

Shandong Zhonglu Oceanic Fisheries Company Limited
Annual Report 2021

April 2022

Section I. Important Notice, Contents and Interpretation

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

Lu Lianxing, Principal of the Company, Fu Chuanhai, person in charge of accounting works and Lei Lixin, person in charge of accounting organ (accounting principal) hereby confirm that the Financial Report of 2021 Annual Report is authentic, accurate and complete.

All directors are attended the Board Meeting for report deliberation.

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

Certain risks that may exist in the Company's business operation and countermeasures adopted by the Company are disclosed in "XI. Outlook of future development" in the Section III. "Management Discussion and Analysis", which

shall be brought to attention of investors.

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

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

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Documents Available for Reference

- (1) The financial statement of the Company with signature and seal from the person in charge of the Company, person in charge of the accounting works and person in charge of accounting;
- (2) Original audit report with seal of the accounting firms and signature and seal of the CPA;
- (3) Original copies of all documents and announcements that have been released publicly during the reporting period;
- (4) Text of Annual Report 2021 with the signature of the legal person

Interpretation

Items	Refers to	Contents
The Company, Company or ZLYY	Refers to	Shandong Zhonglu Oceanic Fisheries Company Limited
Shandong State-owned Assets Investment	Refers to	Shandong State-owned Assets Investment Holding Company Limited
SASACP	Refers to	State-owned Assets Supervision and Administration Commission of Shandong Provincial Government
CSRC	Refers to	China Securities Regulatory Commission
The report	Refers to	Annual Report for 2021 compiled by the Company

Section II. Company Profile and Main Financial Indexes

I. Company information

Short form of the stock	Zhonglu-B	Stock code	200992
Stock exchange for listing	Shenzhen Stock Exchange		
Name of the Company (in Chinese)	山东省中鲁远洋渔业股份有限公司		
Short form of the Company (in Chinese)	中鲁远洋		
Foreign name of the Company (if applicable)	Shandong Zhonglu Oceanic Fisheries Company Limited		
Short form of foreign name of the Company (if applicable)	ZLYY		
Legal representative	Lu Lianxing		
Registrations add.	No. 29 Miaoling Rd. Laoshan District, Qingdao, Shandong		
Code for registrations add	266061		
Historical changes of registered address	No.57 Lishan Road, Jinan, P.R.C.→No.43 Heping Road, Jinan, Shandong→ No. 29 Miaoling Rd. Laoshan District, Qingdao, Shandong		
Offices add.	No. 65 Haier Rd., Laoshan District, Qingdao, Shandong		
Codes for office add.	266061		
Company website	http://www.zofco.cn/		
Email	zl000992@163.com		

II. Person/Way to contact

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

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company disclosed	In China: <i>China Securities Journal</i> ; overseas: <i>Hong Kong Commercial Daily</i>
Media and Website where the annual report of the Company disclosed	http://www.cninfo.com.cn
Preparation place for annual report	Office of the BOD

IV. Registration changes of the Company

Organization code	91370000863043102Y
Changes of main business since listing (if applicable)	<p>(1)2000.07.14: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; cold storage rental” (2) 2000.11.30: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; cold storage rental” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated” (3) 2002.05.28: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated” to “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” (4) 2006.06.06: business scope of the Company changed from “Offshore, pelagic fishing; aquaculture, processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” to “Offshore, pelagic fishing; processing and marketing of the aquatic products; commodity import & export business within the approved scope; manufacturing and sales of ice machine; manufacturing, installation and maintenance of refrigeration equipment; frozen and refrigerated; loading and moving services” (5) 2007.05.16: business scope of the Company changed from “Offshore,</p>

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

V. Other relevant information

CPA engaged by the Company

Name of CPA	SCPA (LLP)
Offices add. for CPA	25/F, No. 755 Weihai Road, Jinan District, Shanghai
Signing Accountants	Zhang Xiaorong, Ma Haijun

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

Applicable Not applicable

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

Applicable Not applicable

VI. Main accounting data and financial indexes

Whether it has retroactive adjustment or re-statement on previous accounting data for accounting policy changed and accounting error

correction or not

Yes No

	2021	2020	Changes (+,-) compared with the previous year	2019
Operating income (RMB)	934,284,403.21	966,213,019.66	-3.30%	1,128,951,902.68
Net profit attributable to shareholders of the listed company (RMB)	35,526,982.23	29,537,498.13	20.28%	82,311,630.23
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	30,732,469.56	20,070,745.84	53.12%	80,410,900.02
Net cash flow arising from operating activities(RMB)	169,895,824.82	113,245,710.65	50.02%	110,296,542.67
Basic earnings per share (RMB/Share)	0.13	0.11	18.18%	0.31
Diluted earnings per share (RMB/Share)	0.13	0.11	18.18%	0.31
Weighted average ROE	3.87%	3.30%	0.57%	9.74%
	Year-end of 2021	Year-end of 2020	Changes (+,-) compared with the year-end of previous year	Year-end of 2019
Total assets (RMB)	1,400,134,960.71	1,259,611,234.89	11.16%	1,288,526,843.80
Net assets attributable to shareholder of listed company (RMB)	933,535,874.90	903,248,772.52	3.35%	887,201,969.69

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

Yes No

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

Yes No

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VIII. Quarterly main financial index

Unit: RMB/CNY

	Q 1	Q 2	Q 3	Q 4
Operating income	160,723,204.42	195,630,719.43	298,181,582.54	279,748,896.82
Net profit attributable to shareholders of the listed company	-4,733,983.20	-4,225,387.86	39,401,482.41	5,084,870.88
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	-5,196,703.37	-4,556,626.32	39,135,667.37	1,350,131.88
Net cash flow arising from operating activities	-36,732,444.12	-14,178,156.38	102,397,521.29	118,408,904.03

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

Yes No

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

Applicable Not applicable

Unit: RMB/CNY

Item	2021	2020	2019	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	3,494,326.93	10,164,623.19		
Governmental subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are	2,484,454.50	1,802,247.14	2,704,851.78	

continuously enjoyed at a fixed or quantitative basis according to certain standards)				
Gains/losses from debt restructuring	-127,527.03			
Gains/losses from changes of fair values occurred in holding trading financial assets, trading financial liabilities, and investment income obtaining from the disposal of trading financial assets, trading financial liability and financial assets available for sale, excluded effective hedging business relevant with normal operations of the Company	49,972.60	15,287.67		
Other non-operating income and expenditure except for the aforementioned items	798,473.53	-11,692.73	-22,546.48	
Less: Impact on income tax	1,086,874.90	247,241.88	229,456.99	
Impact on minority shareholder ' s equity (after-tax)	818,312.96	2,256,471.10	552,118.10	
Total	4,794,512.67	9,466,752.29	1,900,730.21	--

Specific information on other items of profits(gains)/losses that qualified the definition of non-recurring profit(gain)/loss

Applicable Not applicable

The Company does not have other items of profits(gains)/losses that qualified the definition of non-recurring profit(gain)/loss

Information on the definition of non-recurring profit(gain)/loss that listed in the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* as the recurring profit(gain)/loss

Applicable Not applicable

The Company does not have any non-recurring profit(gain)/loss listed under the *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary (non-recurring) Profit(gain)/loss* defined as recurring profit(gain)/loss

Section III. Management Discussion and Analysis

I. Industry of the Company during the reporting period

Industry situation of the company: according to the data of China Ocean Fisheries Association, in 2020, there were 180 legitimate ocean-going fishery enterprises in China, and the operating waters involved the exclusive economic zone waters of more than 40 countries, the high seas of the three oceans and the Antarctic waters. The scale of the ocean-going fishery industry enters the forefront of the world, the industrial structure is increasingly optimized, the equipment level is significantly improved, the scientific and technological support is significantly enhanced, the management system is improved day by day, and the ocean fishery is developing in the direction of transformation and upgrading, and standardized management. However, the scientific and technological support and the comprehensive development and utilization capabilities of resources are still low, and there is still a big gap compared with the world-class fishery enterprises. At the same time, negative factors such as the rapid increase in the cost of domestic human resources and the shortage of employees, especially crew members, are expected to plague the development of the ocean fishing industry for a long time. Enterprises need to continuously increase investment in science and technology, accelerate transformation and upgrading, enhance core competitiveness, and actively respond to the rapidly changing industry development situation.

After more than 20 years of development, the domestic tuna market sold over 10,000 tons in 2019. In addition to the rapid growth of large coastal cities such as Shanghai, Beijing, Guangzhou, and Fujian, the consumption potential of the inland market has also been activated simultaneously, forming a large-scale trend. The Blue Book of China's Marine Economy (2021) compiled by Ocean University of China not only summarizes the past achievements of China's marine economic development, but also analyzes and looks forward to the new development in the 14th Five-Year Plan period. In particular, the Blue Book mentions that under the background of the overall stability of the macro economy, the continuous optimization of the policy environment, the rich reserves of marine resources, and the significant improvement of the scientific and technological environment, it is clear that the marine economy will continue its recovery growth. It is foreseeable that the development of the marine economy in the future will unswervingly implement the new development concept, take technological innovation as the main means, and develop towards the high-end, clustering, internationalization, informatization and intelligence of the marine industry, which also injects a booster for the sustainable development of the tuna domestic market. For Zhonglu Oceanic, which has been focusing on the marine economy and adhering to the sustainable development strategy, the future development is bound to be stronger and more powerful with the help and empowerment of macro policies.

II. Main businesses of the company during the reporting period

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

1. Pelagic fishing

During the reporting period, the Company has owned a total of 23 vessels for ocean-going fishing, including 7 large-scale tuna seiners (units), 14 large ultra-low temperature tuna longliners, and 2 medium-sized trawlers, which have been respectively working in Indian Ocean and the Atlantic area. ①In terms of longline fishing, the main operating area was in the Indian Ocean. In the first half of the year, there was no normal flourishing situation in the Somali cooperation zone, and there was no high-quality fishery in the high seas,

and the output declined, especially, the yellow fin tuna species declined significantly. Though 14 work-boats tried various means, including decentralized operations, temperature analysis of fishing grounds, etc., there was still no major breakthrough in fishing output.

② In terms of purse seine fishing, the main operating area was in the Atlantic Ocean. The fishing off season in this period was longer than last year. In addition, due to the pandemic and others, the dock repair and demurrage time was longer, which affected the operating time to a certain extent. ③The work-boat of Ghana trawling project was in aging condition, the output decreased, and the operating income decreased accordingly.

2. Refrigerated transport

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

3. Refrigerated processing& trade

During the reporting period, affected by the epidemic, refrigerated processing and trading business of the Company are mainly focused on inventory controlling and stabilizing market shares. There are more than 20 tuna species processed in the segment, such as halibut, yellow fin, blue fin, albacore, sword flag, red flag and black flag. The product forms included tuna slices, cubes, slabs and milk-grade cheese and so on. Products are mainly exported, mainly to Japan, the United States, Russia, the EU, South Korea, Israel and other countries. The Company has got HACCP registration, EU certification, BRC certification, MSC certification, and SEDEX certification. We has established a multi-integrated sales network integrating micro-business + e-commerce + supermarkets + sub-warehouses in domestic markets. And committed to providing deep-sea, ocean-going, healthy and safe tuna delicacies for fellow countrymen. The domestic market is expanding year by year, and the sales in coastal cities have been increasing by more than 10% annually.

Business model: The company adopts a centralized diversified business model.

Market status: One of the five major ocean-going fishery companies in China, the vice president unit of China Oversea Fisheries Association, the president unit of Qingdao Oversea Fisheries Association.

