,018
3. Movement for current year("-" for decrease)										7,358,317		7,358,317
(1) Total comprehensive income										7,358,317		7,358,317
(2) Shareholder's contributions and withdrawals of captial												
1) Common stock contributed by shareholders												
2) Capital contributed by other equity instruments holders												
3) Share-based payment recorded in shareholder's equity												
4) Others												
(3) Profits distribution												
1) Appropriation of surplus reserve												
2) Distribution to shareholders												
3) Others												
(4) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Change of defined benefit obligations carried forward to												
5) Other comprehensive income carried forward to retained												
6) Others												
(5) Special reserve												
1) Accrual of special reserve												
2) Utilization of special reserve												
(6) Others												
4. Ending balance of current year	266,071,320				279,115,90				19,184,672	-30,097,556		534,274,336

Legal representativeLegal: Lu Lianxing Person in charge of accounting function: Fu Chuanhai Person in charge of accounting department: Lei Lixin

Statement of Changes in Equity (Continued)

For the year ended 31 December 2021

Prepared by: Shandong Zhonglu Oceanic Fisheries Co., Ltd. Unit: RMB Yuan

Item	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less:treasury shares	Other comprehensive	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners'
		Preference	Perpetual loans	Others								
1. Ending balance of last year	266,071,32				279,115,90				19,184,672	-40,125,151		524,246,74
Add: Impact from changes in accounting policies												
Impact from corrections of errors in prior period												
Others												
2. Beginning balance of current year	266,071,32				279,115,90				19,184,672	-40,125,151		524,246,74
3. Movement for current year("-" for decrease）										2,669,277		2,669,277
(1) Total comprehensive income										2,669,277		2,669,277
(2) Shareholder's contributions and withdrawals of captial												
1) Common stock contributed by shareholders												
2) Capital contributed by other equity instruments holders												
3) Share-based payment recorded in shareholder's equity												
4) Others												
(3) Profits distribution												
1) Appropriation of surplus reserve												
2) Distribution to shareholders												
3) Others												
(4) Internal transfer within shareholder's equity												
1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Recover of loss by surplus reserve												
4) Change of defined benefit obligations carried forward to												
5) Other comprehensive income carried forward to retained												
6) Others												
(5) Special reserve												
1) Accrual of special reserve												
2) Utilization of special reserve												
(6) Others												
4. Ending balance of current year	266,071,320				279,115,90				19,184,672	-37,455,874		526,916,018

Legal representativeLegal：Lu Lianxing Person in charge of accounting function：Fu Chuanhai Person in charge of accounting department：Lei Lixin

1. Company profile

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

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

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

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

Operating activity: ocean fisheries

Main product: tuna and its products.

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

Advance licensed operating scope: marine and oceanic fishing;

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

1.4 The approver and approval date of the financial reporting.

The financial statement is predetermined and authorized by the board of company on 19th April, 2022.

2. The consolidation scope of financial year 2021 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

Consolidation scope of financial statement includes: 5 subsidiaries: Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.; Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.; HABITAT INTERNATIONAL CORP; Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. ; Zhonglu Ocean (Qingdao) Industrial Investment Development Co., Ltd.; 4 sub-subsidiaries: LAIF FISHERIES COMPANY LIMITED; Shandong Zhonglu Oceanic Fisheries Refrigeration Co., Ltd; AFRICA STAR

FISHERIES LIMITED; ZHONG GHA FOODS COMPANY LIMITED; 1 operational entity through control over operating leases: YAW ADDO FISHERIES COMPANY LIMITED. The scope and changes of the consolidated financial statements for this year are detailed in the notes "7. Changes in consolidation scope " and "8. Interest in other entities ".

3. Basis of preparation of financial statements

3.1 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.

3.2 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.

4. Significant accounting policies and accounting estimates

4.1 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.

4.2 Accounting period

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

4.3 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.

4.4 Functional currency

The Company's functional currency is Chinese Renminbi.

4.5 Business combination

4.5.1 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.

4.5.2 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.

4.6 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.

4.7 Joint arrangement classification and accounting treatments

4.7.1 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.

4.8 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.

4.9 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.

4.10 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.

4.10.1 Financial assets

4.10.1.1 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.

4.10.1.2 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) Forward- looking information

Both the assessment of significant increases in credit risk and the calculation of expected credit losses involve forward-looking information. By analyzing historical data, the company identifies key economic indicators that affect the credit risks and expected credit losses of various business types.

When a single financial asset is unable to assess the information of expected credit loss at a reasonable cost, the company divides the receivables into several combinations based on the characteristics of credit risk, calculates the expected credit loss on the basis of the combination, and determines the combination based on the following:

item	the basis for determining the combination	A method of measuring expected credit loss
bank's acceptance bill receivable	Acceptor	Based on the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the expected credit loss is calculated through the default risk exposure and the expected credit loss rate of the whole life
trade acceptance receivable	Acceptor	Aging analysis method
Accounts receivable - related party combination	Companies within the scope of the merger	The provision for doubtful accounts is measured based on the historical experience of credit losses and the current situation and the expectation of future economic conditions

item	the basis for determining the combination	A method of measuring expected credit loss
Accounts receivable - External customer portfolio Lease receivables - External customer portfolio	Non-consolidated corporate and third party customers	Based on the expected credit loss rate for the entire life of the account age
Contract Assets - External customer portfolio	Non-consolidated corporate and third party customers	Based on the expected credit loss rate for the entire life of the account age
Other receivables – related party combination	Companies within the scope of the merger	The provision for doubtful accounts is measured based on the historical experience of credit losses and the current situation and the expectation of future economic conditions
Other receivables - External customer portfolio	Non-consolidated corporate and third party customers	Loss provisions are measured according to the general approach, the "three-stage" model.
Long-term receivables - External customer portfolio	Non-consolidated corporate and third party customers	Loss provisions are measured according to the general approach, the "three-stage" 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.

4.10.1.3 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.

4.10.1.4 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.

4.10.2 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).

4.10.3 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.

4.10.4 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.

4.11 Notes receivable

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

4.12 Accounts receivable

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

4.13 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.

4.14. Other receivables

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

4.15 Inventories

4.15.1 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".

4.15.2 Measurement of inventories upon delivery

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

4.15.3 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.

4.15.4 Inventory count system

The Company adopts the perpetual inventory system.

4.15.5 Amortization methods of low-value consumables

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

4.16 Contract assets

4.16.1 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.

4.16.2 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.

4.17 Contract costs

4.17.1 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.

4.17.2 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.

4.17.3 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.

4.18 Hold assets for sale

4.18.1 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.

4.18.2 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.22.1 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 .

4.22.2 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.

4.23 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.

4.23.1 Using the cost model

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

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%

4.23.2 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.

4.24 Fixed assets

4.24.1 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.

4.24.2 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%

4.25 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.

4.26 Borrowing costs

4.26.1 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.

4.26.2 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.

4.26.3 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.

4.26.4 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.

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

4.27.1 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.

4.27.2 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.

4.27.3 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.

4.27.4 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	-	-

4.27.5 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.

4.27.6 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.

4.28 Intangible assets

4.28.1 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.

4.28.2 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.

4.28.3 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%

4.28.4 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.

4.29 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.

4.30 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.

4.31 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

4.32 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.

4.33 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.

4.33.1 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.

4.33.2 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.

4.33.3 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.

4.33.4 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

4.34 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.

4.35 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.

4.36 Share-based payment

4.36.1 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.

4.36.2 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.

4.36.3 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.

4.36.4 Accounting treatment related to implementation, modification and termination of share-based payment plan

4.36.4.1 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.

4.36.4.2 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.

4.37 Revenues

Accounting policies used for revenue recognition and measurement.

4.37.1 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.

4.37.2 The company's revenue recognition method

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

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

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

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

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

(b) The company's revenue recognized during the performance period:

The recognition procedure of the company's cold storage revenue：After the warehouse management department obtains the customer's order, the goods will be issued to the customer to confirm the specific name, specification, number of pieces, weight and date of the goods after the goods are actually put in the warehouse. The warehouse management supervisor will sign and the customer's signature for confirmation. The number of storage days is the basis for billing to recognize revenue.

4.38 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.

4.38.1 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.

4.38.2 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.

4.38.3 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.

4.39 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.

4.40 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.

4.40.1 Company as the lessee

The main types of leased assets are office buildings and cold storage.

4.40.1.1 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.

4.40.1.2 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.

4.40.1.3 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.

4.40.1.4 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.

4.40.2 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.

4.40.2.1 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.

4.40.2.2 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.

4.40.2.3 Income adapted to the lease standard

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

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

4.41 Operating lease and finance lease companies (the principles and methods for the confirmation of annual lease in 2020 are as follows)

Treatment of an operating lease by a company as lessee

4.41.1 The treatment of rent

The Company recognizes lease payments for operating leases in profit or loss applying a straight-line basis in each period over the lease term. Rent is included in the cost of related assets or profit or loss for the current period.

4.41.2 Handling of initial direct expenses

The initial direct expenses incurred by the lessee in the operation of the lease shall be recorded into the profit or loss for the current period.

4.41.3 The treatment of contingent rent

Under an operating lease, the lessee shall record the profit and loss of the contingent rent in the profit or loss for the current period.

4.41.4 The treatment of incentive measures provided by the lessor

Under operating leases, the Company needs to include the rent paid or payable in the cost of relevant assets or current profits and losses.

4.42 Changes of significant accounting policies and accounting estimates

4.42.1 The changes of accounting policies and reason for change

The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No. 21 -- Leasing (hereinafter referred to as the "New Leasing Standards") in 2018. The company will implement the New Leasing Standards and notice on January 1, 2021, and adjust the relevant content of accounting policies.