III. Core competitiveness analysis

The Company is an outgoing comprehensive oceanic fishery enterprise, established in July 1999 with the approval from People's Government of Shandong province. We have completed industry chain and we are the leading enterprise of oceanic fishery for the Shandong Province. As a comprehensive fishery enterprise, the company's core competitiveness is mainly reflected in the following aspects: ① over the 20-year development, the Company is the comprehensive fishery enterprise integrating pelagic fishing, refrigerated transport, and refrigeration and processing and trading of aquatic products, its main business involves all key links of industry chain, and the businesses among all operating entities are highly related, possess the conditions for overall collaborative operation, and provides guarantee for strengthening and extending the industrial chain strategy; ② as one of the enterprises engaged

in deep-sea fishing business at the earliest in China, the company starts the production and operation early with high starting point, and high-quality talents and assets. After many years of professional management, the company has accumulated a large number of professional talents covering all fields of deep-sea fishing. ③distant fishery of the Company is the parts of “going out” strategy and maritime strategy of the country, and also it is the part of Blue Economic Zone Plans in Shandong Province. The distant fishery still has a development opportunity in way of depth adjustment; three are 14 ultra-low temperature tuna vessels in the Indian Ocean engaged in tuna longline production, which is one of the Company’s main business that made a greater contribution to the company’s completion of the business plan; the Atlantic tuna seine project has been on the right track after four years of exploration and practice, under the strict protection of the WCPFC in the Central and Western Pacific and the ICCAT organization in the Atlantic, the company’s tuna seine business can develop steadily; ④ Refrigerated transportation is an important part of the company’s main business, the existing refrigerated transport fleet is at the forefront of the Southeast Asia transportation market in terms of the number of vessels, gross tonnage and profitability; ⑤With the country’s earliest and largest ultra-low temperature cold storage and raw food processing plant, China’s Tuna Trading Center and the newly-built tuna electronic trading platform system have strengthened the company’s advantages in tuna processing and trading capabilities, the 30,000-ton ultra-low temperature & variable temperature cold storage in Zhonglu Refrigerated Logistics Center was partially renovated for ultra-low temperature, increasing the capacity of ultra-low temperature storage with remarkable effect; ⑥The Company’s pelagic fishing production area is in the Atlantic Ocean and the Indian Ocean, our refrigerated transport has reached most of the world’s major ports, and the import and export trade spread all over the world. With the implementation of the “One Belt and One Road” strategy, countries along the road strengthen the bilateral mutual trust and have closer cooperation. With a series of development planning issued by the country and governments at all levels, our company faces new development opportunities. The Company will make good use of these strategic resources, creating innovative, keeping forge ahead and moving forward, and participated in the construction of new-aged energy transform actively, accelerate the strategic transformation, and vigorously implement the industrial chain extension projects to upgrade the influence and competitive power in deep-sea fishing market in and out of China.

IV. Main business analysis

1. Overview

Please refer to the “II. Main businesses of the company during the reporting period” under “Section III. Management Discussion and Analysis”.

2. Income and cost

(1) Constituent of operating income

Unit: RMB/CNY

	2021		2020		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operating income	Amount	Ratio in operating income	
Total operating income	934,284,403.21	100%	966,213,019.66	100%	-3.30%
According to industries					
Pelagic fishing	382,802,775.17	40.97%	395,568,763.49	40.94%	-3.23%
Refrigerated transport	92,334,301.43	9.88%	100,719,597.20	10.42%	-8.33%
Cold storage processing trade	619,092,271.58	66.26%	552,094,964.64	57.14%	12.14%
Other	4,336,099.74	0.46%	5,327,771.22	0.55%	-18.61%
Internal transaction offset	-164,281,044.71	-17.58%	-87,498,076.89	-9.06%	-87.75%
According to products					
Pelagic fishing	382,802,775.17	40.97%	395,568,763.49	40.94%	-3.23%
Refrigerated transport	92,334,301.43	9.88%	100,719,597.20	10.42%	-8.33%
Cold storage processing trade	619,092,271.58	66.26%	552,094,964.64	57.14%	12.14%
Other	4,336,099.74	0.46%	5,327,771.22	0.55%	-18.61%
Internal transaction offset	-164,281,044.71	-17.58%	-87,498,076.89	-9.06%	-87.75%
According to region					
Japan	297,158,828.45	31.81%	250,064,056.94	25.88%	18.83%

Mainland China	331,916,810.55	35.53%	266,985,098.63	27.63%	24.32%
Taiwan China	102,521,738.43	10.97%	108,201,657.59	11.20%	-5.25%
Ghana	134,729,189.69	14.42%	190,929,341.39	19.76%	-29.44%
Russia	51,223,691.00	5.48%	54,257,999.06	5.62%	-5.59%
Other	181,015,189.80	19.37%	183,272,942.94	18.97%	
Internal transaction offset	-164,281,044.71	-17.58%	-87,498,076.89	-9.06%	-87.75%
According to sales model					
Direct sales	934,284,403.21	100.00%	966,213,019.66	100.00%	-3.30%

(2) The industries, products, regions or sales model accounting for over 10% of the Company's operating revenue or operation profit

√Applicable □ Not applicable

Unit: RMB/CNY

	Operating income	Operating cost	Gross profit ratio	Increase/decrease of operating income y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Pelagic fishing	382,802,775.17	364,173,138.00	4.87%	-3.23%	0.93%	-3.92%
Refrigerated transport	92,334,301.43	71,664,655.72	22.39%	-8.33%	6.06%	-10.53%
Cold storage processing trade	619,092,271.58	576,118,584.27	6.94%	12.14%	7.58%	3.94%
According to products						
Pelagic fishing	382,802,775.17	364,173,138.00	4.87%	-3.23%	0.93%	-3.92%
Refrigerated transport	92,334,301.43	71,664,655.72	22.39%	-8.33%	6.06%	-10.53%
Cold storage processing trade	619,092,271.58	576,118,584.27	6.94%	12.14%	7.58%	3.94%
According to region						
Japan	297,158,828.45	276,146,270.58	7.07%	18.83%	15.73%	2.49%
Mainland China	331,916,810.55	309,602,463.93	6.72%	24.32%	25.13%	-0.61%
Taiwan China	102,521,738.43	81,175,706.72	20.82%	-5.25%	8.45%	-10.00%
Ghana	134,729,189.69	119,165,308.11	11.55%	-29.44%	-32.78%	4.40%
According to sales model						
Direct sales	934,284,403.21	849,588,130.75	9.07%	-3.30%	-3.28%	-0.02%

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

Applicable Not applicable

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

Yes No

Industries	Item	Unit	2021	2020	Increase/decrease y-o-y (+,-)
Pelagic fishing	Sales volume	Ton	29,764	38,970	-23.62%
	Production	Ton	27,122	40,099	-32.36%
	Inventory	Ton	6,695	9,337	-28.30%
Cold storage processing trade	Sales volume	Ton	15,335	14,726	4.14%
	Production	Ton	13,859	13,030	6.36%
	Inventory	Ton	4,003	5,479	-26.94%

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

Applicable Not applicable

Due to the extension of fishing moratorium and impact of COVID-19, pelagic fishing of the Company are declined in production.

(4) Performance of significant sales contracts, major procurement contract entered into by the Company up to the current reporting period

Applicable Not applicable

(5) Composition of operation cost

Industry classification

Unit: RMB/CNY

Industry classification	Item	2021		2020		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	
Pelagic fishing	Access fishing fee	11,752,188.47	3.23%	15,522,437.75	4.30%	-24.29%
Pelagic fishing	Raw material	63,706,896.43	17.49%	72,184,252.64	20.01%	-11.74%
Pelagic fishing	Fuels & energy	85,770,498.01	23.55%	88,822,368.76	24.62%	-3.44%
Pelagic fishing	Staff remuneration	61,052,745.16	16.76%	80,970,871.40	22.44%	-24.60%
Pelagic fishing	Depreciation cost	27,030,787.00	7.42%	28,566,670.85	7.92%	-5.38%

Pelagic fishing	Other	114,860,022.94	31.54%	74,748,346.18	20.72%	53.66%
Pelagic fishing	Total	364,173,138.00	100.00%	360,814,947.58	100.00%	0.93%
Refrigerated transport	Staff remuneration	32,096,510.72	44.79%	27,723,643.26	41.03%	15.77%
Refrigerated transport	Depreciation cost	8,694,026.00	12.13%	9,068,172.36	13.42%	-4.13%
Refrigerated transport	Material	7,687,124.29	10.73%	10,807,480.03	16.00%	-28.87%
Refrigerated transport	Inspection fee	1,206,520.78	1.68%	1,185,800.18	1.76%	1.75%
Refrigerated transport	Premium	4,177,552.31	5.83%	4,018,632.35	5.95%	3.95%
Refrigerated transport	Fuel	3,930,918.41	5.49%	4,080,621.97	6.04%	-3.67%
Refrigerated transport	Repair charge	5,860,423.67	8.18%	5,097,541.51	7.54%	14.97%
Refrigerated transport	Other	8,011,579.54	11.18%	5,584,971.93	8.27%	43.45%
Refrigerated transport	Total	71,664,655.72	100.00%	67,566,863.59	100.00%	6.06%
Cold storage processing trade	Direct raw material	495,886,938.20	86.07%	460,688,161.41	86.03%	7.64%
Cold storage processing trade	Wrappage	16,571,451.14	2.88%	14,612,588.20	2.73%	13.41%
Cold storage processing trade	Labor salary	29,735,610.88	5.16%	27,898,994.46	5.21%	6.58%
Cold storage processing trade	Depreciation	6,672,797.90	1.16%	5,917,816.15	1.11%	12.76%
Cold storage processing trade	Other	27,251,786.15	4.73%	26,394,197.35	4.93%	3.25%
Cold storage processing trade	Total	576,118,584.27	100.00%	535,511,757.57	100.00%	7.58%
Other	Labor charges	90,000.00	4.70%	87,329.00	4.32%	3.06%
Other	Out-of-pocket expenses	3,999.90	0.21%	8,582.00	0.42%	-53.39%
Other	Depreciation cost	1,452,005.25	75.83%	1,540,077.83	76.17%	-5.72%
Other	Electricity	160,327.67	8.37%	194,541.30	9.62%	-17.59%
Other	Repair charge	58,598.51	3.06%	41,417.00	2.05%	41.48%

Other	Heating fee	149,915.29	7.83%	149,915.29	7.41%	0.00%
Other	Total	1,914,846.62	100.00%	2,021,862.42	100.00%	-5.29%
Internal transaction offset		-164,283,093.86		-87,498,076.89		-87.76%

Explanation

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

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

Yes No

One new secondary enterprise was included in the consolidation scope of the Company during the reporting period, that is: Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd-the new controlling subsidiary established by the Company; other consolidation scope is consistent with the same period of the previous year.

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

Applicable Not applicable

(8) Major sales and main suppliers

Major sales of the Company

Total top five clients in sales (RMB)	434,249,971.10
Proportion in total annual sales volume for top five clients	46.48%
Ratio of related parties in annual total sales among the top five clients	0.00%

Information of top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	F.C.F Fishery Co., Ltd.	139,710,908.71	14.95%
2	NOTOS & COMPANY LIMITED	96,596,018.60	10.34%
3	Lianhua Seafoods Co., Ltd	74,988,219.59	8.03%
4	Japan Weekly Co., Ltd.	65,819,256.48	7.04%
5	Japan Dohsui Co., Ltd.	57,135,567.72	6.12%
Total	--	434,249,971.10	46.48%

Other situation of main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	252,431,342.93
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Proportion in total annual purchase amount for top five suppliers	44.96%
Ratio of related parties in annual total sales among the top five suppliers	0.00%

Information of top five suppliers of the Company

Serial	Name	Purchases (RMB)	Proportion in total annual purchase
1	CNFC Overseas Fishery Co., Ltd.	96,911,255.23	17.26%
2	Rongcheng Rongyuan Fishery Co., Ltd.	56,769,522.30	10.11%
3	Rongcheng Ocean Fishery Co., Ltd.	51,094,752.97	9.10%
4	United Petroleum & Chemicals (H.K.) Co., Ltd.	25,258,205.76	4.50%
5	BOSHUN LOGISTICS LIMITED	22,397,606.67	3.99%
Total	--	252,431,342.93	44.96%

Other notes of main suppliers of the Company

Applicable Not applicable

3. Expense

Unit: RMB/CNY

	2021	2020	Increase/decrease y-o-y (+,-)	Note for major changes
Sales expense	3,548,619.96	3,669,759.70	-3.30%	
Management expense	64,478,320.35	49,476,821.86	30.32%	Increase in labor costs
Financial expense	12,474,514.08	22,961,222.69	-45.67%	Decrease in foreign exchange rate losses
R& D expense	765,456.70	57,924.28	1,221.48%	Increase in R&D investment

4. R&D investment

Applicable Not applicable

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
Innovation of the re-processing & utilization of tuna by-products	Develop and produce the higher value-added products	Completed	Reuse of the by-products	Promoting the development of deep processing and high value development of the aquatic products

R&D personnel

	2021	2020	Change ratio (+,-)
Number of R&D personnel (people)	10	12	-16.67%
Ratio of R&D personnel	1.09%	2.72%	-1.63%
Educational background	—	—	—
Undergraduate	3	2	50.00%
Master	1	0	
Junior college	6	10	-40.00%
Age composition	—	—	—
Under 30	7	9	-22.22%
30~40	3	3	0.00%

Information of R&D investment

	2021	2020	Change ratio (+,-)
Investment for R&D (RMB)	765,456.70	57,924.28	1,221.48%
R&D investment/Operating income	0.08%	0.01%	0.07%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%
Capitalization of R&D investment/R&D investment	0.00%	0.00%	0.00%

Reasons and effects of significant changes in composition of the R&D personnel

 Applicable Not applicable

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

 Applicable Not applicable

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

 Applicable Not applicable
5. Cash flow

Unit: RMB/CNY

Item	2021	2020	Increase/decrease y-o-y (+,-)
Subtotal of cash in-flow from operation activity	1,055,769,245.34	1,044,766,426.68	1.05%
Subtotal of cash out-flow from operation activity	885,873,420.52	931,520,716.03	-4.90%
Net cash flow arising from	169,895,824.82	113,245,710.65	50.02%

operating activities			
Subtotal of cash in-flow from investment activity	10,169,097.24	26,669,035.36	-61.87%
Subtotal of cash out-flow from investment activity	336,947,752.68	43,188,538.60	680.18%
Net cash flow arising from investment activities	-326,778,655.44	-16,519,503.24	-1,878.14%
Subtotal of cash in-flow from financing activity	227,138,476.01	51,867,033.47	337.92%
Subtotal of cash out-flow from financing activity	111,583,222.48	64,774,888.53	72.26%
Net cash flow arising from financing activities	115,555,253.53	-12,907,855.06	995.23%
Net increased amount of cash and cash equivalent	-46,086,305.94	71,131,973.21	-164.79%

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

Applicable Not applicable

(1) Net cash flow arising from investment activities increase in outflow compared to the same period of last year, mainly due to the increase in expenditures on fixed assets such as purchasing and constructing the fishing vessels, transport vessels and business premises during the reporting period;

(2) Net cash flow arising from financing activities increase in inflow compared to the same period of last year, mainly due to the increase in bank loans for purchasing and constructing the fixed assets during the reporting period.