Under the New Leasing Standards, the company elects not to re-evaluate whether a contract is a lease or includes a lease for a contract that existed before the date of initial application. For leases as lessee, the Company has chosen to adjust the cumulative impact of only leases outstanding as of January 1, 2021. The cumulative effect amount of the first execution adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the current period of the first execution (i.e. January 1, 2021), and no adjustment is made to the comparable period information. Among them, for the finance lease on the date of initial execution, the company, as the lessee, measures the right to use assets and lease liabilities respectively according to the original book value of the assets in the finance lease and the finance lease payable. For the operating lease on the date of initial execution, the lessee measures the lease liability as the present value of the remaining lease payments discounted at the incremental borrowing rate on the date of initial application; the unpaid rent accrued under the original lease criteria on an accrual basis shall be included in the remaining lease payments.

For each lease, the Company elects to measure the right to use assets in accordance with one of the following:

a. Assume the carrying value of the New Leasing Standards as of the commencement date of the lease term (using the incremental borrowing rate on the first execution date as the discount rate);

b. An amount equal to the lease liability, adjusted as necessary according to the prepaid rent. And in accordance with the revised Accounting Standards for Business Enterprises No. 8 -- Asset impairment, the right-of-use assets are tested for impairment and corresponding accounting treatment is carried out.

The major changes and implications of the implementation of the New Leasing Standards are as follows:

According to the New Leasing Standards, the Company recognized the right-of-use assets of RMB 5,498,108.96 and lease liabilities of RMB 1,709,314.65 and non-current liabilities due within one year of RMB 3,033,733.61 on January 1, 2021.

4.42.2 The New Lease Standards will be implemented for the first time since 2021

4.42.2.1 Consolidated Balance Sheet

Unit: RMB Yuan

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	As at 1/1/2021	As at 1/1/2021	Amount of impact
Assets			
Prepayments	17,764,804.55	17,128,089.89	-636,714.66
Right-of-use assets	-	5,498,108.96	5,498,108.96
Liabilities			
Other payables	8,487,724.32	8,606,070.36	118,346.04
Non-current liabilities due within one year	-	3,033,733.61	3,033,733.61
Lease liabilities	-	1,709,314.65	1,709,314.65

4.42.2.2 Balance Sheet

Unit: RMB Yuan

Item	As at 1/1/2021	As at 1/1/2021	Amount of impact
Assets			
Prepayments	1,873,295.83	1,497,219.79	-376,076.04
Right-of-use assets	-	3,116,643.16	3,116,643.16
Liabilities			
Other payables	78,050,679.94	78,140,930.74	90,250.80
Non-current liabilities due within one year	-	2,009,743.15	2,009,743.15
Lease liabilities	-	640,573.17	640,573.17

4.43 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.

5. Taxes

5.1 Main taxes categories and tax rates

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

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

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%
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%

5.2 Significant tax incentives and approval documents

5.2.1 Value added tax preferences

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

According to the "Notice on Comprehensively Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax" (No. 36 of 2016), the direct or indirect international freight forwarding services provided by taxpayers are exempt from value added tax. The relevant sales income obtained by Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd, a subsidiary of the Company, is exempt from value added tax.

5.2.2 Enterprise income tax preferences

On the basis of relevant policies in the following documents: Order of the Chairman of the People’s Republic of China (2007) No.63 <People’s Republic of China Enterprise Income Tax Law>、Decree of the State Council of the People’s Republic of China No.512 < Enforcement regulations of People’s Republic of China Enterprise Income Tax Law> 、Caishui [2008] No. 149 <Notice of the Ministry of Finance and the State Administration of Taxation on Issuing the Scope of Primary Processing of Agricultural Products Enjoying Enterprise Income Tax Preferential Policies (for Trial Implementation) > 、 Caishui [2011] No.26<Supplementary Notice of the Ministry of Finance and the State Administration of Taxation on the Scope of Primary Processing of Agricultural Products Enjoying Enterprise Income Tax

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Preferences> 、 The state administration of Taxation[2011] No.48<Announcement of the State Administration of Taxation on Implementing Enterprise Income Tax Preferences for Agriculture, Forestry, Animal Husbandry, and Fishery Projects > .Income from activities of pelagic fishery and preliminary production of agricultural products in which the Company is engaged is exempt from income tax. Income from activities other than pelagic fishery and preliminary production of agriculture products that the Company is engaged in is taxed 25%.

6. Notes to the consolidated financial statements

6.1 Cash at bank and on hand

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Cash on hand	1,975,275.82	2,817,043.32
Cash at bank	207,674,030.17	252,918,568.61
Other monetary funds	924,476.50	76,370.28
Total	210,573,782.49	255,811,982.21
Including: the total balance deposited overseas	87,451,424.69	54,297,720.99
The total amount of funds that have restrictions on use due to mortgages, pledges, or freezes	924,476.50	76,370.28

Note: The other monetary funds of RMB 924,476.50 is the credit guarantee of the letter of guarantee; the deposits outside the territory of China are the cash and bank deposits of the overseas subsidiaries.

6.2 Financial assets held for trading

6.2.1 Classification of trading financial assets

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Financial assets classified upon initial recognition as at fair value through profit or loss	-	5,000,000.00
Including: Structured Deposit	-	5,000,000.00
Total	-	5,000,000.00

6.3 Accounts receivable

6.3.1 Accounts receivable by aging

Aging	Balance as at 31/12/2021
Within 6 months	38,283,321.00
6 months-1 years	737,361.46
1-2 years	1,043,422.97
2-3 years	86,821.17
More than 3 years	6,496,689.70
Total	46,647,616.30

6.3.2 Accounts receivable by provision method for allowance credit losses

Item	As at 31/12/2021				
	Book Balance	PCT (%)	Allowance for credit losses	PCT (%)	Carrying amount

Item	As at 31/12/2021				
	Book Balance	PCT (%)	Allowance for credit losses	PCT (%)	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	46,647,616.30	100.00%	8,841,029.39	18.95%	37,806,586.91
Total	46,647,616.30	100.00%	8,841,029.39	18.95%	37,806,586.91

(Continued)

Item	As at 1/1/2021				
	Book Balance	PCT	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	76,675,259.70	100.00%	10,412,229.89	13.58%	66,263,029.81
Total	76,675,259.70	100.00%	10,412,229.89	13.58%	66,263,029.81

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

Item	As at 31/12/2021		
	Balance	Allowance for credit losses	PCT
Within 6 months	38,283,321.00	1,914,166.05	5.00%
6 months-1 years	737,361.46	73,736.15	10.00%
1-2 years	1,043,422.97	313,026.89	30.00%
2-3 years	86,821.17	43,410.59	50.00%
More than 3 years	6,496,689.70	6,496,689.71	100.00%
Total	46,647,616.30	8,841,029.39	

(Continued)

Item	As at 1/1/2021		
	Balance	Allowance for credit losses	PCT
Within 6 months	65,721,506.51	3,286,075.32	5.00%
6 months-1 years	2,974,381.80	297,438.18	10.00%
1-2 years	1,403,197.09	420,959.13	30.00%
2-3 years	336,834.09	168,417.05	50.00%
More than 3 years	6,239,340.21	6,239,340.21	100.00%
Total	76,675,259.70	10,412,229.89	

6.3.3 Allowance for credit losses

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	As at 1/1/2021	Amount of change in the current period				As at 31/12/2021
		Provision	Recovery or reversal	Write off	Exchange impact	
Grouping assessment subject to allowance for credit losses	10,412,229.89	-1,558,165.28	-	-	-13,035.22	8,841,029.39

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

Company name	Balance as at 31/12/2021	Percentage of total accounts receivable	Balance of allowance for credit losses as at 31/12/2021
HAIXINSHEN CO.,LTD	5,878,184.30	12.60%	293,909.22
PACIFIC PANDA.INC	3,600,962.12	7.72%	3,600,962.12
W.E.C.F. CO..LTD.	2,947,491.72	6.32%	147,374.59
OOO ICEBERG OTKRYTOE	2,685,738.12	5.76%	134,286.91
LUNDS FISHERIES,INC	2,484,534.61	5.33%	124,226.73
Total	17,596,910.87	37.73%	4,300,759.57

6.4 Prepayments

6.4.1 Aging analysis of prepayments

Aging	As at 31/12/2021		As at 1/1/2021	
	Balance	PCT	Balance	PCT
Within 1 year	18,422,346.91	98.62%	16,281,043.30	95.05%
1-2 years	31,878.50	0.17%	781,797.59	4.56%
2-3 years	229,525.20	1.21%	-	-
More than 3 years	-	-	65,249.00	0.39%
Total	18,683,750.61	100.00%	17,128,089.89	100.00%

6.4.2 The top five prepayments are as follows

Company name	Relationship with the company	Balance as at 31/12/2021	Percentage of total prepaymen	Prepayment time	Unbilled Reason
China Oceanographic Fisheries Association（Note）	unrelated party	9,359,643.19	50.10%	2021	fishing certificate
KIRIBATI GOVERNMENT NO.1	unrelated party	2,525,351.01	13.52%	2021	Billing period not yet reached
MERCHANT UNION S.L	unrelated party	1,219,334.07	6.53%	2021	Billing period not yet reached
DONGYISHIPPING	unrelated party	983,272.76	5.26%	2021	Billing period

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Company name	Relationship with the company	Balance as at 31/12/2021	Percentage of total prepaymen	Prepayment time	Unbilled Reason
ENTERPRISE PRIVATE LIMITED					not yet reached
Beijing Leading Holiday International Travel Service Co., Ltd.	unrelated party	472,382.00	2.53%	2021	Billing period not yet reached
Total		14,559,983.03	77.94%		

Note: The prepayment to China Oceanographic Fisheries Association is the prepayment for the fishing certificate, of which 2,260,568.00 yuan is the amortization balance of the certificate, and 7,099,075.19 yuan is the prepayment for the 2022 fishing certificate. As of December 31, 2021, the certificate has not been processed.

6.5 Other receivables

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	3,596,759.88	2,293,236.85
Total	3,596,759.88	2,293,236.85

6.5.1 Other receivables

6.5.1.1 Aging of other receivables

Aging	As at 31/12/2021
Within 6 months	2,913,142.64
6 months-1 years	386,976.02
1-2 years	644,679.67
2-3 years	59,440.52
More than 3 years	4,386,796.79
Total	8,391,035.64

6.5.1.2 Category of other receivables by nature

Nature	Balance as at 31/12/2021	Balance as at 1/1/2021
Guarantee deposit	974,758.29	709,740.53
Current account and others	7,416,277.35	6,463,589.06
Total	8,391,035.64	7,173,329.59

6.5.1.3 The provision of allowance for credit losses

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

The allowance for credit losses	Stage one 12-month ECL	Stage two Lifetime ECL (credit-unimpaired)	Stage three Lifetime ECL (credit-impaired)	Total
Beginning balance	429,704.55	-	4,450,388.19	4,880,092.74
Revaluation of beginning balance	429,704.55	-	4,450,388.19	4,880,092.74
Provision	-18,159.80	-	-54,739.86	-72,899.66
Reversal	-	-	-	-
Charge-off	-	-	-	-
Write-off	-	-	8,851.52	8,851.52
Exchange impact	-4,065.80	-	-	-4,065.80
Total	407,478.95	-	4,386,796.81	4,794,275.76

6.5.1.4 Allowance for credit losses

Item	As at 1/1/2021	Amount of change in the current period				As at 31/12/2021
		Provision	Recovery or reversal	Write off	Exchange impact	
Allowance for credit losses of other receivables	4,880,092.74	-72,899.66	-	8,851.52	-4,065.80	4,794,275.76

6.5.1.5 The written-off of other receivables during the year

Item	Write-off amount
Other receivables actually written off	8,851.52

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

Company name	Nature of payment	Balance as at 31/12/2021	Aging	Percentage in total other receivables	Balance of allowance for credit losses as at 31/12/2021
Liye Ultra-low Temperature International Logistics (Dalian) Co., Ltd.	Claims	850,525.55	Within 6 months	10.14%	42,526.28
Shandong Tianzong Culture Media Co., Ltd.	Margin	299,000.00	1-2 years	3.56%	89,700.00
Bak Seong Ho	employee loan	261,450.94	Within 6 months	3.12%	13,072.55
Wang Tingle	employee loan	250,328.45	More than 3 years	2.98%	250,328.45
China Merchants Bank Co., Ltd. Qingdao Branch	Margin	245,100.00	Within 2 years	2.92%	71,505.00
Total		1,906,404.94		22.72%	467,132.28

6.6 Inventories

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.6.1 Inventories by categories

Item	As at 31/12/2021			As at 1/1/2021		
	Book balance	Provision for diminution in value or impairment provision for costs to fulfil contracts	Carrying amount	Book balance	Provision for diminution in value or impairment provision for costs to fulfil contracts	Carrying amount
Raw materials	82,776,760.71	1,219,147.19	81,557,613.52	98,361,885.77	974,526.46	97,387,359.31
Low-value consumables	635,909.00	-	635,909.00	681,559.16	-	681,559.16
Commodities	195,084,739.68	5,310,785.27	189,773,954.41	238,760,203.86	2,730,462.49	236,029,741.37
Revolving materials	714,207.27	-	714,207.27	1,131,389.24	-	1,131,389.24
Costs to fulfil contracts	668,796.62	-	668,796.62	-	-	-
Inventories in transit	4,714,393.22	969,516.29	3,744,876.93	3,655,579.98	-	3,655,579.98
Total	284,594,806.50	7,499,448.75	277,095,357.75	342,590,618.01	3,704,988.95	338,885,629.06

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

Item	As at 1/1/2021	Additions during the year		Reductions during the year		As at 31/12/2021
		Provision	Other	Reversal or write-down	Exchange impact	
Raw materials	974,526.46	1,250,669.68	-	1,006,048.95	-	1,219,147.19
Commodities	2,730,462.49	4,935,908.16	-	2,333,768.19	21,817.19	5,310,785.27
Inventories in transit	-	980,860.29	-	-	11,344.00	969,516.29
Total	3,704,988.95	7,167,438.13	-	3,339,817.14	33,161.19	7,499,448.75

6.7 Other current assets

Item	As at 31/12/2021	As at 1/1/2021
Input tax to be deducted	20,462,827.93	14,353,098.17
Prepaid income tax	104,950.69	167,345.60
Prepaid other taxes	65,813.61	47,503.05
Total	20,633,592.23	14,567,946.82

6.8 Investment property

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.8.1Investment property measured by cost

Item	Buildings	Total
Cost		
Balance as at 1/1/2021	51,308,578.35	51,308,578.35
Additions	-	-
Including: Purchase	-	-
Inventory\fixed assets\construction in progress transfer	-	-
Business combination increase	-	-
Reductions	-	-
Including: Disposition	-	-
Other transfer out	-	-
Balance as at 31/12/2021	51,308,578.35	51,308,578.35
Accumulated depreciation or amortization		
Balance as at 1/1/2021	18,987,056.86	18,987,056.86
Additions	1,326,076.68	1,326,076.68
Including: Depreciation or amortization	1,326,076.68	1,326,076.68
Reductions	-	-
Including: Disposition	-	-
Other transfer out	-	-
Balance as at 31/12/2021	20,313,133.54	20,313,133.54
Provision for impairment		
Balance as at 1/1/2021	886,512.06	886,512.06
Additions	-	-
Including: provision	-	-
Reductions	-	-
Including: Disposition	-	-
Other transfer out	-	-
Balance as at 31/12/2021	886,512.06	886,512.06
Carrying amount		
As at 31/12/2021	30,108,932.75	30,108,932.75
As at 1/1/2021	31,435,009.43	31,435,009.43

6.9 Fixed assets

Category	Balance as at 31/12/2021	Balance as at 1/1/2021
Fixed assets	476,894,877.56	506,290,822.70
Disposal of fixed assets	-	-
Total	476,894,877.56	506,290,822.70

6.9.1 Movement of fixed assets

Item	Buildings	Boats & nets	Machinery & equipment	Transportation vehicles	Furniture and office equipment	Total
Cost						
Balance as at 1/1/2021	118,596,220.58	672,849,533.87	56,325,734.17	8,610,783.16	10,323,462.65	866,705,734.43
Additions	4,558,366.99	14,821,299.04	5,783,115.26	1,606,403.72	995,727.20	27,764,912.21
Including: Purchase	1,146,788.99	14,821,299.04	2,180,507.65	1,606,403.72	995,727.20	20,750,726.60
Transfer from construction in process	3,411,578.00	-	3,602,607.61	-	-	7,014,185.61
Reductions	23,499.00	51,698,374.96	16,746.70	1,005,870.95	236,652.80	52,981,144.41

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	Buildings	Boats & nets	Machinery & equipment	Transportation vehicles	Furniture and office equipment	Total
Including: Disposals or scrap	-	44,637,982.67	14,465.00	915,014.65	223,383.25	45,790,845.57
Impact of exchange rate fluctuations	23,499.00	7,060,392.29	2,281.70	90,856.30	13,269.55	7,190,298.84
Balance as at 31/12/2021	123,131,088.57	635,972,457.95	62,092,102.73	9,211,315.93	11,082,537.05	841,489,502.23
Accumulated depreciation						
Balance as at 1/1/2021	35,218,001.62	285,673,593.58	25,567,791.76	5,971,054.03	7,826,897.24	360,257,338.23
Additions	2,614,160.45	42,224,374.21	3,643,919.83	1,068,725.51	1,273,931.38	50,825,111.38
Including: Provision	2,614,160.45	42,224,374.21	3,643,919.83	1,068,725.51	1,273,931.38	50,825,111.38
Reductions	2,790.31	45,519,809.20	13,325.96	896,098.70	213,374.27	46,645,398.44
Including: Disposals or scrap	-	43,246,882.53	12,050.20	836,540.43	203,655.32	44,299,128.48
Impact of exchange rate fluctuations	2,790.31	2,272,926.67	1,275.76	59,558.27	9,718.95	2,346,269.96
Balance as at 31/12/2021	37,829,371.76	282,378,158.59	29,198,385.63	6,143,680.84	8,887,454.35	364,437,051.17
Provision for impairment						
Balance as at 1/1/2021	-	157,573.50	-	-	-	157,573.50
Additions	-	-	-	-	-	-
Reductions	-	-	-	-	-	-
Balance as at 31/12/2021	-	157,573.50	-	-	-	157,573.50
Carrying amount						
As at 31/12/2021	85,301,716.81	353,436,725.86	32,893,717.10	3,067,635.09	2,195,082.70	476,894,877.56
As at 1/1/2021	83,378,218.96	387,018,366.79	30,757,942.41	2,639,729.13	2,496,565.41	506,290,822.70

Note: The original value of fixed assets that has been fully depreciated but still in use is RMB 61,522,257.89 as at December 31 2021.