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

Applicable Not applicable

(1) Impact of the difference in depreciation of fixed assets was 52.15 million yuan;

(2) Difference impact amount of inventory was 58 million yuan;

(3) Difference impact amount of operating receivables and payable was 14.37 million yuan

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

V. Analysis of the non-main business

Applicable Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Note	Whether be sustainable
Investment earnings	-77,554.43	-0.19%	Loss of debt restructuring	Without sustainability
Asset impairment	-7,167,438.13	-17.54%	Provision for the decline in value of inventories	Without sustainability
Non-operating	884,810.25	2.17%	Insurance payouts	Without sustainability

income				
Non-operating expense	86,336.72	0.21%	Fixed assets obsolescence	Without sustainability

VI. Analysis of assets and liabilities

1. Major changes of assets composition

Unit: RMB/CNY

	Year-end of 2021		Year-begin of 2021		Changes of ratio (+,-)	Note for major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	210,573,782.49	15.04%	255,811,982.21	20.23%	-5.19%	
Account receivable	37,806,586.91	2.70%	66,263,029.81	5.24%	-2.54%	
Inventories	277,095,357.75	19.79%	338,885,629.06	26.80%	-7.01%	
Investment real estate	30,108,932.75	2.15%	31,435,009.43	2.49%	-0.34%	
Fixed assets	476,894,877.56	34.06%	506,290,822.70	40.04%	-5.98%	
Construction in progress	165,273,027.75	11.80%	3,705,815.70	0.29%	11.51%	Purchasing and constructing the fishing vessels, transport vessels and business premises during the reporting period
Right-of-use assets	2,354,943.86	0.17%	5,498,108.96	0.43%	-0.26%	
Short-term loans	10,013,291.67	0.72%	41,268,275.50	3.26%	-2.54%	
Contract liability	13,220,675.60	0.94%	12,453,619.79	0.98%	-0.04%	
Long-term loans	149,393,532.37	10.67%			10.67%	Increase in bank loans for purchasing and constructing the fixed assets during the reporting period.
Lease liability			1,709,314.65	0.14%	-0.14%	

Foreign assets account for a relatively high proportion

√ Applicable □ Not applicable

Assets specifics	Causes	Size of assets	Location	Operation model	Controlling measures to	Earnings status	Foreign assets /net	Whether there is a
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					safeguard the security of the assets		assets of the Company	significant risks of impairment (Y/N)
HABITAT INTERNATIONAL CORPORATIONS	The wholly-owned subsidiary established offshore	262,164,701.61	Panama	Independent operations	Vessel & personnel insurance	9,157,896.69	23.93%	N
ZHONGHA FOODS COMPANY LIMITED	The wholly-owned subsidiary established offshore	128,683,695.11	Ghana	Independent operations	Insurance of the assigned overseas professional management team, vessels and personnel	-6,144,817.99	11.75%	N

2. Assets and liability measure by fair value

√ Applicable □ Not applicable

Unit: RMB/CNY

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

Other changes

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

□ Yes √ No

3. Assets right restriction till end of reporting period

Item	Ending book value	Limited cause
Monetary fund	924,476.50	L/C guarantee deposit
Fixed assets	31,121,060.56	Loan mortgage
Intangible assets	5,031,624.56	Loan mortgage
Construction in progress	66,722,605.94	Loan mortgage
Total	103,799,767.56	--

VII. Investment analysis

1. Overall situation

Applicable Not applicable

Amount invested (RMB)	Last period's amount (RMB)	Changes
329,564,194.60	12,909,331.81	2,452.91%

2. The major equity investment obtained during the Reporting Period

Applicable Not applicable

Unit: RMB/CNY

Name of investee company	Main businesses	Investment method	Investment amount	Shareholding ratio	Capital sources	Partners	Investment term	Product type	Progress as of the balance sheet date	Expected earnings	Gains/losses on investment in the Period	Whether it is involved in a lawsuit (Y/N)	Disclosure (if any)	Disclosure index (if any)
Zhonglu Oceanic (Qingdao) Industrial Investment Development Co.,	Industrial investment	Newly established	65,292,500.00	100.00%	Own funds	N/A	Indefinite	Industrial investment	Registration for industry & commerce has been completed in September 2021	0.00	-201,476.92	N	2021-09-10	Refer to the Notice on External Investment of Subsidiary Establishment (Notice

Ltd														No.: 2021-33) on Juchao Website (www.cninfo.com.cn) for details.
Total	--	--	65,292,500.00	--	--	--	--	--	--	0.00	201,476.92	--	--	--

3. The major non-equity investment in progress during the reporting period

√ Applicable □ Not applicable

Unit: RMB/CNY

Item	Investment method	Whether it is a fixed assets investment (Y/N)	Industries involved	Amount input in the Period	Cumulative actual amount invested a of the end of the reporting period	Capital sources	Progress	Expected earnings	Cumulative earnings as of the end of the reporting period	Reasons for not meeting the planned progress and estimated earnings	Disclosure (if any)	Disclosure index (if any)
Constructing 2 large tuna purse seiners for high seas production in the Pacific Ocean	Self-built	Y	Fishery	140,835,100.00	140,835,100.00	Bank loans, own funds	12.50%	56,790,000.00	0.00	Failure to achieve production	2021-07-02	Refer to the Notice on Constructing 2 large Tuna Purse Seiners for High Seas Production in the

												Pacific Ocean (Notice No.: 2021-21) on Juchao Website (www.cninfo.com.cn) for details.
Zhonglu Marine Innovation Industrial Park	Self-build	Y	Cold storage, logistics	50,050,000.00	50,050,000.00	Own funds			0.00	Failure to achieve production		
Total	--	--	--	190,885,100.00	190,885,100.00	--	--	56,790,000.00	0.00	--	--	--

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

The Company had no securities investment during the reporting period.

(2) Derivative investment

Applicable Not applicable

The Company had no derivatives investment during the reporting period.

5. Application of raised proceeds

Applicable Not applicable

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

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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

Applicable Not applicable

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

Unit: RMB/CNY

Company name	Type	Main business	Register capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Shandong Zhonglu Fishery Shipping Co., Ltd.	Subsidiary	Refrigerated transport	22,505,600.00	52,927,920.11	20,798,772.77	30,133,784.46	5,723,048.82	5,722,501.52
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	Subsidiary	Food processing	75,593,300.00	306,142,986.75	221,113,746.29	619,092,271.58	24,834,985.29	24,749,245.87
HABITAT INTERNATIONAL CORPORATION	Subsidiary	Refrigerated transport	12,476,146.00	262,164,701.61	182,590,087.82	62,200,516.97	9,157,896.69	9,157,896.69
Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.	Subsidiary	Pelagic fishing	221,617,349.00	458,634,460.60	395,564,638.07	249,754,578.58	1,880,525.58	2,751,856.01

Particular about subsidiaries obtained or disposed in report period

Applicable Not applicable

Subsidiary	Method of acquisition and disposal during the reporting period	Impact on overall production operations and results
Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd	Establishment	Still in preparation period and not put into operation

Explanation on main joint stock companies

Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.: During the reporting period, the operating profit was 1,880,525.58 yuan, a 91.21% decrease compared with the same period last year. The main reasons for the decrease were as follows: affected by extension of fishing moratorium, vessel dock repair and other circumstances, the seine fishing production declined, than the sales drops correspondingly, and higher unit costs resulting in a lower profits; Shandong Zhonglu Fishery Shipping Co., Ltd.: operating profit was 5,723,048.82 yuan during the reporting period, with a y-o-y increase of 186.92%, mainly because: gains on disposal of the assets of transport vessels during the reporting period, 3.48 million yuan generated; Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. : operating profit was 24,834,985.29 yuan during the reporting period, a668.69% up from a year earlier with larger growth rate, mainly because: the previous year was affected by more severe global epidemic, the tuna export business gradually recovered in the year with an increase in export orders, the domestic market continued rebound and leading to an increase in profit; HABITAT INTERNATIONAL CORPORATION: operating profit during the reporting period was 9,157,896.69 yuan, a 43.54% down from a year earlier with larger reduction, mainly because: due to the epidemic, crew rotation costs increased, the rental income declined for the increase of days for rental suspension, moreover, the revenue drops due to the impact of exchange rate changes, than the profit declined.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Outlook of future development

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

(i)Outlook of major business

1. Pelagic fishing

The Company continues to develop the ocean fishery business with purse seine and longline fishing as the core business. In terms of tuna seine, the 2 large seine vessels (groups) that newly built to operate in the central and western Pacific Ocean, on the existing base of 7 vessels (groups), expand the seine production scale to increase the profit growth point for the enterprises; In terms of longline fishing, there are currently two cooperation zones in Somalia and Tanzania, which provide a strong guarantee for stable and high production. After a lapse of 4 years, the company re-enters the Tanzania cooperation zone for production. At present, the production is in good condition, and the fish output has rebounded significantly. At the same time, the cooperation negotiation on fishing in Somalia has been successfully concluded, and the operation can be started after the payment of the cooperation fee. According to the production plan, the company will transfer to the Somalia cooperation zone after the fishing period in Tanzania ends next year. We

will make good use of the advantages of fishing in the cooperation area, stabilize the output and increase the income; in terms of purse seine ships, continue to invest in two purse seine ships projects, which are currently in the stage of small-scale assembly of hull sectional materials, and the completed quantities account for 12.5% of the total quantities, our company dispatches shipbuilding experts (including ship builders) and technical backbones to the shipyard to monitor the whole process of ship construction. In terms of trawl production, it is planned to build two new fishing vessels with advanced equipment, suitable for modern marine fishery production and in line with the national industrial policy to replace the existing two old trawlers in the waters of Ghana.

2.Refrigerated transport

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

3.Cold storage processing trade

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

(ii) Future development strategy

By adherence to the strategic target, the Company captures the business opportunities in ocean fishery market in compliance with the development requirements as a listed company, preventing risks effectively and achieving stable performance. With ocean fishery industry as the development line, the Company endeavors to broaden brand recognition and extend industrial chain pursuant to the development idea of "stabilize fishing, strengthen cold storage, processing & trading, and transportation as an integrated industry chain model, optimize the structure and transforming & upgrading".

(iii) Working plan for 2022

Adhere to the concept of "Reform Development, Innovation Development, Standardized Development and Steady Development", Under the working target of "maintain growth, emphasize regulation, adjust structure and promote transformation", the Company plans to improve its development quality, enhance economic performance, focus on switch of new and old kinetic energy and market penetration, propel construction of significant projects, seeking for moderate and stable growth. In respect of the major problems restricting its development, the Company makes its best to conduct operation, adjust transformation, market penetration and regulate management, aiming to making new point of growth. Besides, it continues to strengthen and improve its ability of control, competitiveness, influence and risk prevention, ensuring that the annual operating tasks could be successfully completed in full. ① to improve the management level of the fencing project, accelerate the improvement of various supporting measures, diversify the development of the sales market, and improve the project's profitability. Actively promote the construction of two (group) large-scale purse seine ships to cultivate profit growth points.②Stabilize the profitability of tuna fishing project in the Indian Ocean, explore new fishing grounds, scientifically dispatch, and operate legally and compliantly to ensure the steady growth of catches. ③Consolidate and

improve the refrigerated transportation business, purchase and build new modern and intelligent transportation ships.④Accelerate the elimination of outdated production capacity, and plan to build two new fishing vessels with advanced equipment, suitable for modern marine fishery production, and in line with national industrial policies to replace the existing two old trawlers produced in the Ghana waters. ⑤ Actively expand and extend the refrigeration and processing trade business, increase the development of new products and deep-processing and other high value-added products, innovate sales models, and cultivate new profit growth points for the enterprise. ⑥to propel the Company to transform into an innovative enterprise with innovation in technology, products, business and management.