① Temporarily idle fixed assets at 31/12/2021

Item	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remark
Machinery & equipment	2,179,020.00	1,880,495.24	-	298,524.76	-

② Fixed assets for which the certificate of title has not been completed

According to the Debt Repayment Advice signed between the Company and Shandong Fishery Group Corporation in April 2006, and Civil Ruling Li Zhi Zi No.1299 published by Lixia District People's Court of Jinan in 2005, the building of Shandong Fishery Group Corporation located at Heping road No.43 Lixia District of Jinan was used to repay debt. The determined original book value of the office complex is RMB 54,223,132.40,book balance is RMB31,807,244.79 (of which the self-use part is included in the fixed assets, and the leased part is included in the investment real estate), the real estate is originally allocated land, there is no construction planning permit, and the housing property certificate has not been processed.

6.10 Construction in process

Category	Balance as at 31/12/2021	Balance as at 1/1/2021
Constructed in process	165,273,027.75	3,705,815.70
Construction materials	-	-
Total	165,273,027.75	3,705,815.70

6.10.1Construction in process

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	As at 31/12/2021			As at 1/1/2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
The Atlantic Seine project	4,077,658.55	4,077,658.55	-	4,077,658.55	4,077,658.55	-
Workshop flame retardant renovation project	-	-	-	948,526.58	-	948,526.58
Ultra-low temperature cold storage renovation project	-	-	-	2,757,289.12	-	2,757,289.12
Lu Qing Yuan Yu 161 Squid Fishing Boat	7,112,575.38	-	7,112,575.38	-	-	-
Lu Qing Yuan Yu 162 Squid Fishing Boat	7,346,386.83	-	7,346,386.83	-	-	-
Tyrone 7 Seine Boat	25,875,000.00	-	25,875,000.00	-	-	-
Tyrone 9 Seine Boat	25,875,000.00	-	25,875,000.00	-	-	-
Sea Future cargo ship	32,341,459.60	-	32,341,459.60	-	-	-
Office building	66,722,605.94	-	66,722,605.94	-	-	-
Total	169,350,686.30	4,077,658.55	165,273,027.75	7,783,474.25	4,077,658.55	3,705,815.70

① Movement of significant construction in progress

Project name	Budget	As at 1/1/2021	Additions	Transfer to fixed assets	Other reductions	Percentage of accumulated input over budget
Tyrone 7 Seine Boat	207,000,000.00	-	25,875,000.00	-	-	12.50%
Tyrone 9 Seine Boat	207,000,000.00	-	25,875,000.00	-	-	12.50%
Sea Future cargo ship	38,000,000.00	-	32,341,459.60	-	-	85.11%
Office building	79,000,000.00	-	66,722,605.94	-	-	84.46%
Total	531,000,000.00	-	150,814,065.54	-	-	

(Continued)

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Project name	Construction progress (%)	Accumulated capitalized interest	Including: Interest capitalized in current period	Capitalization rate in current period	Sources of funds	Balance as at 31/12/2021
Tyrone 7 Seine Boat	12.50%	204,512.50	204,512.50	1.88%	loan、self-raised	25,875,000.00
Tyrone 9 Seine Boat	12.50%	204,512.50	204,512.50	1.88%	loan、self-raised	25,875,000.00
SEA FUTURE	85.11%	-	-	-	self-raised	32,341,459.60
Office building	84.46%	-	-	-	self-raised	66,722,605.94
Total		409,025.00	409,025.00			150,814,065.54

6.11 Right-of-use asset

Item	Buildings	Total
Cost		
Balance as at 1/1/2021	5,498,108.96	5,498,108.96
Additions	-	-
Including: New leases	-	-
Reductions	-	-
Balance as at 31/12/2021	5,498,108.96	5,498,108.96
Accumulated depreciation		
Balance as at 1/1/2021	-	-
Additions	3,148,617.28	3,148,617.28
Including: Provision	3,148,617.28	3,148,617.28
Reductions	5,452.18	5,452.18
Including: Exchange impact	5,452.18	5,452.18
Balance as at 31/12/2021	3,143,165.10	3,143,165.10
Provision for impairment		
Balance as at 1/1/2021	-	-
Additions	-	-
Reductions	-	-
Balance as at 31/12/2021	-	-
Carrying amount		
As at 31/12/2021	2,354,943.86	2,354,943.86
As at 1/1/2021	5,498,108.96	5,498,108.96

6.12 Intangible assets

Item	Land use rights	Computer software	Total
Cost			
Balance as at 1/1/2021	17,154,729.00	2,287,236.24	19,441,965.24
Additions	-	44,247.79	44,247.79
Including: Purchase	-	44,247.79	44,247.79
Reductions	-	-	-

Item	Land use rights	Computer software	Total
Including: Disposition	-	-	-
Balance as at 31/12/2021	17,154,729.00	2,331,484.03	19,486,213.03
Accumulated depreciation			
Balance as at 1/1/2021	5,605,382.81	1,024,702.88	6,630,085.69
Additions	383,870.16	361,859.46	745,729.62
Including: Provision	383,870.16	361,859.46	745,729.62
Reductions	-	-	-
Including: Disposition	-	-	-
Balance as at 31/12/2021	5,989,252.97	1,386,562.34	7,375,815.31
Provision for impairment			
Balance as at 1/1/2021	-	-	-
Additions	-	-	-
Including: Provision	-	-	-
Reductions	-	-	-
Including: Disposition	-	-	-
Balance as at 31/12/2021	-	-	-
Carrying amount			
As at 31/12/2021	11,165,476.03	944,921.69	12,110,397.72
As at 1/1/2021	11,549,346.19	1,262,533.36	12,811,879.55

6.13 Long-term deferred expenses

Item	Balance as at 1/1/2021	Additions	Amortization	Reductions	Balance as at 31/12/2021
Office renovation costs	317,044.17	82,349.24	177,916.67	738.74	220,738.00

6.14 Deferred tax assets and deferred tax liabilities

6.14.1 Deferred tax assets before offsetting

Item	As at 31/12/2021		As at 1/1/2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Allowance for credit losses	891,919.22	222,979.80	921,549.53	230,387.38
Deferred income	5,687,864.64	1,421,966.16	6,056,998.38	1,514,249.60
Sub-total	6,579,783.86	1,644,945.96	6,978,547.91	1,744,636.98

6.14.2 Deferred tax liabilities before offsetting

Item	As at 31/12/2021		As at 1/1/2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of fixed assets before tax deduction	11,110,357.81	2,777,589.45	5,807,004.90	1,451,751.23

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.14.3 The items not recognised deferred tax assets

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Deductible temporary differences -Allowance for credit losses	12,743,385.93	14,370,773.10
Deductible temporary differences -Provision for inventories	7,499,448.75	3,704,988.95
Deductible temporary differences -Deductible losses	16,328,215.40	-
Deductible temporary differences -Provision for impairment of construction in progress	4,077,658.55	4,077,658.55
Total	40,648,708.63	22,153,420.60

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

6.15 Other non-current assets

Item	Balance as at 31/12/2021			Balance as at 1/1/2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayment for land	52,050,000.00	-	52,050,000.00	2,000,000.00	-	2,000,000.00
Prepayment for construction in process	91,087,267.24	-	91,087,267.24	719,397.06	-	719,397.06
Total	143,137,267.24	-	143,137,267.24	2,719,397.06	-	2,719,397.06

6.16 Short-term loans

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Collateral loan	10,013,291.67	28,072,326.86
Loans on credit	-	13,195,948.64
Total	10,013,291.67	41,268,275.50

Note: the current loan includes Interest payable of RMB 13,291.67.

Loan collateral in 2021, (1) Smoke room title card no. 102954, no. 102984, No. 102985, No. 102986, No. 106566, NO. K028075 property, the book balance is RMB30,992,971.16; (2) Yanguo (2002) Land use right No. 1047, book balance is RMB 5,031,624.56.

6.17 Accounts payable

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Within 1 year(including 1 year)	45,582,797.03	65,231,961.41
More than 1 year	4,538,598.01	4,665,877.78
Total	50,121,395.04	69,897,839.19

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.18 Contract liabilities

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Advance payment for goods	13,220,675.60	12,453,619.79

6.19 Employee benefits payable

6.19.1 Movement of employee benefits payable

Item	As at 1/1/2021	Increase	Decrease	As at 31/12/2021
Short-term employee benefits	39,012,993.89	156,377,402.89	152,634,205.96	42,756,190.82
Post-employment benefits—defined contribution plans	2,806,413.68	11,207,692.59	11,397,489.95	2,616,616.32
Termination benefits	33,227.17	1,247,153.80	1,249,802.08	30,578.89
Other benefits due within one year	9,714.32	26,247.91	28,637.20	7,325.03
Total	41,862,349.06	168,858,497.19	165,310,135.19	45,410,711.06

6.19.2 Details of the short-term employee benefits

Item	As at 1/1/2021	Accrued	Paid	As at 31/12/2021
Salaries, bonus, and allowances	37,455,202.41	142,144,455.61	138,286,082.96	41,313,575.06
Staff welfare	-	4,095,575.97	4,095,575.97	-
Social insurances	-	4,843,202.25	4,843,202.25	-
Including: Medical insurance	-	4,594,662.74	4,594,662.74	-
Work injury insurance	-	248,539.51	248,539.51	-
Maternity insurance	-	-	-	-
Housing Fund	-	4,989,011.89	4,989,011.89	-
Union funds and employee education fee	1,557,791.48	305,157.17	420,332.89	1,442,615.76
Short-term paid absences	-	-	-	-
Short-term profit sharing plan	-	-	-	-
Total	39,012,993.89	156,377,402.89	152,634,205.96	42,756,190.82

6.19.3 Defined contribution plans

Item	As at 1/1/2021	Accrued	Paid	As at 31/12/2021
Primary endowment insurance	-	8,497,551.82	8,497,551.82	-
Unemployment insurance	-	376,628.63	376,628.63	-
Pension insurance	2,806,413.68	2,164,239.48	2,354,036.84	2,616,616.32
Social security and subsidies for retired workers	-	169,272.66	169,272.66	-
Total	2,806,413.68	11,207,692.59	11,397,489.95	2,616,616.32

6.20 Taxes and surcharges payable

Category	Balance as at 31/12/2021	Balance as at 1/1/2021
Value added tax	201,859.84	150,746.28
Enterprise income tax	2,149,052.53	508,778.23
Urban maintenance and construction tax	8,435.55	7,404.84

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Category	Balance as at 31/12/2021	Balance as at 1/1/2021
Estate tax	242,944.78	190,068.25
Land use tax	121,326.11	105,674.51
Individual income tax	329,417.86	633,026.16
Educational surtax	6,025.38	5,289.17
Withholding tax	1,098,761.23	1,096,759.86
Other taxes and surcharges	101,048.23	127,666.48
Total	4,258,871.51	2,825,413.78

6.21 Other payables

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Interest payable	-	-
Dividends payable	-	-
Other payables	9,774,065.87	8,606,070.36
Total	9,774,065.87	8,606,070.36

6.21.1Other payables

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Deposit	2,591,521.16	2,620,321.34
Staff cost	1,922,570.29	1,072,824.55
Others	5,259,974.42	4,912,924.47
Total	9,774,065.87	8,606,070.36

6.22 Non-current assets due within one year

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Long-term loans due within one year	3,200,000.00	-
Lease liabilities due within one year	1,709,314.65	3,033,733.61
Total	4,909,314.65	3,033,733.61

6.23 Other current liabilities

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Advance collection of sales tax	14,100.55	108,248.84

6.24 Long-term loans

Long-term loans by category

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Loans on credit	7,612,534.71	-
Guarantee and Collateral loans	141,780,997.66	-
Total	149,393,532.37	-

Note 1: The long-term loan balance includes accrued interest of RMB 263,340.37.

Note 2: The guarantor of the guarantee and the mortgage loan is Shandong Zhonglu Ocean Ocean (Yantai) Food Co., Ltd., and the collateral is the property of Shandong Zhonglu Aquatic Shipping Co., Ltd., and the power certificate number is <Qingfang Diquan Shi Zi No. 145150> ,The book value is RMB 128,089.40 , and Shandong Province Zhonglu Ocean Fishery Co., Ltd. newly purchased an office building, and the title certificate number is <Lu (2020) Qingdao Laoshan District Real Property No. 0028353> ,The book value is RMB 66,722,605.94, the property is currently in the state of advance notice registration, and no mortgage procedures have been processed as of December 31, 2021 .

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.25 Lease liabilities

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Lease liabilities	-	1,709,314.65

6.26 Long-term employee benefits payable

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Post employment benefits—defined benefits plans	384,340.48	414,919.37
Other long-term benefits	641,882.10	828,533.56
Total	1,026,222.58	1,243,452.93

6.27 Deferred income

Item	Balance as at 1/1/2021	Increase	Decrease	Balance as at 31/12/2021	Reason for the deferred income
Government grants	14,488,797.24	445,900.00	1,243,488.17	13,691,209.07	Government grants related asset

Deferred income from government grants

Item	Balance as at 1/1/2021	Increase	Recorded in non-operating income for current period	recorded in other income for current period
Construction special fund	8,967,252.60	-	-	1,037,504.20
Subsidy of boat manufacture	5,521,544.64	445,900.00	-	205,983.97
Total	14,488,797.24	445,900.00	-	1,243,488.17

(Continued)

Item	Recorded in offset cost for current period	Other changes	Balance as at 31/12/2021	Related to assets/income
Construction special fund	-	-	7,929,748.40	Assets
Subsidy of boat manufacture	-	-	5,761,460.67	Assets
Total	-	-	13,691,209.07	

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.28 Share capital

Item	Balance as at 1/1/2021	Movement: Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	Balance as at 31/12/2021
Total shares	266,071,320.00	-	-	-	-	-	266,071,320.00

6.29 Capital reserve

Item	Balance as at 1/1/2021	Increase	Decrease	Balance as at 31/12/2021
Share premiums	189,093,492.79	-	-	189,093,492.79
Other capital reserve	94,961,504.96	-	-	94,961,504.96
Total	284,054,997.75	-	-	284,054,997.75

6.30 Other comprehensive income

Item	Balance as at 1/1/2021(A)	Year ended 31/12/2021		
		Amount before tax	Less: OCI in prior periods transfer in profit or loss for the current period	Less: OCI in prior periods carried forward to retained earnings
OCI items which will be reclassified subsequently to profit or loss	-12,783,539.13	-6,886,431.99	-	-
Translation differences from translation of foreign currency financial statements	-12,783,539.13	-6,886,431.99	-	-
Total of OCI	-12,783,539.13	-6,886,431.99	-	-

(Continued)

Item	Year ended 31/12/2021			Balance as at 31/12/2021 (C)=(A)+(B
	Less: income tax	Amount after tax attributable to the Company(B)	Amount after tax attributable to minority interests	
OCI items which will be reclassified subsequently to profit or loss	-	-5,472,662.85	-1,413,769.14	-18,256,201.98
Translation differences from translation of foreign currency financial statements	-	-5,472,662.85	-1,413,769.14	-18,256,201.98
Total of OCI	-	-5,472,662.85	-1,413,769.14	-18,256,201.98

6.31 Special reserve

Item	Balance as at 1/1/2021	Increase	Decrease	Balance as at 31/12/2021
Safety costs	-	954,700.51	721,917.51	232,783.00

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.32 Surplus reserve

Item	Balance as at 1/1/2021	Increase	Decrease	Balance as at 31/12/2021
Statutory surplus reserve	21,908,064.19	-	-	21,908,064.19

6.33 Undistributed profit

Item	Year ended 31/12/2021	Year ended 31/12/2020	Appropriation proportion
Retained earnings As at 1/1/2021 before adjustment	343,997,929.71	314,460,431.58	-
The total adjustment of retained earnings As at 1/1/2021 (Increase+, decrease-)	-	-	-
Retained earnings As at 1/1/2021 after adjustment	343,997,929.71	314,460,431.58	-
Add: Net profit attributable to the Company during the year	35,526,982.23	29,537,498.13	-
Less: Appropriation of statutory surplus reserve	-	-	-
Withdrawal of discretionary surplus reserve	-	-	-
Extract general risk provision	-	-	-
Common stock dividends payable	-	-	-
Common stock dividends converted to share capital	-	-	-
Retained earnings as at 31/12/2021	379,524,911.94	343,997,929.71	

6.34 Operating income and operating costs

6.34.1 Operating income and operating costs

Item	Year ended 31/12/2021		Year ended 31/12/2020	
	Income	Costs	Income	Costs
Primary operating business	925,478,546.47	847,799,212.70	957,971,299.47	876,609,493.00
Other operating business	8,805,856.74	1,788,918.05	8,241,720.19	1,807,861.27
Total	934,284,403.21	849,588,130.75	966,213,019.66	878,417,354.27

6.34.2 Status of income from contracts

① Operating income and operating costs by recognition timing

Revenue recognition timing	Sales income	Agent Processing income	Refrigeration income	Other operating income
At a point of time	818,907,933.44	4,064,189.24	-	4,554,606.75
Over a period of time	-	-	10,172,122.36	-
Total	818,907,933.44	4,064,189.24	10,172,122.36	4,554,606.75

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

② Income adapted to the lease standard

Item	Vessels leasing	House rental and others
Primary operating business	92,334,301.43	-
Other operating business	-	4,251,249.99
Total	92,334,301.43	4,251,249.99

6.35 Taxes and surcharges

Item	Year ended 31/12/2021	Year ended 31/12/2020
Urban maintenance and construction tax	20,427.36	172,674.56
Educational surcharge	8,730.91	73,964.81
Local educational surcharge	5,820.63	49,309.89
Local water conservancy construction fund	-304.98	12,327.47
Property tax	1,247,826.59	1,285,586.41
Land use tax	542,585.28	421,428.69
Stamp duty	290,074.03	275,627.46
Vehicle and vessel tax	55,766.26	33,167.68
Total	2,170,926.08	2,324,086.97

6.36 Selling and distribution expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Employee compensation expenditure	2,166,098.09	2,197,949.48
Business promotion fees	725,851.68	585,425.19
Travelling expenses	74,793.63	165,925.16
Depreciation charges	123,919.04	73,027.96
Depreciation of right-of-use asset	90,777.05	-
Communication expenses	31,359.17	24,060.25
Others	335,821.30	623,371.66
Total	3,548,619.96	3,669,759.70

6.37General and administrative expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Employee compensation expenditure	45,810,749.61	34,614,101.99
Depreciation and amortization charges	1,928,160.24	1,869,160.28
Depreciation of Right-of-use assets	3,057,840.23	-
Travelling expenses	1,235,873.02	725,668.44
Business entertainment	562,059.13	463,172.36
Vehicle expenses	888,939.29	829,720.16
Agent service fees	1,211,002.54	1,180,503.10
Office expenses	4,441,038.20	4,886,702.18
Water and electricity expenses	1,309,137.24	1,157,511.99
Others	4,033,520.85	3,750,281.36
Total	64,478,320.35	49,476,821.86

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.38 Research and development expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Employee compensation expenditure	738,409.64	-
Materials	21,089.10	17,924.28
Others	5,957.96	40,000.00
Total	765,456.70	57,924.28