(iv) Potential risks and countermeasures

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

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

2. Risk of sales price fluctuations. Prevention and control of the epidemic overseas is difficult to have improvement, the impact on aquatic processing industry is still lingering; frequent occurrence of stagnant export cargo and high sea freight costs have resulted a high price fluctuations of the fish products.

Countermeasures: accelerate the construction of circulations domestically as the main body, and a new pattern of dual domestic & international circulation to promote each other; precise docking to the domestic markets, R&D the marketable cooked food products and widen the domestic channels in sales.

3. The risk that front-line production technicians cannot rotate. Due to the restrictions of the pandemic prevention and control policies of overseas countries, the crew cannot rotate on time, which brings hidden dangers to the safety of the company's ships and the health of the crew. The air fare is high for crew members to change shifts overseas, and the cost of quarantine for inbound personnel is high. Countermeasures: Make full use of network tools, make plans and work arrangements in advance, implement remote command, guide the ship to carry out various internal audits and various ship repairs, and solve the situation that shore-based personnel cannot come to the ship to conduct audits and dock repairs due to the impact of the pandemic, so as to guarantee the safety of ship and shore personnel and the smooth progress of various tasks.

4. Risk of exchange rate fluctuations. The exchange rate of RMB against the U.S. dollar continues to appreciate. Although the foreign trade situation continues to improve, it is faced with a shortage of raw materials, rising prices, and continued appreciation of the RMB, there are many orders with thin profits, which can not cover the losses caused by exchange rate changes.

Countermeasures: The company will pay close attention to the exchange rate trend and settle foreign exchange in a timely manner; actively promote the settlement of export business in RMB; at the same time, strengthen cooperation with financial institutions in exchange rate risk management, and adjust the balance of foreign currency assets held within the possible range, and use hedging tools to mitigate foreign exchange risk when necessary.

5. Risk of security incident

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

XII. Reception of research, communication, interview and other activities during the reporting period

√ Applicable □ Not applicable

Time	Location	Way	Reception object	Type	Main contents of the discussion and the information provided	Basic situation index of investigation
2021-03-19	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
2021-07-02	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
2021-09-10	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
2021-09-24	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable
2021-12-22	The Company	Telephone communication	Individual	Individual	Operation of the Company	Not applicable

Section IV. Corporate Governance

I. Basic state of corporate governance

During the reporting period, by strictly followed requirement of relevant laws and regulations of “*Company Law*”, “*Securities Laws*”, “*Rules of Corporate Governance for Listed Company*”, “Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.1 -Standardized Operation of Listed Companies on Main Board” and related normative documents, the Company constantly improve structure of the corporate governance, and further to regulated company operation as well as enhancing corporate governance. General Meeting, the Board Meeting and Supervisory Meeting are convening under the regulations, directors and supervisors are earnestly perform their duties and carry out due diligence. The Company believes that in the reporting period, there are no difference between actual condition of corporate governance and relevant requirements of CSRC and “*Company Law*”.

Whether there are significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

Yes No

There are no significant differences between the actual state of corporate governance and laws, administrative regulations and the provision with governance concerned for listed companies issued by CSRC

II. Independence of the Company relative to controlling shareholder and the actual controller in ensuring the Company’s assets, personnel, finance, organization and businesses

During the reporting period, the Company has standardized operating in strict accordance with the laws, regulations and rules as Company Laws and Article of Association, and establishing a sound corporate governance structure of the Company. The Company is totally separate from its controlling shareholders and actual controllers in terms of assets, personnel, finance, organization and business and has the independent and complete business and self-operating capability.

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

III. Horizontal Competition

Applicable Not applicable

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

1. Annual Shareholders' General Meeting in the report period

Session of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Index of disclosure
Annual General Meeting of 2020	AGM	48.81%	2021-05-27	2021-05-28	"Annual General Meeting of 2020" (No.: 2021-17) published on <i>China Securities Journal</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website
First Extraordinary General Meeting of Shareholders in 2021	Extraordinary General Meeting	48.44%	2021-07-21	2021-07-22	"First Extraordinary General Meeting of Shareholders in 2021" (No.: 2021-25) published on <i>China Securities Journal</i> , <i>Hong Kong Commercial Daily</i> and Juchao Website

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

Applicable Not applicable

V. Directors, supervisors and senior officers

1. Basic information

Name	Title	Working status	Sex	Age	Start dated of office term	End date of office term	Shares held at period-begin (Share)	Amount of shares increased in this period (Share)	Amount of shares decreased in this period (Share)	Other changes (share)	Shares held at period-end (Share)	Reasons for increase or decrease of shares
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Lu Lianxing	Chairman	Currently in office	M	56	2018-01-25	2022-05-15	0	0	0	0	0	
Wang Huan	Director, General Manager	Currently in office	M	53	2018-06-07	2022-05-15	0	0	0	0	0	
Xin Li	Director	Currently in office	F	42	2021-07-21	2022-05-15	0	0	0	0	0	
Jiang Lu	Independent director	Currently in office	M	62	2016-05-19	2022-05-15	0	0	0	0	0	
Song Xiliang	Independent director	Currently in office	M	56	2016-05-19	2022-05-15	0	0	0	0	0	
Han Junpeng	Chairman of Supervisory Committee	Currently in office	M	43	2021-07-21	2022-05-15	0	0	0	0	0	
Huang Wei	Supervisor	Currently in office	F	42	2019-01-22	2022-05-15	0	0	0	0	0	
Qiu Hong	Supervisor	Currently in office	F	54	2017-12-29	2022-05-15	0	0	0	0	0	
Liang Shanglei	Deputy General Manager, Secretary of the Board of Directors, Chairman of the Labor Union	Currently in office	M	49	2020-11-19	2022-05-15	0	0	0	0	0	
Meng Fanyong	Deputy GM	Currently in	M	52	2019-05-16	2022-05-15	0	0	0	0	0	

		office										
Fu Chuanhai	CFO	Currently in office	M	49	2019-01-04	2022-05-15	0	0	0	0	0	
Lu Xiaonan	Director	Leave office	M	48	2016-05-19	2021-07-21	0	0	0	0	0	
Liu Bing	Chairman of Supervisory Committee	Leave office	M	39	2019-05-16	2021-07-21	0	0	0	0	0	
Total	--	--	--	--	--	--	0	0	0	0	0	--

During the reporting period, whether there was any departure of directors and supervisors and dismissal of Senior Officers

Yes No

During the reporting period, the employee director Mr. Liang Shanglei resigned from his position as an employee director of the Company for work reasons; Director Mr. Lu Xiaonan and supervisor Mr. Liu Bing resigned from their position as the director and supervisor of the Company for work changes. Found more in Notice on Resignation of Employee Director (Notice No.: 2021-18) and Resignation of Directors and Supervisor (Notice No.: 2021-19) released on China Securities Journal, Hong Kong Commercial Daily and Juchao Website.

Changes of directors, supervisors and senior executives

Applicable Not applicable

Name	Title	Type	Date	Reasons
Xin Li	Director	Be elected	2021-07-21	By-election of directors
Han Junpeng	Chairman of Supervisory Committee	Be elected	2021-07-21	By-election of supervisors
Liang Shanglei	Secretary of the Board of Directors	Appoint	2021-02-02	Appoint
Liang Shanglei	Employee director	Leave office	2021-06-25	For work reasons
Lu Xiaonan	Director	Leave office	2021-07-21	Due to job change
Liu Bing	Chairman of Supervisory Committee	Leave office	2021-07-21	Due to job change

2. Post-holding

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

(1) Directors

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

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

Xin Li, graduate degree, a senior economist and member of the CPC. She was served as the deputy director of H&R department (Party Group Work Department) of Shandong State-owned Assets Investment Holding Co., Ltd; Director of Shandong Province Culture Industry Investment Group Co., Ltd, Director of Shandong Longxin Investment Company Limited, Director of Royo Financial Holding Co., Ltd and Director of Dezhou Bank Co., Ltd. Currently she is the executive director and head of organization department (H&R department) of Shandong State-owned Assets Investment Holding Co., Ltd and Director of Shandong Huate Holding Group Co., Ltd. She has been a director of the Company since July 21, 2021.

Jiang Lu, Bachelor of Laws and a senior lawyer. He was served as independent directors in Shandong Hengtong Chemical Co., Ltd. and Shandong Shanda WIT Science and Technology Co., Ltd; lawyer of Jinan Jingji Laws Firm, Shandong Yuanxin Law Firm, Partner of Shandong Jun Yi Da Law Firm, and Partner of Shandong Deyi Junda Law Firm; he currently works as a partner of Grandall Law Firm (Jinan). And he serves as independent director of the Company since 19 May 2016.

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

(2) Supervisor

Han Junpeng, graduate degree, an accountant and member of the CPC. He was served as the deputy director of investment & development department, director of the Office of BOD (Party Committee Office) of Shandong State-owned Assets Investment Holding Co., Ltd, the Director of Shandong Dongyin Investment Co., Ltd. Currently he is the executive director and GM of investment center

of Shandong State-owned Assets Investment Holding Co., Ltd, chairman of supervisory committee of Rizhao Port Shanggang Terminal Co., Ltd, Director of Dezhou Bank Co., Ltd., Director of Shandong Huate Holding Group Co., Ltd and chairman of supervisory committee of Zhongtai Xincheng Assets Management Co., Ltd. He is the supervisor of the Company from July 21, 2021 and serves as supervisor and chairman of the supervisory committee of the Company since August 25, 2021.

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

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

(3) Senior executive

Liang Shanglei, university degree and member of the CPC. He was the political office officer of 54th base communication regiment, second artillery; the political instructor of the 7th Brigade of the Jinan Detachment of Shandong Armed Police Force; the director of political office and deputy political commissar of Shandong General Hospital of Armed Police; director of capital operation & revenue management division of SASAC of Shandong province, the deputy director of propaganda & petition work division (propaganda & mass work department of the Party Committee); the employee director and secretary of the disciplinary committee of Shandong Zhonglu Oceanic Fishery Company Limited. He serves as deputy GM of the Company since November 19, 2020; the employee director and deputy GM of the Company since December 29, 2020; serves as employee director, deputy Gm and secretary of the Board of the Company since February 2, 2021; serves as deputy GM and secretary of the Board of the Company since June 24, 2021.

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

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

Post-holding in shareholder's unit

√Applicable □Not applicable

Name	Name of shareholder's units	Position	Start dated of office term	End date of office term	Whether receiving remuneration from

					shareholder's units or not (Y/N)
Lu Lianxing	Shandong State-owned Assets Investment	Standing Committee of the Party Committee, Director and secretary of the Board			Y
Han Junpeng	Shandong State-owned Assets Investment	Executive Director, General Manager of Investment Center			Y
Xin Li	Shandong State-owned Assets Investment	Executive Director, Head of Organization Department (Human Resources Department)			Y
Huang Wei	Shandong State-owned Assets Investment	Vice Minister of Investment Center, Senior Business Manager			Y

Post-holding in other unit

Applicable Not applicable

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

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

Applicable Not applicable

3. Remuneration for directors, supervisors and senior executives

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

In accordance with relevant requirement and regulation of "Code of Corporate Governance for Listed Companies" from CSRC, the remuneration plan for directors, supervisors and senior executives of the Company was proposed by remuneration and appraisal committee of the Board, and being deliberated by 7th meeting of 3rd session of the Board held on 14 February 2008 and approved in Annual Shareholders' General Meeting of 2007 held on 18 March 2008; The Management Measures on Remuneration of Directors and Senior Executives was deliberated and approved at 10th session of 7th BOD dated December 29, 2020, and approved at the Annual General Meeting of 2020 dated May 27, 2021.

Remuneration for directors, supervisors and senior executives in reporting period

In 10 thousand Yuan

Name	Title	Sex (F/M)	Age	Post-holding status	Total remuneration obtained from the	Whether remuneration obtained from
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					Company	related party of the Company (Y/N)
Lu Lianxing	Chairman	M		56	Currently in office	0 Y
Wang Huan	Director, General Manager	M		53	Currently in office	56.5 N
Xin Li	Director	F		42	Currently in office	0 Y
Jiang Lu	Independent director	M		62	Currently in office	4 N
Song Xiliang	Independent director	M		56	Currently in office	4 N
Han Junpeng	Chairman of Supervisory Committee	M		43	Currently in office	0 Y
Huang Wei	Supervisor	F		42	Currently in office	0 Y
Qiu Hong	Supervisor	F		54	Currently in office	31.21 N
Liang Shanglei	Deputy General Manager, Secretary of the Board of Directors, Chairman of the Labor Union	M		49	Currently in office	44.8 N
Meng Fanyong	Deputy GM	M		52	Currently in office	44.8 N
Fu Chuanhai	CFO	M		49	Currently in office	45.2 N
Lu Xiaonan	Director	M		48	Leave office	0 Y
Liu Bing	Chairman of Supervisory Committee	M		39	Leave office	0 Y
Total	--	--	--	--	--	230.51 --

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Session of meeting	Date of meeting	Disclosure date	Meeting resolutions
The 11 th session of 7 th board of directors	2021-02-02	2021-02-03	For details, please refer to the "Resolution announcement on the 11 th session of 7 th board of directors " disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-02)
The 12 th session of 7 th board of directors	2021-03-17	2021-03-19	For details, please refer to the "Resolution announcement on the 12 th session of 7 th board of directors " disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-04)
The 13 th session of 7 th board of directors	2021-04-28	2021-04-29	For details, please refer to the "Resolution announcement on the 13 th session of 7 th board of directors " disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-13)
The 14 th session of 7 th board of directors (Extraordinary Meeting)	2021-07-01	2021-07-02	For details, please refer to the "Resolution announcement on the 14 th session of 7 th board of directors (Extraordinary Meeting)" disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-20)
The 15 th session of 7 th board of directors	2021-08-25	2021-08-27	For details, please refer to the "Resolution announcement on the 15 th session of 7 th board of directors " disclosed in <i>China Securities Journal, Hong Kong</i>

			<i>Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-27)
The 16 th session of 7 th board of directors (Extraordinary Meeting)	2021-09-09	2021-09-10	For details, please refer to the "Resolution announcement on the 16 th session of 7 th board of directors (Extraordinary Meeting)" disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-32)
The 17 th session of 7 th board of directors	2021-10-28		Deliberated and approved the Third Quarterly Report of 2021. since only one proposal was considerate as the periodic report, BOD resolved to waive the announcement.
The 18 th session of 7 th board of directors	2021-12-21	2021-12-22	For details, please refer to the "Resolution announcement on the 18 th session of 7 th board of directors " disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-39)
The 19 th session of 7 th board of directors (Extraordinary Meeting)	2021-12-27	2021-12-28	For details, please refer to the "Resolution announcement on the 19 th session of 7 th board of directors (Extraordinary Meeting)" disclosed in <i>China Securities Journal, Hong Kong Commercial Daily</i> and www.cninfo.com.cn (Announcement No. 2021-44)

2. The attending of directors to Board meetings and shareholders general meeting

The attending of directors to Board Meeting & shareholders general meeting							
Director	Times of Board meeting supposed to	Times of Presence	Times of attending by communicatio	Times of entrusted presence	Times of Absence	Absent the Meeting for the second	Times attending the shareholders

	attend in the report period		n			time in a row (Y/N)	general meeting
Lu Lianxing	9	1	8	0	0	N	1
Wang Huan	9	1	8	0	0	N	2
Xin Li	5	0	5	0	0	N	1
Jiang Lu	9	1	8	0	0	N	2
Song Xiliang	9	1	8	0	0	N	2
Liang Shanglei	3	1	2	0	0	N	1
Lu Xiaonan	4	1	3	0	0	N	2

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

Not applicable

3. Objection for relevant events from directors

Directors come up with objection about Company's relevant matters

Yes No

Directors have no objections for relevant events in reporting period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Explanation on advice that accepted/not accepted from directors

During the reporting period, the directors of the company actively attended the board meetings and shareholders' meetings in strict accordance with the Articles of Association, the Working Rules of the Board of Directors and relevant laws and regulations and other relevant regulations and requirements, performed their duties diligently, put forward relevant opinions on major corporate governance and operational decisions according to the actual situation of the company, formed a consensus after full communication and discussion, and resolutely supervised and promoted the implementation of the resolutions of the board of directors, so as to ensure scientific, timely and efficient decision-making and safeguard the legitimate rights and interests of the company and all shareholders.

VII. The special committees under the board during the reporting period

Committee name	Members	Number of meetings held	Date of meeting	Meeting content	Important comments and suggestions made	Other performance of duties	Specific circumstances of the objection (if applicable)
First Meeting of the Nomination	Lu Lianxing, Jiang Lu, Song	1	2021-01-28	Deliberated follow	Agree to nominate Mr.		

Committee of the BOD for 2021	Xiliang			proposals: Review the Qualification of Secretary of the Board	Liang Shanglei as the Secretary of the Board and submit corresponding proposals to the Board for consideration in accordance with the procedures		
First Meeting of the Audit Committee of the BOD for 2021	Wang Huan, Jiang Lu, Song Xiliang		1 2021-03-12	Deliberated follow proposals: 1. Annual Report of 2020 (Full-text) and Its Summary; 2. Financial Report of 2020; 3. Profit Distribution for year of 2020; 4. Re-appointment of the audit institution and determine the remuneration; 5. Performance of Audit Committee of the Board and Summary Report on Audit Work of the Accounting Firms for year of 2020; 6. Internal Control Evaluation Report for year of 2020; and 7.	Proposed relevant opinions according to actual condition of the Company, all proposals were unanimously passed after full communication and discussion		

				Carry out Business as Deposit and Loans in Affiliated Banks			
First Meeting of the Strategy Committee of the BOD for 2021	Lu Lianxing, Jiang Lu, Liang Shanglei		1 2021-03-12	Deliberated follow proposals: Investment Plan for year of 2021	Proposed relevant opinions according to actual condition of the Company, the proposal was unanimously passed after full communication and discussion		
Second Meeting of the Audit Committee of the BOD for 2021	Wang Huan, Jiang Lu, Song Xiliang		1 2021-04-23	Deliberated follow proposals: The First Quarterly Report of 2021 (Full-text) and its Summary	Proposed relevant opinions according to actual condition of the Company, the proposal was unanimously passed after full communication and discussion		
Second Meeting of the Nomination Committee of the BOD for 2021	Lu Lianxing, Jiang Lu, Song Xiliang		1 2021-06-17	Deliberated follow proposals: review the qualification of director candidates	Agree to nominated Ms. Xin Li as the candidate for director of the Company and submit the corresponding proposal to the Board for consideration		

Second Meeting of the Strategy Committee of the BOD for 2021	Lu Lianxing, Jiang Lu, Liang Shanglei	1	2021-06-17	Deliberated follow proposals: Building 2 large tuna purse seine vessels for high sea production in Pacific Ocean	Proposed relevant opinions according to actual condition of the Company, the proposal was unanimously passed after full communication and discussion		
Third Meeting of the Audit Committee of the BOD for 2021	Wang Huan, Jiang Lu, Song Xiliang	1	2021-08-20	Deliberated follow proposals: The Semi-annual Report of 2021 (Full-text) and its Summary	Proposed relevant opinions according to actual condition of the Company, the proposal was unanimously passed after full communication and discussion		
Fourth Meeting of the Audit Committee of the BOD for 2021	Xin Li, Jiang Lu, Song Xiliang	1	2021-10-25	Deliberated follow proposals: The Third Quarterly Report of 2021	Proposed relevant opinions according to actual condition of the Company, the proposal was unanimously passed after full communication and discussion		
Third Meeting of the Strategy Committee of the BOD for	Lu Lianxing, Wang Huan, Jiang Lu	1	2021-12-17	Deliberated follow proposals: 1. Renewal of the	Proposed relevant opinions according to		

2021				Construction of 2 trawlers; 2. Capital Increase of the Controlling Subsidiary and to waive the right to increase the capital by the same proportion	actual condition of the Company, all proposals were unanimously passed after full communication and discussion		
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VIII. Works from Supervisory Committee

The Company has risks in reporting period that found in supervisory activity from supervisory committee

Yes No

Supervisory committee has no objection about supervision events in reporting period.

IX. Employees of the Company

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

The number of current employees of parent company at period-end (people)	150
The number of current employees of main subsidiaries at period-end (people)	764
Total number of current employees at period-end (people)	914
The total number of employees in payroll (people)	914
The total number of retired staff and workers that the parent company and main subsidiaries need to bear the costs (people)	257
Professional constitution	
Type	Number
Production personnel	698
Sales personnel	27
Technicians personnel	20
Financial personnel	33
Administrative personnel	136
Total	914
Education background	

Type	Number
Master's degree	21
Bachelor degree	87
Junior college	101
Technical secondary school	159
High school or below	546
Total	914

2. Remuneration policy

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

3. Training plan

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

4. Labor outsourcing

Applicable Not applicable

X. Profit distribution plan and capitalizing of common reserves plan

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

Applicable Not applicable

The Company is profitable during the reporting period and the parent company has positive profit available for distribution to shareholders without cash dividend distribution plan proposed

Applicable Not applicable

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

Applicable Not applicable

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

XI. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

Applicable Not applicable

The Company has no equity incentive plan, employee stock ownership plans or other employee incentives.

XII. Construction and implementation of internal control system during the reporting period

1. Construction and implementation of internal control

The Company established a completed internal control system, and constantly updated, supplemented and revised the system according to development and actual condition of the Company, operation of the Company are strictly implement various internal control systems.

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

Yes No

XIII. Management and controls on the subsidiary during reporting period

Name of company	Integration plan	Integration progress	Problems encountered in integration	Actions taken	Resolve progress	Follow-up resolution plan
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

XIV. Internal control self-assessment report or internal control audit report

1. Appraisal Report of Internal Control

Disclosure date of full internal control appraisal report	2022-04-21	
Disclosure index of full internal control appraisal report	www.cninfo.com.cn	
The ratio of the total assets of units included in the scope of evaluation accounting for the total assets on the company's consolidated financial statements	99.40%	
The ratio of the operating income of units included in the scope of evaluation accounting for the operating income on the company's consolidated financial statements	99.93%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	Major deficiencies: a. fraud of directors, supervisors and senior management; b. Material misstatements found in current	Major deficiencies: a) violation of state laws and regulations, such as environmental pollution; b) project decision-making process is not

	<p>financial statements by the external audit which are not found in the process of internal control;</p> <p>c. the supervision of audit committee and internal audit service to internal control is invalid.</p> <p>Significant deficiencies: The misstatements caused by single deficiency or together with other deficiencies that cannot be timely prevented or found and corrected in the financial report and has not reached or has exceed the major deficiencies but still should be taken into account by the management; other circumstances determined by the degree of influence.</p> <p>Common deficiencies: other internal control deficiencies do not constitute major or significant deficiencies</p>	<p>scientific, wrong decision-making caused by lack of democratic decision-making process;</p> <p>c) brain drain of managers or technicians; d) frequent negative news on media; e) the results of internal control evaluation especially major deficiencies and significant deficiencies have not been rectified and reformed;</p> <p>f) significant business is lack of system control or systematic-ness is invalid.</p> <p>Significant deficiencies: The deficiencies caused by single deficiency or together with other deficiencies of which the severity, direct or potential negative impact have not reached or has exceed the major deficiencies but still should be taken into account by the management; other circumstances determined by the degree of influence.</p> <p>Common deficiencies: other internal control deficiencies do not constitute major or significant deficiencies.</p>
<p>Quantitative criteria</p>	<p>Compare the misstatements and missing reports (i.e. amount affected by internal control deficiencies) of some subjects in the financial reports that may cause or have caused by internal control deficiencies with certain ratio of total profits in the company's current consolidated financial statements, and determine the type of deficiencies in internal control as follows:</p> <p>it should be judged to be major deficiency if the amount affected by internal control deficiencies is more than 5% of total profits;</p> <p>it should be judged to be significant deficiency if the amount affected by internal control deficiencies is more than 3% but less than 5% (including 5%) of total profits;</p> <p>it should be judged to be common deficiency if the amount affected by internal control deficiencies is less than 3% (including 3%) of total profits;</p>	<p>Compare the amount of direct property loss with certain ratio of total profits in the company's current consolidated financial statements, and determine the type of deficiencies in internal control as follows:</p> <p>it should be judged to be major deficiency if the amount of direct property loss is more than 5% of total profits;</p> <p>it should be judged to be significant deficiency if the amount of direct property loss is more than 3% but less than 5% (including 5%) of total profits;</p> <p>it should be judged to be common deficiency if the amount of direct property loss is less than 3% (including 3%) of total profits;</p>

Amount of significant defects in financial reports	0
Amount of significant defects in non-financial reports	0
Amount of important defects in financial reports	0
Amount of important defects in non-financial reports	0

2. Auditing report of internal control

Applicable Not applicable

Deliberation section of auditing report of IC	
In our opinion, the Company (Zhonglu), in line with Basic Norms of Enterprises Internal Control and relevant regulations, shows an effectiveness internal control of financial report in all major aspects on December 31, 2021	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2022-04-21
Index of audit report of internal control (full-text)	www.cninfo.com.cn
Opinion type of auditing report of IC	Standard unqualified
Whether the non-financial report had major defects	No

Issued a modified audit opinions for internal control

Yes No

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

Yes No

XV. Rectification of Self-examination Problems in Special Governance Actions in Listed Company

Not applicable

Section V. Environmental and Social Responsibility

1. Major environmental

The listed Company and its subsidiary whether belongs to the key sewage units released from environmental protection department

Yes No

Administrative punishment for environmental problems during the reporting period

Name of company or subsidiary	Reason for punishment	Violation	Punishment result	The impact on the production and operation of listed companies	The Company's rectification measures
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information disclosed refer to key polluters

Not applicable

Measures taken to reducing the carbon emissions during the reporting period and their effectiveness

Applicable Not applicable

Reasons for not disclosing other environmental information

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

II. Social Responsibility

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

III. Consolidating and expanding the achievements of poverty alleviation and rural revitalization

During the reporting period, the Company has not carried out poverty eradication and rural revitalization works, and has no subsequent plans for poverty eradication and rural revitalization for the time being.