6.39 Finance expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Interest expenses	1,548,600.65	2,264,468.56
Less: interest income	569,224.71	666,925.40
Losses or gains from foreign exchange	10,378,601.88	20,054,225.77
Finance charges	884,531.16	1,145,378.30
Interest expenses on lease liabilities	102,193.34	-
Others	129,811.76	164,075.46
Total	12,474,514.08	22,961,222.69

6.40 Other income

Item	Year ended 31/12/2021	Year ended 31/12/2020
Subsidy fund for improving international performance capacity（Note 1）	38,431,963.86	22,435,200.00
Transportation insurance subsidy	165,500.00	-
Financial shipbuilding subsidy fund	205,983.97	199,376.00
Financial subsidy for Special Construction funds in Blue Economic Zone（Note 2）	738,267.48	738,267.48
Special fund for cold chain logistics	299,236.72	338,039.76
Subsidy for the renovation of fishing boat equipment（Note 3）	983,373.00	-
Return of individual income tax service charge	24,855.48	51,138.63
Steady post subsidies	36,737.85	285,425.27
Work-for-training subsidy	18,000.00	-
Measurement Equipment subsidy	7,500.00	-
Research subsidies from the Institute of Oceanology	-	180,000.00
Intellectual property rights subsidy funds	5,000.00	10,000.00
Total	40,916,418.36	24,237,447.14

Note 1: The company received RMB 38,431,963.86 government grants for improving international performance capacity from finance bureau;

Note 2: According to <Issued the Second Batch of 800 Million "Two Districts" in 2011 Notice of the Second Batch of Specialized Fund Investment Plans for the Blue Peninsula Economic Development Zone in Shandong Peninsula and the High-efficient Ecological Economic Zone in the Yellow River Delta in 2011> (NO. 【2011】464) issued by Yantai Development and Reform Commission and Yantai Finance Bureau，<Notice on Issuing Unit Budget Indicators for 2011>（NO【2011】514）issued by Yantai Economic and Technological Development Zone Finance Bureau, Yantai Development Zone Finance Bureau issued a special indicator of the company blue economic zone construction RMB 13,600,000.00, RMB 6,800,000.00 in 2012, RMB 6,800,000.00 in 2013, the company kept accounts in deferred income when receiving the funds and are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Other income amounts to 738,267.48 in 2021.

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Note 3:This year, the company obtained subsidy funds of RMB 983,373.00 for the renovation and renovation of facilities and equipment on ocean-going ships from Qingdao Ocean Development Bureau. Since the aforementioned equipment renewal funds have been shared with the cost of related products in previous years, they are directly included in the current profit and loss when they are received this time.

6.41 Investment income

Item	Year ended 31/12/2021	Year ended 31/12/2020
Gain/(Loss) on financial assets held for trading for the current period	49,972.60	15,287.67
Gains on debt restructuring	-127,527.03	-
Total	-77,554.43	15,287.67

6.42 Credit impairment losses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Allowance for credit losses of accounts receivable	1,558,165.28	-449,391.98
Allowance for credit losses of other receivables	72,899.66	125,313.00
Total	1,631,064.94	-324,078.98

6.43 Assets impairment losses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Provision for diminution in value of inventory and Loss of contract performance costs	-7,167,438.13	-2,613,583.91

6.44 Gains from disposal of assets

Item	Year ended 31/12/2021	Year ended 31/12/2020
Gains and losses on disposal of fixed assets	3,494,326.93	52,840.06

Note : In the current period, the subsidiary Shandong Zhonglu Aquatic Shipping Co., Ltd. disposed of the Taixing vessel with a disposal income of RMB 3,470,553.87.

6.45 Non-operating income

Item	Year ended 31/12/2021	Year ended 31/12/2020	Amount to be included in non-recurring gain or loss for the year
Reparations income	884,810.25	627,280.18	884,810.25
Others	-	10,131,289.21	-
Total	884,810.25	10,758,569.39	884,810.25

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.46 Non-operating expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020	Amount to be included in non-recurring gain or loss for the year
Loss of scrapped fixed assets	49,503.75	386,058.25	49,503.75
Donating	-	207,712.00	-
Others	36,832.97	64,708.74	36,832.97
Total	86,336.72	658,478.99	86,336.72

6.47 Income tax expenses

6.47.1 Details of income tax expenses

Item	Year ended 31/12/2021	Year ended 31/12/2020
Current income tax	2,774,329.98	664,050.34
Deferred income tax	1,425,529.24	1,552,987.07
Total	4,199,859.22	2,217,037.41

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

Item	Year ended 31/12/2021
Profit before tax	40,853,726.49
Income tax expenses calculated at statutory/applicable tax rates	10,213,431.62
Effect of different tax rate of subsidiaries	-2,288,375.83
Effect of adjustment for income tax in prior year	-
Effect of income not subject to income tax	-7,866,473.44
Effect of expenses nondeductible for tax purposes	-557,192.15
Effect of using deductible losses of deferred tax assets not recognised in prior periods	74,647.01
Effect of unrecognised deductible temporary differences and deductible losses in current period	4,623,822.01
Income tax expenses	4,199,859.22

6.48 Other comprehensive income

As note 30.

6.49 Notes to statement of cash flows

6.49.1 Cash received relating to other operating activities

Item	Year ended 31/12/2021	Year ended 31/12/2020
Finance expenses- interest income	569,224.71	666,925.40
Government grants and others	40,153,114.89	23,598,067.00
Credit deposit	-	1,929,052.36
Current account and other	900,552.70	3,519,086.04
Total	41,622,892.30	29,713,130.80

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

6.49.2 Cash paid related to other operating activities

Item	Year ended 31/12/2021	Year ended 31/12/2020
Cash payment to selling expenses	1,053,784.11	1,287,323.87
Cash payment to administrative expense	13,550,391.30	12,663,386.50
Cash payment to research and development expenses	27,047.06	57,924.28
Security deposit	884,531.16	597,417.07
Current account and other	5,947,525.52	5,999,662.55
Total	21,463,279.15	20,605,714.27

6.49.3 Cash paid related to other financing activities

Item	Year ended 31/12/2021	Year ended 31/12/2020
Lease payment	3,627,734.35	-

6.50 Supplement to statement of cash flows

6.50.1 Supplement to statement of cash flows

Item	Year ended 31/12/2021	Year ended 31/12/2020
1.Net profit adjusted to cash flows from operating activities		
Net profit	36,653,867.27	38,556,814.86
Add:losses Provision for asset impairment	3,827,620.99	2,613,583.91
Credit impairment	-1,631,064.94	324,078.98
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and depreciation of investment property	52,151,188.06	50,780,458.83
Depreciation of right-of-use asset	3,148,617.28	-
Amortization of intangible assets	745,729.62	720,869.39
Amortization of long-term deferred expenses	177,916.67	334,152.83
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-3,494,326.93	-52,840.06
Losses on write-down of fixed assets ("-" for gains）	49,503.75	-9,725,724.88
Losses from changes in fair value ("-" for gains)	-	-
Financial expenses ("-" for income)	4,397,806.07	10,826,454.94
Investments losses ("-" for gains)	77,554.43	-15,287.67
Decreases in the deferred tax assets ("-" for increases)	99,691.02	101,235.84
Increases in the deferred tax liabilities ("-" for decreases)	1,325,838.22	1,451,751.23
Decreases in inventories ("-" for increases)	57,995,811.51	34,244,396.75
Decreases in operating receivables ("-" for increases)	20,661,022.03	23,242,398.53
Increases in operating payables ("-" for decreases)	-6,290,950.23	-40,156,632.83
Others	-	-
Net cash flows from operating activities	169,895,824.82	113,245,710.65
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital	-	-
Convertible corporate bonds maturing within one year	-	-
Fixed assets acquired under financial lease	-	-

Item	Year ended 31/12/2021	Year ended 31/12/2020
3. Net change in cash and cash equivalents		
Cash as at 31/12/2021	209,649,305.99	255,735,611.93
Less: cash As at 1/1/2021	255,735,611.93	184,603,638.72
Add: cash equivalents as at 31/12/2021	-	-
Less: cash equivalents as at 31/12/2021	-	-
Net increase in cash and cash equivalents	-46,086,305.94	71,131,973.21

6.50.2 Cash and cash equivalents

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
1. Cash	209,649,305.99	255,735,611.93
Including: cash on hand	1,975,275.82	2,817,043.31
Unrestricted bank deposits	207,674,030.17	252,918,568.62
2.Cash equivalents	-	-
Bond investments due within 3 months	-	-
3. Cash and cash equivalents As at 1/1/2021	209,649,305.99	255,735,611.93

6.51 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2021	Restriction reason
Cash at bank and on hand	924,476.50	Marginal deposit
Fixed assets	31,121,060.56	Collateral loan
Intangible assets	5,031,624.56	Collateral loan
Construction in process	66,722,605.94	Collateral loan
Total	103,799,767.56	

6.52 Monetary items denominated in foreign currency

6.52.1 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 31/12/2021	Exchange rate	Balance translated into RMB as at 31/12/2021
Cash at hand and in banks			
Including: USD	15,469,531.99	6.3757	98,629,095.12
Euro	103,209.44	7.2197	745,141.16
GHS	18,752,266.28	1.0633	19,939,431.64
JPY	39,921,632.05	0.0554	2,212,257.24
XAF	20,651,000.60	0.0111	228,584.34
Accounts receivable			
Including: USD	3,492,912.50	6.3757	22,269,762.24
GHS	2,595,049.26	1.0633	2,759,336.21
JPY	29,189,447.51	0.0554	1,617,533.23
Franc	187,673,483.00	0.0111	2,077,343.45