Section VI. Important Events

I. Implementation of commitment

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

√Applicable □Not applicable

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

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

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

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

Applicable Not applicable

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

Applicable Not applicable

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

III. External guarantee out of the regulations

Applicable Not applicable

No external guarantee out of the regulations occurred in the period.

IV. Statement on the latest “modified audit report” by BOD

Applicable Not applicable

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

Applicable Not applicable

VI. Explanation of the changes in accounting polices, accounting estimates or correction of significant accounting errors compared with the financial report of the previous year

Applicable Not applicable

1. Changes in significant accounting policies

On December 7, 2018, the Ministry of Finance issued the Accounting Standards for Business Enterprises No. 21 – Leases (2018 Revision) (CK [2018] No. 35) (hereinafter referred to as “the new lease standards”). The company has implemented the aforementioned new lease standards from January 1, 2021, and made changes to relevant accounting policies in accordance with the provisions of the new lease standards.

According to the provisions of the new lease standards, for a contract existing before the first execution date, the company chooses not to re-evaluate whether the contract is a lease or contains a lease. For a lease contract as a lessee, the company chooses to adjust only the cumulative impact of the lease contract that has not been completed as of January 1, 2021. The cumulative impact 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 first execution date, the company, as the lessee, respectively measures the right-of-use assets and lease liabilities according to the original book value of the finance lease assets and the accrued financial lease outlay; for the operating lease on the first execution date, the company, as the lessee, measures the lease liabilities according to the present value discounted at the incremental borrowing rate on the first execution date based on the remaining lease payments; the unpaid rent accrued on an accrual basis under the original lease standards is included in the remaining lease payments.

The company measures the right-of-use asset according to one of the following two options according to each lease: A. Assuming that the book value of the new lease standard is adopted from the start date of the lease term (the incremental borrowing rate on the first execution date is used as the discount rate); B. An amount equal to the lease liability is adjusted as necessary for prepaid rent. In accordance with the provisions of the Accounting Standards for Business Enterprises No. 8 - Impairment of Assets, carry out an impairment test on the right-of-use asset and carry out corresponding accounting treatment.

Main changes and impacts of the implementation of the new lease standards are as follows:

According to the new lease standards, the company recognized right-of-use assets of 5,498,108.96 yuan and lease liabilities of 1,709,314.65 yuan on January 1, 2021.

2. The first implementation of the new lease standards from 2021 to adjust the relevant items in the financial statements at the beginning of the year

Unit: RMB/CNY

Item of consolidate balance sheet	2020-12-31	2021-1-1	Adjustment
Assets:			
Advance payment	17,764,804.55	17,128,089.89	-636,714.66

Right-of-use asset		5,498,108.96	5,498,108.96
Liabilities:			
Other payable	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 liability		1,709,314.65	1,709,314.65

Item of parent company's balance sheet	2020-12-31	2021-1-1	Adjustment
Assets:			
Advance payment	1,873,295.83	1,497,219.79	-376,076.04
Right-of-use asset		3,116,643.16	3,116,643.16
Liabilities:			
Other payable	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 liability		640,573.17	640,573.17

Explanation on adjustment of each items:

The weighted average of incremental borrowing rate on lease liability that reckoned in balance sheet dated January 1, 2021 was 4.35%. For the minimum lease payments outstanding of the significant operating leases at end of 2020 released on the financial statement of 2020 was converted as 1,709,314.65 yuan as the present value, based on the incremental borrowing rate dated January 1, 2021, the difference from the lease liability at the date of initial execution was 1,709,314.65 yuan.

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

Applicable Not applicable

New subsidiary established during the reporting period: Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd. Registered capital of the new company was \$20.5 million, paid-in capital was \$10.045 million and 100% shareholding.

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

Accounting firm appointed

Name of domestic accounting firm	SCPA (LLP)
Remuneration for domestic accounting firm (in 10 thousand Yuan)	35
Continuous life of auditing service for domestic accounting firm	1
Name of domestic CPA	Zhang Xiaorong, Ma Haijun
Continuous fixed number of year for the auditing service provided by CPA in domestic CPA Firms	Zhang Xiaorong (1 year), Ma Haijun (1 year)

Whether re-appointed accounting firms in this period or not

Yes No

Whether to change the accounting firms during the auditing period

Yes No

Whether change of the accounting firms has implemented the approval procedures

Yes No

Explanation on re-appointment and change of the accounting firms

Factoring in development strategy, future business expansion, audit requirements and other actual conditions, the Company appointed SCPA (LLP) as the audit institution for year of 2021 with service term of one year.

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

Applicable Not applicable

The SCPA (LLP) was appointed by the Company at the same time as the audit accounting firms of internal control for the year of 2021, remuneration of 100,000 yuan in total paid.

IX. Facing delisting after disclosure of the annual report

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period.

XI. Significant litigation and arbitration of the Company

Applicable Not applicable

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

XII. Penalty and rectification

Applicable Not applicable

No penalty and rectification for the Company in reporting period.

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

Applicable Not applicable

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

XIV. Material related transactions

1. Related transaction with daily operation concerned

Applicable Not applicable

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

2. Related party transactions by assets acquisition and sold

Applicable Not applicable

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

3. Main related transactions of mutual investment outside

Applicable Not applicable

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

4. Contact of related credit and debt

Applicable Not applicable

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

5. Contact with the related finance companies

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies with associated relationship and related parties

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

There are no deposits, loans, credits or other financial business between the finance companies controlled by the Company and related parties

7. Other material related party transactions

Applicable Not applicable

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

XV. Major contract and implantation

1. Trusteeship, contract and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship for the Company in reporting period

(2) Contract

Applicable Not applicable

No contract for the Company in reporting period

(3) Leasing

Applicable Not applicable

No leasing for the Company in reporting period

2. Major guarantee

Applicable Not applicable

No guarantee for the Company in reporting period

3. Entrust others to cash asset management**(1) Trust financing**

Applicable Not applicable

The company had no trust financing in the reporting period.

2. Major guarantee

Applicable Not applicable

No guarantee for the Company in reporting period

4. Other material contracts

Applicable Not applicable

No other material contracts for the Company in reporting period

XVI. Explanation on other significant events

Applicable Not applicable

Name	Date of disclosed	Internet website and retrieval path for disclosed information
Notice on Signing the Investment Agreement	2021-4-27	http://www.cninfo.com.cn
Proposal of Accounting Policy Changed	2021-4-29	http://www.cninfo.com.cn
Notice on Building 2 large tuna purse seine vessels for high seas production in Pacific Ocean	2021-7-2	http://www.cninfo.com.cn
Notice on the Company and its Controlling Subsidiary have Received the Government Subsidies	2021-9-2	http://www.cninfo.com.cn
External Investment on Subsidiary	2021-9-10	http://www.cninfo.com.cn
Guarantee provided by Controlling subsidiary for the Company	2021-9-29	http://www.cninfo.com.cn
Updating the Construction of 2 trawlers	2021-12-22	http://www.cninfo.com.cn
Capital increase of controlling subsidiary and waiver of right to	2021-12-22	http://www.cninfo.com.cn

increase capital by the same proportion and related transactions		
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XVII. Significant event of subsidiary of the Company

Applicable Not applicable

During the reporting period, the BOD deliberated and approved the capital increase of 100 million yuan in monetary to the controlling subsidiary of the Company Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd from Zhongtai Xincheng Assets Management Co., Ltd. The Company and controlling subsidiary - HABITAT INTERNATIONAL CORPORATION waived the right to the same proportional capital increase. The Capital Increase of Controlling Subsidiary and waiver of Right to Increase the Capital by Same Proportion and Related Transactions (Notice No.: 2021-41) was released by the Company on Juchao website (<http://www.cninfo.com.cn>) dated December 22, 2021.

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in shares

1. Changes in shares

Unit: Share

	Before changes		(+, -)					After changes	
	Amount	Ratio	New issue	Bonus	Capitaliza tion of public reserve	Other	Subtotal	Amount	Ratio
I. Unlisted shares	128,071,320	48.13%						128,071,320	48.13%
1. Sponsor shares	128,071,320	48.13%						128,071,320	48.13%
Including: State-owned shares	127,811,320	48.04%						127,811,320	48.04%
Domestic corporate shares	260,000	0.10%						260,000	0.10%
Foreign corporate shares									
Other									
2. Raise legal persons shares									
3. Internal employee shares									
4. Preferred stock or other									
II. Listed shares	138,000,000	51.87%						138,000,000	51.87%
1. RMB ordinary shares									
2. Domestically listed foreign shares	138,000,000	51.87%						138,000,000	51.87%
3. Foreign listed foreign shares									
4. Other									

III. Total shares	266,071,320	100.00%						266,071,320	100.00%
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Reasons for share changed

Applicable Not applicable

Approval of share changed

Applicable Not applicable

Ownership transfer of share changed

Applicable Not applicable

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes of restricted shares

Applicable Not applicable

II. Securities issue and listing

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Shareholders and actual controller

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

Unit: Share

Total common stock shareholders in reporting period-	10,352	Total common stock shareholders at end of last month	10,277	Total preference shareholders with voting rights recovered	0	Total preference shareholders with voting rights recovered	0
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end		before annual report disclosed			at end of reporting period (if applicable) (found in note8)		at end of last month before annual report disclosed (if applicable) (found in note8)	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total shareholders at the end of report period	Changes in report period	Amount of unlisted outstanding shares held	Amount of listed outstanding shares held	Information of shares pledged, tagged or frozen	
							State of share	Amount
Shandong State-owned Assets Investment Holding Company Limited	State-owned legal person	47.25%	125,731,320		125,731,320			
Chen Tianming	Foreign nature person	2.16%	5,760,427			5,760,427		
Zhu Shuzhen	Domestic nature person	1.88%	5,002,046	135,500		5,002,046		
Cai Yujiu	Domestic nature person	1.70%	4,533,700	482,489		4,533,700		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.97%	2,584,925	449,240		2,584,925		
Ouyang Guifang	Domestic nature person	0.79%	2,100,000	847,000		2,100,000		
China National Heavy Duty Truck Group Jinan Truck LLC	State-owned legal person	0.73%	1,950,000			1,950,000		
Shenwan HongYuan (H.K.) Limited	Foreign legal person	0.71%	1,897,854			1,897,854		
Lin Mingyu	Domestic nature person	0.56%	1,500,001	27,000		1,500,001		
Zhan Changcheng	Domestic nature person	0.55%	1,468,100	1,468,100		1,468,100		

Strategy investors or general legal person becomes top 10 shareholders due to rights issued (if applicable) (see note3)	Not applicable		
Explanation on associated relationship among the aforesaid shareholders	Shandong State-owned Assets Investment has 20% shares of China National Heavy Duty Truck Group Jinan Truck LLC. (During the reporting period, Shandong SDIC entrusted Shandong Heavy Industry Group Co., Ltd. to exercise other shareholder's rights of its 20% stock equity in Sinotruk Group except for the assets income right.) Rests of the shareholders are the domestically listed foreign shareholders, and the Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by "management method for acquisition of listed company" among the above said shareholders		
Description of the delegate/entrusted voting rights and abstain from voting for the above shareholders	N/A		
Special note on the repurchase account among the top 10 shareholders (see note 10)	N/A		
Shareholding of top 10 circulated shareholders			
Shareholders	Amount of listed shares held at end of the Period	Type of shares	
		Type	Amount
Chen Tianming	5,760,427	Domestically listed foreign shares	5,760,427
Zhu Shuzhen	5,002,046	Domestically listed foreign shares	5,002,046
Cai Yujiu	4,533,700	Domestically listed foreign shares	4,533,700
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	2,584,925	Domestically listed foreign shares	2,584,925
Ouyang Guifang	2,100,000	Domestically listed foreign shares	2,100,000
Shenwan HongYuan (H.K.) Limited	1,897,854	Domestically listed foreign shares	1,897,854
Lin Mingyu	1,500,001	Domestically listed foreign	1,500,001

		shares	
Zhan Changcheng	1,468,100	Domestically listed foreign shares	1,468,100
Wang Dongsheng	1,261,404	Domestically listed foreign shares	1,261,404
Huang Jiayi	1,048,687	Domestically listed foreign shares	1,048,687
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	The Company is unknown whether there exists associated relationship or belongs to consistent actor regulated by “ <i>management method for acquisition of listed company</i> ” among the above said shareholders.		
Explanation on shareholders involving margin business about top ten common stock shareholders with un-restrict shares held(if applicable) (see note4)	N/A		

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

Yes No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

2. Controlling shareholders

Nature of controlling shareholders: local state-owned holding

Type of controlling shareholders: legal person

Controlling shareholders	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
Shandong State-owned Assets Investment Holding Company Limited	Li Guangqing	March 25, 1994	91370000163073167C	Operating management and disposal on state-owned assets (shares), assets management, equity investment management and operation, enterprise reconstruction, acquisition and combination, investment consultant

Equity of other domestic/oversea listed company control by controlling shareholder as well as stock-joint in report period	China Merchants Bank Co., Ltd. 0.06%, Guangzhou Pubang Garden Co., Ltd. 1.42%, Tomson By-Health Co., Ltd. 0.44%, Zhongtong Bus Holdings Co., Ltd. 18.96%, Yunding Technology Co., Ltd. 2.50%, Luyin Investment Group Co., Ltd. 4.98%, Shandong Lubei Chemical Co., Ltd. 3.31%, Ginza Group Co., Ltd. 3.46%, Shandong Xinhua Medical Device Co., Ltd. 4.76%, Weichai Heavy Machinery Co., Ltd. 4.99%, Yunnan Tin Industry Co., Ltd. 0.37%, Shandong Gold Mining Co., Ltd. 0.52%, Jicheng Electronics Co., Ltd. 10.23%, Yantai Zhenghai Magnetic Materials Co., Ltd. 1.85%, Yueyang Forest Paper Co., Ltd. 1.80%, Guangzhou Hollyoaks Creative Home Co., Ltd. 1.51%, Jiangsu Guotai International Group Co., Ltd. 2.10%, Shenzhen Alto Electronics Co., Ltd. 4.29%, Shanghai Hyundai Pharmaceutical Co., Ltd. 1.54%, China United Network Communications (Hong Kong) Co., Ltd. 0.74%, Hanhua Financial Holdings Co., Ltd. 2.07%, Red Star Macalline Home Furnishing Group Co., Ltd. 0.25%, Luzheng Futures Co., Ltd. 2.25%, China Energy Construction Co., Ltd. 0.32%, Zhongtai Securities Co., Ltd. 1.73%, Weichai Power Co., Ltd. 0.27%
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Changes of controlling shareholder in reporting period

Applicable Not applicable

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

3. Actual controller

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

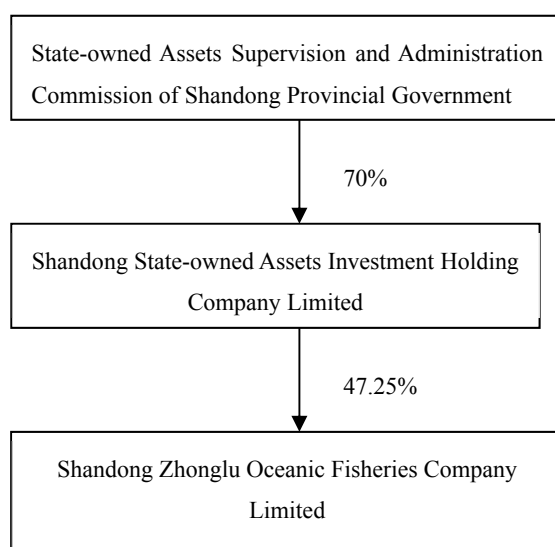
Actual controller	Legal person/person in charge of the unit	Date of foundation	Organization code	Main operation business
State-owned Assets Supervision and Administration Commission of Shandong Provincial Government	Zhang Bin	June 18, 2004	N/A	Performing responsibilities of investors, monitoring the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

Changes of actual controllers reporting period

Applicable Not applicable

No changes of actual controllers for the Company in reporting period

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



Actual controller controlling the Company by entrust or other assets management

Applicable Not applicable

4. The total number of shares pledged by controlling shareholders or the first majority shareholder and its persons acting in concert accounts for 80% of the shares held by them

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IV. The specific implementation of shares buy-back during the reporting period

Implementation progress of shares buy-back

Applicable Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the reporting.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial 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 4.37 the 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

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

Dec 31, 2021

Unit: RMB Yuan

Item	As at 31/12/2021	As at 31/12/2020	Item	As at 31/12/2021	As at 31/12/2020
Current assets:			Current liabilities:		
Cash at bank and on hand	210,573,782.49	255,811,982.21	Short-term loans	10,013,291.67	41,268,275.50
Financial assets held for trading	-	5,000,000.00	Financial liabilities held for trading		
Derivative financial assets			Derivative financial liabilities		
Notes receivable			Notes payable		
Accounts receivable	37,806,586.91	66,263,029.81	Accounts payable	50,121,395.04	69,897,839.19
Receivables for financing			Advances from customers		
Prepayments	18,683,750.61	17,764,804.55	Contract liabilities	13,220,675.60	12,453,619.79
Other receivables	3,596,759.88	2,293,236.85	Employee benefits payable	45,410,711.06	41,862,349.06
Including: Interest receivable			Taxes and surcharges payable	4,258,871.51	2,825,413.78
Dividends receivable			Other payables	9,774,065.87	8,487,724.32
Inventories	277,095,357.75	338,885,629.06	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	4,909,314.65	-
Other current assets	20,633,592.23	14,567,946.82	Other current liabilities	14,100.55	108,248.84
Total current assets	568,389,829.87	700,586,629.30	Total current liabilities	137,722,425.95	176,903,470.48
Non-current assets:			Non-current liabilities:		
Debt investments			Long-term loans	149,393,532.37	
Other debt investments			Bonds payable		
Long-term receivables			Including: Preference shares		

Long-term equity investments			Perpetual loans		
Other equity instrument investments			Lease liabilities		
Other non-current financial assets			Long-term account payable		
Investment property	30,108,932.75	31,435,009.43	Long-term employee benefits payable	1,026,222.58	1,243,452.93
Fixed assets	476,894,877.56	506,290,822.70	Anticipation liabilities		
Construction in process	165,273,027.75	3,705,815.70	Deferred income	13,691,209.07	14,488,797.24
Productive biological assets			Deferred tax liabilities	2,777,589.45	1,451,751.23
Oil and gas assets			Other non-current liabilities		
Right-of-use assets	2,354,943.86	-	Total non-current liabilities	166,888,553.47	17,184,001.40
Intangible assets	12,110,397.72	12,811,879.55	Total liabilities	304,610,979.42	194,087,471.88
Development expenditures			Shareholders' equity:		
Goodwill			Share capital	266,071,320.00	266,071,320.00
Long-term deferred expenses	220,738.00	317,044.17	Other equity instruments		
Deferred tax assets	1,644,945.96	1,744,636.98	Including: Preference shares		
Other non-current assets	143,137,267.24	2,719,397.06	Perpetual loans		
Total non-current assets	831,745,130.84	559,024,605.59	Capital reserve	284,054,997.75	284,054,997.75
			Less: treasury shares		
			Other comprehensive income	-18,256,201.98	-12,783,539.13
			Special reserve	232,783.00	-
			Surplus reserve	21,908,064.19	21,908,064.19
			Undistributed profit	379,524,911.94	343,997,929.71
			Equity attributable to parent company	933,535,874.90	903,248,772.52
			Minority interests	161,988,106.39	162,274,990.49
			Total equity	1,095,523,981.29	1,065,523,763.01
Total of assets	1,400,134,960.71	1,259,611,234.89	Total liabilities and equity	1,400,134,960.71	1,259,611,234.89

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

Consolidated Statement of Income

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

For the year ended 31
December 2021

Unit:
RMB Yuan

Item	Year ended 31/12/2021	Year ended 31/12/2020	Item	Year ended 31/12/2021	Year ended 31/12/2020
1.Total operating income	934,284,403.21	966,213,019.66	Categorized by ownership		
Including: Operating income	934,284,403.21	966,213,019.66	1. Net profit attributable to parent company	35,526,982.23	29,537,498.13
2.Total operating cost	933,025,967.92	956,907,169.77	2. Profit/loss attributable to minority shareholders	1,126,885.04	9,019,316.73
Less: Operating costs	849,588,130.75	878,417,354.27	6. Other comprehensive income net of tax	- 6,886,431.99	- 18,169,681.99
Taxes and surcharges	2,170,926.08	2,324,086.97	Total comprehensive income attributable to shareholders of parent company	- 5,472,662.85	- 13,490,695.30
Selling and distribution expenses	3,548,619.96	3,669,759.70	(1) Comprehensive income not to be reclassified to profit or loss		
General and administrative expenses	64,478,320.35	49,476,821.86	1) Changes in remeasurement of defined benefit obligations		
Research and development expenses	765,456.70	57,924.28	2) Other comprehensive income not to be reclassified to profit or loss in equity method		
Finance expenses	12,474,514.08	22,961,222.69	3) Fair value changes in other equity instrument investments		
Including: Interest expenses	1,548,600.65	2,264,468.56	4) Fair value changes in the enterprise's own credit risk		
Interest income	569,224.71	666,925.40	5) Others		
Add: Other income	40,916,418.36	24,237,447.14	(2) Comprehensive income to be reclassified to profit or loss	- 5,472,662.85	- 13,490,695.30
Investment income ("-" for loss)	-77,554.43	15,287.67	1) Other comprehensive income to be reclassified to profit or loss in equity method		
Including: Investment income from associates and joint ventures			2) Gain or loss from fair value changes of other debt instruments		
Income from			3) The amount of financial assets		

derecognition of financial assets measured at amortised cost			reclassified to other comprehensive income		
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)	1,631,064.94	324,078.98	6) Currency translation difference	- 5,472,662.85	- 13,490,695.30
Impairment on assets ("-" for loss)	-7,167,438.13	2,613,583.91	7) Others		
Gains from disposal of assets ("-" for loss)	3,494,326.93	52,840.06	Other comprehensive income attributable to minority shareholders, net of tax	- 1,413,769.14	- 4,678,986.69
3. Operating profits ("-" for loss)	40,055,252.96	30,673,761.87	7. Total comprehensive income	29,767,435.28	20,387,132.87
Add: Non-operating income	884,810.25	10,758,569.39	(1) Total comprehensive income attributable to shareholders of parent company	30,054,319.38	16,046,802.83
Less: Non-operating expenses	86,336.72	658,478.99	(2) Total comprehensive income attributable to minority shareholders	-286,884.10	4,340,330.04
4. Profit before tax ("-" for loss)	40,853,726.49	40,773,852.27	8. Earnings per share		
Less: income tax expenses	4,199,859.22	2,217,037.41	(1) Basic earnings per share	0.13	0.11
5. Net profit ("-" for net loss)	36,653,867.27	38,556,814.86	(2) Diluted earnings per share	0.13	0.11
Categorized by going concern basis					
1. Profit or loss from continuing operations	36,653,867.27	38,556,814.86			
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 representative: Lu Lianxing Person in charge of accounting function: Fu Chuanhai Person in charge of accounting department: Lei Lixin