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	Balance in foreign currency as at 31/12/2021	Exchange rate	Balance translated into RMB as at 31/12/2021
Other receivables			
Including: USD	70,463.90	6.3757	449,256.69
GHS	244,241.60	1.0633	259,704.00
Accounts payable			
Including: USD	2,182,678.02	6.3757	13,916,100.25
Euro	234.43	7.2197	1,692.51
XAF	911,181.91	1.0633	968,866.86
JPY	9,612,270.63	0.0554	532,663.98
XAF	74,994,511.00	0.0111	830,108.49
Other payables			
Including: USD	350,654.68	6.3757	2,235,669.04
GHS	974,996.26	1.0633	1,036,721.16
Long-term borrowing			
Including: USD	14,588,663.54	6.3757	93,012,942.11

6.52.2 Reporting currencies of significant foreign operating entities

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

6.53 Government subsidies

Item	amount	Report project	recorded in other income for current period
Subsidy fund for improving international performance capacity	38,431,963.86	Other income	38,431,963.86
Transportation insurance subsidy	165,500.00	Other income	165,500.00
Financial shipbuilding subsidy fund	205,983.97	Deferred income	205,983.97
Financial subsidy for Special Construction funds in Blue Economic Zone（Note 2）	738,267.48	Deferred income	738,267.48
Special fund for cold chain logistics	299,236.72	Deferred income	299,236.72

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	amount	Report project	recorded in other income for current period
Subsidy for the renovation of fishing boat equipment（Note 3）	983,373.00	Other income	983,373.00
Return of individual income tax service charge	24,855.48	Other income	24,855.48
Steady post subsidies	36,737.85	Other income	36,737.85
Work-for-training subsidy	18,000.00	Other income	18,000.00
Measurement Equipment subsidy	7,500.00	Other income	7,500.00
Intellectual property rights subsidy funds	5,000.00	Other income	5,000.00
Total	40,916,418.36		40,916,418.36

7. Changes in consolidation scope

In the current period, the company newly established a subsidiary: Zhonglu Ocean (Qingdao) Industrial Investment Development Co., Ltd., with a registered capital of USD 20.50 million, paid-in capital of USD 10.045 million, and a shareholding ratio of 100%.

8. Interest in other entities

8.1 Interest in subsidiaries

8.1.1 Constitution of the Company

Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding		Acquisition method
				Direct	Indirect	
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	Shandong Qingdao	Shandong Qingdao	Refrigeration transportation	100.00%		Investment
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Shandong Yantai	Shandong Yantai	Food processing	74.23%	25.77%	Investment
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	Shandong Qingdao	Shandong Qingdao	Oceanic fishing	59.05%		Investment
Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd.	Shandong Qingdao	Shandong Qingdao	Refrigeration transportation	51.00%	49.00%	Investment
HABITAT INTERNATIONAL CORPORATION	The Republic of Panama	The Republic of Panama	Refrigeration transportation	100.00%		Investment
LAIF FISHERIES COMPANY LIMITED	The Republic of Ghana	The Republic of Ghana	Oceanic fishing		Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100% shares	Investment
AFRICA STAR FISHERIES LIMITED	The Republic of Ghana	The Republic of Ghana	Oceanic fishing		Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100% shares	Investment
ZHONG GHA FOODS COMPANY	The Republic of Ghana	The Republic of Ghana	Oceanic fishing		Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd	Investment

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

8.1.2 Significant non-wholly owned subsidiary

Company name	Minority shareholding	Profit or loss attributable to the minority for the current period	Dividends announced to distribute to the minority	Balance of the minority interests as at 31/12/2021
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	40.95%	1,126,885.04	-	161,988,106.39

8.1.3 Main financial information of significant non-wholly owned subsidiary

Subsidiary name	As at 31/12/2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	230,078,254.48	228,556,206.12	458,634,460.60	57,308,361.86	5,761,460.67	63,069,822.53

(Continued)

Subsidiary name	As at 1/1/2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	283,125,223.39	224,970,520.62	508,095,744.01	106,308,989.61	5,521,544.64	111,830,534.25

(Continued)

Subsidiary name	Year ended 31/12/2021

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	249,754,578.58	2,751,856.01	-700,571.69	72,260,920.89

(Continued)

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

9. Related risks of financial instruments

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

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

1. Credit risk

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

2. Liquidity Risk

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

3. Market risk

(1) Foreign exchange risk

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Foreign exchange risk is referred to the risk incurred due to loss of changes in exchange rate. The company's foreign exchange risk is mainly derived from the dollar denominated financial assets. The amount of foreign currency denominated financial assets to be converted into RMB is as note 6.52 the foreign currency monetary items stated.

(2) Interest rate risk

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

10. Related parties and transactions

10.1 The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	(%)Shareholding ratio of the Company	(%)Voting rights proportion % of the Company
Shandong State-owned assets investment Co. Ltd	Shandong Jinan	Investment and management, asset management and capital operation, entrustment management, investment consulting	4.5 billion	47.25%	47.25%

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

10.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 8 Interest in other entities.

10.3 Other related parties

Entity name	Relationship
Inspur Genersoft Software lnc.	A company that has a transaction in the current period controlled by the same parent company
Dezhou Bank Co.,LTD	A company that has a transaction in the current period controlled by the same parent company
ZhongTai XinCheng Asset Management Co., Ltd	A company that has a transaction in the current period controlled by the same parent company

10.4 Transactions with related parties

10.4.1 Leases with related parties

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

The company, as the lessee:

Lesser	Condition of underlying assets	Year ended 31/12/2021 Rental the rent	Year ended 31/12/2020 Rental the rent
ZhongTai XinCheng Asset Management Co., Ltd	Office building	195,000.00	-

10.4.2 Remuneration of key management

Item	Year ended 31/12/2021	Year ended 31/12/2020
Remuneration of key management	2,225,053.60	2,727,975.00

10.4.3 Other related transactions

10.4.3.1 Interest revenue

Item	Related party	Year ended 31/12/2021	Year ended 31/12/2020
Interest revenue	Dezhou Bank Co.,LTD	2,274.66	1,392.99

10.5 Receivables due from and payables due to related parties

10.5.1 Other non-current assets

Item	Related party	Balance as at 31/12/2021		Balance as at 1/1/2021	
		Book balance	Allowance for credit losses	Book balance	Allowance for credit losses
Prepayments	Inspur Genersoft Software lnc.	394,857.06	-	394,857.06	-

11. Commitments and contingencies

11.1 Commitments

None.

11.2 Contingencies

None.

12. Post balance sheet events

12.1 Significant non-adjustment events after balance sheet date

On January 11, 2022, Zhongtai Xincheng Asset Management Co., Ltd. unilaterally increased its capital by RMB 100 million to Shandong Zhonglu Ocean (Yantai) Food Co., Ltd. (hereinafter referred to as: Yantai Food), a wholly-owned subsidiary of the Company. It owns 27.54% of Yantai Foodstuffs shares and has a significant influence on Yantai Food.

12.2 Distribution of profit

No.

13. Other significant events

13.1 Pension scheme

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

According to relative laws, regulations and policies, the pension system of the company has been established to pay supplementary endowment insurance for employees (namely enterprise annuity) on the basis of attending primary endowment insurance lawfully. The company has set the operating efficiency coefficient in accordance with the actual operating conditions every year, and calculated the total amount paid by the enterprise through it. In the enterprise pension, the borne expenses of the company have been disclosed in the case of employee pay payable and the condition of the established escrow plan, and the individual cost has been paid by the company from their salary. This year, the enterprise pension has been increased RMB 2.16 million, relevant information shall be referred to "Attachment 6 (19) employee pay payable".

13.2 Segment reporting

13.2.1 Determination basis of segment reporting and related accounting policy

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

13.2.2 Financial information of segment reporting

Item	Oceanic fishing	Vessels leasing	Aquatic products processing and refrigeration	Others	Elimination between branches	Total
Operating income	382,802,775.17	92,334,301.43	614,442,426.72	180,087.86	-164,281,044.71	925,478,546.47
Operating cost	364,173,138.00	71,664,655.72	576,118,584.27	125,928.57	-164,283,093.86	847,799,212.70
Credit impairment losses	1,209,747.43	14,008.32	466,622.95	-59,313.76	-	1,631,064.94
Impairment of assets	-3,138,247.15	-	-4,024,940.30	-4,250.68	-	-7,167,438.13
Depreciation and amortization	36,035,069.88	9,098,675.03	7,702,289.14	3,387,417.58	-	56,223,451.63
Profit before tax	26,426,691.14	14,880,398.21	24,547,768.95	-25,001,131.81	-	40,853,726.49
Income tax expenses	-	1,476,541.19	2,723,318.03	-	-	4,199,859.22
Net profit	26,426,691.14	13,403,857.02	21,824,450.92	-25,001,131.81	-	36,653,867.27
Total assets	736,419,607.35	232,500,932.84	370,318,230.33	173,579,725.80	-112,683,535.61	1,400,134,960.71
Total liabilities	107,939,243.67	41,066,699.30	70,883,681.59	200,948,395.77	-116,227,040.91	304,610,979.42

14. Notes to the financial statements of the Company

14.1 Accounts receivable

14.1.1 Aging analysis by aging

Aging	Balance as at 31/12/2021
Within 6 months	9,190,590.36
6 months-1 years	-
1-2 years	-
2-3 years	-
More than 3 years	5,689,018.01

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Aging	Balance as at 31/12/2021
Total	14,879,608.37

14.1.2 Accounts receivable by provision method for allowance credit losses

Item	As at 31/12/2021				
	Balance	PCT	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	14,879,608.37	100.00%	6,148,547.53	41.32%	8,731,060.84
Group 1: Non-affiliated party customer portfolio	14,879,608.37	100.00%	6,148,547.53	41.32%	8,731,060.84
Group 2: Combination of related parties	-	-	-	-	-
Total	14,879,608.37	100.00%	6,148,547.53	41.32%	8,731,060.84

(Continued)

Item	As at 1/1/2021				
	Balance	PCT	Allowance for credit losses	PCT	Carrying amount
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	13,483,880.01	100.00%	6,076,243.56	45.23%	7,407,636.45
Group 1: Non-affiliated party customer portfolio	13,433,529.01	99.63%	6,076,243.56	45.23%	7,357,285.45
Group 2: Combination of related parties	50,351.00	0.37%	-	-	50,351.00
Total	13,483,880.01	100.00%	6,076,243.56	45.23%	7,407,636.45

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

Aging	As at 31/12/2021		
	Balance	Allowance for credit losses	PCT
Within 6 months	9,190,590.36	459,529.52	5.00%
6 months-1 years	-	-	-
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	5,689,018.01	5,689,018.01	100.00%
Total	14,879,608.37	6,148,547.53	

(Continued)

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Aging	As at 1/1/2021		
	Balance	Allowance for credit losses	PCT
Within 6 months	7,744,511.00	387,225.55	5.00%
6 months-1 years	-	-	-
1-2 years	-	-	-
2-3 years	-	-	-
More than 3 years	5,689,018.01	5,689,018.01	100.00%
Total	13,433,529.01	6,076,243.56	

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

Aging	As at 31/12/2021			As at 1/1/2021		
	Balance	ECL rate	Allowance for credit losses	Balance	ECL rate	Allowance for credit losses
combination of related parties	-	-	-	50,351.00	-	-

14.1.3 Allowance for credit losses

Item	As at 1/1/2021	Amount of change in the current period				As at 31/12/2021
		Provision	Recovery or reversal	Write off	Others	
Accounts receivable	6,076,243.56	72,303.97	-	-	-	6,148,547.53

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

Company name	Balance as at 31/12/2021	Percentage in total accounts receivable	Balance of allowance for credit losses as at 31/12/2021
HAIXINSHEN CO.,LTD	5,435,011.18	36.53%	271,750.56
PACIFIC PANDA.INC	3,600,962.12	24.20%	3,600,962.12
PIONEER FOOD CANNERY LTD	2,017,638.08	13.56%	100,881.90
AFKO FISHERIES COMPANY LIMITED	870,928.08	5.85%	43,546.40
Xue Han	293,209.20	1.97%	293,209.20
Total	12,217,748.66	82.11%	4,310,350.18

14.2 Other receivables

Item	Balance as at 31/12/2021	Balance as at 1/1/2021
Interest receivable	-	-
Dividends receivable	85,085,303.70	101,777,374.94
Other receivables	37,525,815.05	106,275,077.33
Less: Allowance for credit losses	3,595,932.39	3,553,611.55
Total	119,015,186.36	204,498,840.72

14.2.1 Dividends receivable

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

14.2.1.1 Classification and disclosure of dividends receivable

Item	Balance as at 31/12/2021	Balance as at 31/12/2021
Subsidiary dividend	85,085,303.70	101,777,374.94
Less: Allowance for credit losses	-	-
Total	85,085,303.70	101,777,374.94

14.2.2 Other receivables

14.2.2.1 Aging analysis of other receivables

Aging	Balance as at 31/12/2021
Within 6 months	18,995,609.66
6 months-1 years	2,685,259.35
1-2 years	2,548,353.45
2-3 years	2,898,011.07
More than 3 years	10,398,581.52
Total	37,525,815.05

14.2.2.2 Category of other receivables by nature

Nature	Balance as at 31/12/2021	Balance as at 1/1/2021
Internal current account	33,377,123.62	102,455,780.95
Revolving fund and other	4,148,691.43	3,819,296.38
Less: Allowance for credit losses	3,595,932.39	3,553,611.55
Total	33,929,882.66	102,721,465.78

14.2.2.3 The provision of allowance for credit losses

The allowance for credit losses	Stage one 12-month ECL	Stage two Lifetime ECL (credit -unimpaired)	Stage three Lifetime ECL (credit-impaired)	Total
Beginning balance	55,390.16	-	3,498,221.39	3,553,611.55
Revaluation of beginning balance	55,390.16	-	3,498,221.39	3,553,611.55
Provision	53,574.17	-	-9,995.05	43,579.12
Reversal	-	-	-	-
Charge off	-	-	-	-
Write-off	-	-	1,258.28	1,258.28
Other changes	-	-	-	-
Ending balance	108,964.33	-	3,486,968.06	3,595,932.39

14.2.2.4 Allowance for credit losses

Item	Balance as at 1/1/2021	Amount of change in the current period				Balance as at 31/12/2021
		Allowance	Take back or turn back	write off	Other change	
Other receivables	3,553,611.55	43,579.12	-	1,258.28	-	3,595,932.39

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

14.2.2.5 Other receivables written-off during the year

Item	Write-off amount
Other receivables written off	1,258.28

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

Company name	Nature of payment	Balance as at 31/12/2021	Aging	As a percentage of the total amount	Ending balance of allowance for credit losses
LAIF FISHERIES COMPANY LIMITED	current payment	18,343,166.52	0-3 years or more	48.88%	-
YAW ADDO FISHERIES COMPANY LIMITED	current payment	9,305,369.49	0-3 years or more	24.8%	-
AFRICA STAR FISHERIES LIMITED	current payment	3,189,007.27	0-3 years or more	8.5%	-
Shandong Zhonglu Ocean Refrigeration Co., Ltd.	current payment	1,995,947.71	1-3 years or more	5.32%	-
Sino-Ocean (Qingdao) Industrial Investment Development Co., Ltd.	current payment	302,683.00	0-6 months	0.81%	-
Total		33,136,173.99		88.31%	-

14.3 Long-term equity investments

Item	As at 31/12/2021			As at 1/1/2021		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	232,189,455.23	-	232,189,455.23	232,189,455.23	-	232,189,455.23

Note: The parent company and HABITAT INTERNATIONAL CORP, a wholly-owned subsidiary, jointly invested and set up Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd. with the parent company accounting for 51%. By December 31, 2021, the parent company had not actually invested.

14.3.1 Investment to subsidiaries

Investee	Balance as at 1/1/2021	Additions	Reductions	Balance as at 31/12/2021	Provision for impairment in current period	Balance of provision for impairment As at 1/1/2021
HABITAT INTERNATIONAL CORP.	12,476,145.60	-	-	12,476,145.60	-	-
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	22,869,513.38	-	-	22,869,513.38	-	-

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Investee	Balance as at 1/1/2021	Additions	Reductions	Balance as at 31/12/2021	Provision for impairment in current period	Balance of provision for impairment As at 1/1/2021
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24	-	-	55,448,185.24	-	-
Shandong zhonglu Haiyan Oceanic Fisheries Co., Ltd.	141,395,611.01	-	-	141,395,611.01	-	-
Total	232,189,455.23	-	-	232,189,455.23	-	-

14.4 Operating income and operating costs

14.4.1 Operating income and operating costs

Item	Year ended 31/12/2021		Year ended 31/12/2020	
	Income	Cost	Income	Cost
Primary operating business	135,171,275.55	115,100,856.01	108,685,800.84	99,119,500.56
Other operating business	4,156,011.88	1,788,918.05	4,999,320.98	1,807,861.27
Total	139,327,287.43	116,889,774.06	113,685,121.82	100,927,361.83

14.5 Investment income

Item	Year ended 31/12/2021	Year ended 31/12/2020
Gain/(Loss) from long-term equity investments in cost method	8,817,128.76	7,880,977.02
Gain/(Loss) on financial assets held for trading for the current period	49,972.60	15,287.67
Total	8,867,101.36	7,896,264.69

15. Supplementary information

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

Item	Amount	Remark
Gain or loss on disposal of non-current assets	3,494,326.93	-
Government grants (except the government grants closely related to the business of the Company and enjoyed according to unified quota or ration standards)	2,484,454.50	-
Gain or loss from fair value change of financial assets held-for-trading, other non-current financial assets, derivative financial assets and financial liabilities held-for-trading etc., and investment income from disposal of financial assets held-for-trading, other non-current financial assets, other debt investments, financial liabilities held-for-trading and derivative financial liabilities, excluding effective hedging operations related to normal business of the Company	49,972.60	-

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

Item	Amount	Remark
Gain or loss from debt restructuring	-127,527.03	-
Other non-operating income/(expenses) except the above items	798,473.53	-
Effects of income tax on non-recurring items	1,086,874.90	-
Effects of non-recurring items attributable to the minority shareholders of the Company	818,312.96	-
Total	4,794,512.67	-

Note: The company received 38,431,963.86 yuan of subsidy funds for the improvement of the country's international contract performance capacity this year. Because the subsidy is closely related to the enterprise's contract performance score and fishing vessel operation time, the subsidy fund is based on the company's contract performance score, fishing vessel operation time and other parameters, according to the country, Standard calculation and confirmation of relevant provincial departments. Therefore, it is not listed as non-recurring profit or loss.t.

15.2 Return on equity and earnings per share

Profit in report period	Weighted average return on equity	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the common share holders	3.87%	0.13	0.13
Net profit attributable to the common shareholders after deducting non-recurring gain or loss items	3.35%	0.12	0.12