Consolidated Statement of Cash Flows

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

For the year
ended 31
December 2021

Unit:
RMB Yuan

Item	Year ended 31/12/2021	Year ended 31/12/2020	Item	Year ended 31/12/2021	Year ended 31/12/2020
1. Cash flows from operating activities			3. Cash flows from financing activities:		
Cash received from sales and services	975,952,422.42	961,184,995.14	Cash received from investments by others	-	
Taxes and surcharges refunds	38,193,930.62	53,868,300.74	Including: cash received by subsidiaries from minority shareholders' investments		
Cash received related to other operating activities	41,622,892.30	29,713,130.80	Cash received from borrowings	227,138,476.01	51,867,033.47
Total cash inflows from operating activities	1,055,769,245.34	1,044,766,426.68	Cash received related to other financing activities	-	
Cash paid for goods and services	690,728,218.89	729,377,072.80	Total cash inflows from financing activities	227,138,476.01	51,867,033.47
Cash paid to and for employees	165,791,072.24	169,022,381.13	Cash repayments for debts	105,644,255.24	62,615,304.72
Taxes and surcharges cash payments	7,890,850.24	12,515,547.83	Cash payments for distribution of dividends, profit and interest expenses	2,311,232.88	2,159,583.81
Cash paid related to other operating activities	21,463,279.15	20,605,714.27	Including: dividends or profit paid by subsidiaries to minority shareholders		
Total cash outflows from operating activities	885,873,420.52	931,520,716.03	Cash paid related to other financing activities	3,627,734.36	
Net cash flows from operating activities	169,895,824.82	113,245,710.65	Total cash outflows from financing activities	111,583,222.48	64,774,888.53
2. Cash flows from investing activities:			Net cash flows from financing activities	115,555,253.53	-12,907,855.06
Cash received from withdraw of investments	5,000,000.00	5,000,000.00	4. Effect of foreign exchange rate changes on	-4,758,728.85	-12,686,379.14

			cash and cash equivalents		
Cash received from investment income	49,972.60	15,287.67	5. Net increase in cash and cash equivalents	46,086,305.94	71,131,973.21
Net cash received from disposal of \property, plant and equipement,intangible assets and other long-term assets	5,119,124.64	21,653,747.69	Add: beginning balance of cash and cash equivalents	255,735,611.93	184,603,638.72
Net cash received from disposal of subsidiaries and other business units			6. Ending balance of cash and cash equivalents	209,649,305.99	255,735,611.93
Cash received related to other investing activities					
Total cash inflows from investing activities	10,169,097.24	26,669,035.36			
Cash paid for property, plant and equipement,intangible assets and other long-term assets	336,947,752.68	33,188,538.60			
Cash payments for investments	-	10,000,000.00			
Net cash paid for acquiring subsidiaries and other business units	-				
Cash paid related to other investing activities	-				
Total cash outflows from investing activities	336,947,752.68	43,188,538.60			
Net cash flows from investing activities	326,778,655.44	16,519,503.24			

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

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

For the year ended 31 December 2021

Unit: RMB Yuan

Item	Year 2021													Minority interests	Total owners' equity
	Equity attributable to shareholders of parent company											Sub-total			
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Undistributed profit		Others		
	Preference shares	Perpetual loans	Others												
1. Ending balance of last year	266,071,320.00				284,054,997.75		-12,783,539.13		21,908,064.19		343,997,929.71		903,248,772.52	162,274,990.49	1,065,523,763.01
Add: Impact from changes in accounting policies															
Impact from corrections of errors in prior period															
Business combination under common control															
Others															
2. Beginning balance of current year	266,071,320.00				284,054,997.75		-12,783,539.13		21,908,064.19		343,997,929.71		903,248,772.52	162,274,990.49	1,065,523,763.01
3. Movement for current year ("-" for decrease)							-5,472,662.85	232,783.00			35,526,982.23		30,287,102.38	-286,884.10	30,000,218.28
(1) Total comprehensive income							-5,472,662.85				35,526,982.23		30,287,102.38	-286,884.10	29,767,435.28
(2) Shareholder's contributions and withdrawals of capital															
1) Common stock contributed by shareholders															
2) Capital contributed by															

other equity instruments holders																				
3) Share-based payment recorded in shareholder's equity																				-
4) Others																				-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Appropriation of surplus reserve																				-
2) Distribution to shareholders																				-
3) Others																				-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital																				-
2) Conversion of surplus reserve into share capital																				-
3) Recover of loss by surplus reserve																				-
4) Change of defined benefit obligations carried forward to retained earnings																				-
5) Other comprehensive income carried forward to retained earnings																				-
6) Others																				-
(5) Special reserve	-	-	-	-	-	-	-	232,783.00	-	-	-	-	-	232,783.00	-	-	-	-	-	232,783.00
1) Accrual of special reserve								954,700.51						954,700.51						954,700.51
2) Utilization of special reserve								721,917.51						721,917.51						721,917.51

(6) Others													-		-
4. Ending balance of current year	266,071,320.00	-	-	-	284,054,997.75	-	-18,256,201.98	232,783.00	21,908,064.19	-	379,524,911.94	-	933,535,874.90	161,988,106.39	1,095,523,981.29

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)

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

For the year ended 31 December 2021

Unit: RMB Yuan

Item	Year 2020														
	Equity attributable to shareholders of parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk preparation	Undistributed profit	Others	Sub-total		
		Preference shares	Perpetual loans	Others											
1. Ending balance of last year	266,071,320.00				284,054,997.75		707,156.17		21,908,064.19		314,460,431.58		887,201,969.69	157,934,660.45	1,045,136,630.14
Add: Impact from changes in accounting policies													-		-
Impact from corrections of errors in prior period													-		-
Business combination under common control													-		-
Others													-		-
2. Beginning balance of current year	266,071,320.00	-	-	-	284,054,997.75	-	707,156.17	-	21,908,064.19	-	314,460,431.58	-	887,201,969.69	157,934,660.45	1,045,136,630.14
3. Movement for current year ("-" for decrease)							-13,490,695.30				29,537,498.13		16,046,802.83	4,340,330.04	20,387,132.87
(1) Total comprehensive income							-13,490,695.30				29,537,498.13		16,046,802.83	4,340,330.04	20,387,132.87
(2) Shareholder's contributions and withdrawals of capital															
1) Common stock contributed by													-		-

shareholders															
2) Capital contributed by other equity instruments holders													-		-
3) Share-based payment recorded in shareholder's equity													-		-
4) Others													-		-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Appropriation of surplus reserve													-		-
2) Distribution to shareholders													-		-
3) Others													-		-
(4) Internal transfer within shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Conversion of capital reserve into share capital													-		-
2) Conversion of surplus reserve into share capital													-		-
3) Recover of loss by surplus reserve													-		-
4) Change of defined benefit obligations carried forward to retained earnings													-		-
5) Other comprehensive income carried forward to retained earnings													-		-
6) Others													-		-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1) Accrual of special reserve													-		-

2) Utilization of special reserve													-		-
(6) Others													-		-
4. Ending balance of current year	266,071,320.00	-	-	-	284,054,997.75	-	12,783,539.13	-	21,908,064.19	-	343,997,929.71	-	903,248,772.52	162,274,990.49	1,065,523,763.01

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

Balance Sheet

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

Dec 31, 2021

Unit: RMB Yuan

Item	As at 31/12/2021	As at 31/12/2020	Item	As at 31/12/2021	As at 31/12/2020
Current assets:			Current liabilities:		
Cash at bank and on hand	49,943,353.89	32,186,883.39	Short-term loans	-	-
Financial assets held for trading	-	5,000,000.00	Financial liabilities held for trading		
Derivative financial assets			Derivative financial liabilities		
Notes receivable			Notes payable		
Accounts receivable	8,731,060.84	7,407,636.45	Accounts payable	12,713,180.90	7,330,041.56
Receivables for financing			Advances from customers		
Prepayments	3,565,433.92	1,873,295.83	Contract liabilities	1,930,695.41	2,228,473.01
Other receivables	119,015,186.36	204,498,840.72	Employee benefits payable	13,477,985.59	10,254,765.98
Including: Interest receivable			Taxes and surcharges payable	426,832.47	674,445.26
Dividends receivable	85,085,303.70	101,777,374.94	Other payables	43,495,400.72	78,050,679.94
Inventories	47,379,848.34	49,561,762.59	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	3,840,573.17	-
Other current assets	8,240,901.15	2,174,139.54	Other current liabilities	-	71,483.32
Total current assets	236,875,784.50	302,702,558.52	Total current liabilities	75,884,668.26	98,609,889.07

Non-current assets:			Non-current liabilities:		
Debt investments			Long-term loans	149,393,532.37	-
Other debt investments			Bonds payable		
Long-term receivables	3,858,748.19	4,411,879.43	Including: Preference shares		
Long-term equity investments	232,189,455.23	232,189,455.23	Perpetual loans		
Other equity instrument investments			Lease liabilities		
Other non-current financial assets			Long-term account payable		
Investment property	30,108,932.75	31,435,009.43	Long-term employee benefits payable	682,730.26	875,940.65
Fixed assets	47,561,985.28	54,478,042.63	Anticipation liabilities		
Construction in process	118,472,605.94	-	Deferred income		
Productive biological assets			Deferred tax liabilities		
Oil and gas assets			Other non-current liabilities		
Right-of-use assets	1,003,689.06	-	Total non-current liabilities	150,076,262.63	875,940.65
Intangible assets	488,798.76	790,045.68	Total liabilities	225,960,930.89	99,485,829.72
Development expenditures			Shareholders' equity:		
Goodwill			Share capital	266,071,320.00	266,071,320.00
Long-term deferred expenses			Other equity instruments		
Deferred tax assets			Including: Preference shares		
Other non-current assets	89,675,267.24	394,857.06	Perpetual loans		

Total non-current assets	523,359,482.45	323,699,289.46	Capital reserve	279,115,900.17	279,115,900.17
			Less: treasury shares		
			Other comprehensive income		
			Special reserve		
			Surplus reserve	19,184,672.34	19,184,672.34
			Undistributed profit	-30,097,556.45	-37,455,874.25
			Total equity	534,274,336.06	526,916,018.26
Total of assets	760,235,266.95	626,401,847.98	Total liabilities and equity	760,235,266.95	626,401,847.98

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

Statement of Income

Prepared by:
Shandong
Zhonglu Oceanic
Fisheries Co., Ltd.For the year ended
31 December 2021Unit: RMB
Yuan

Item	Year ended 31/12/2021	Year ended 31/12/2020	Item	Year ended 31/12/2021	Year ended 31/12/2020
1. Including: Operating income	139,327,287.43	113,685,121.82	4. Net profit ("-" for net loss)	7,358,317.80	2,669,277.62
Less: Operating costs	116,889,774.06	100,927,361.83	1. Profit or loss from continuing operations	7,358,317.80	2,669,277.62
Taxes and surcharges	688,962.71	735,280.66	2. Profit or loss from discontinued operations		
Selling and distribution expenses	233,063.78	307,386.37	5. Other comprehensive income net of tax		
General and administrative expenses	32,987,053.48	21,914,743.78	(1) Comprehensive income not to be reclassified to profit or loss		
Research and development expenses	623,103.64	-	1) Changes in remeasurement of defined benefit obligations		
Finance expenses	2,366,265.87	5,006,502.72	2) Other comprehensive income not to be reclassified to profit or loss in equity method		
Including: Interest expenses	382,300.01	1,065,750.00	3) Fair value changes in other equity instrument investments		
Interest income	116,329.43	331,901.98	4) Fair value changes in the enterprise's own credit risk		
Add: Other income	13,154,771.02	10,029,644.81	5) Others		
Investment income ("-" for loss)	8,867,101.36	7,896,264.69	(2) Comprehensive income to be reclassified to profit or loss		
Including: Investment income from associates and joint ventures			1) Other comprehensive income to be reclassified to profit or loss in equity method		
Income from derecognition of financial assets measured at amortised cost			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 income		
Gain from fair value changes ("-" for loss)			4) Credit impairment provision of other debt investment		
Credit impairment losses ("-" for loss)	-115,883.09	607,054.03	5) Cash flow hedging reserve		
Impairment on assets ("-" for loss)	-117,230.42	-203,609.93	6) Currency translation difference		
Gains from disposal of assets ("-" for loss)	17,065.22	55,893.20	7) Others		

2. Operating profits ("-" for loss)	7,344,887.98	3,179,093.26	6. Total comprehensive income	7,358,317.80	2,669,277.62
Add: Non-operating income	13,479.82	3,363.62	7. Earnings per share		
Less: Non-operating expenses	50.00	290,132.05	(1) Basic earnings per share		
3. Profit before tax ("-" for loss)	7,358,317.80	2,892,324.83	(2) Diluted earnings per share		
Less: income tax expenses	-	223,047.21			

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

Statement of Cash Flows

Prepared by:
Shandong Zhonglu
Oceanic Fisheries
Co., Ltd.For the year ended
31 December 2021Unit: RMB
Yuan

Item	Year ended 31/12/2021	Year ended 31/12/2020	Item	Year ended 31/12/2021	Year ended 31/12/2020
1. Cash flows from operating activities			3. Cash flows from financing activities:		
Cash received from sales and services	78,815,609.56	131,940,321.16	Cash received from investments by others	-	
Taxes and surcharges refunds	-		Cash received from borrowings	207,138,476.01	
Cash received related to other operating activities	88,202,298.50	12,775,989.67	Cash received related to other financing activities	44,124,032.99	32,182,168.08
Total cash inflows from operating activities	167,017,908.06	144,716,310.83	Total cash inflows from financing activities	251,262,509.00	32,182,168.08
Cash paid for goods and services	43,827,721.36	78,227,835.29	Cash repayments for debts	54,808,284.01	
Cash paid to and for employees	40,070,474.81	41,123,815.04	Cash payments for distribution of dividends, profit and interest expenses	797,792.63	
Taxes and surcharges cash payments	903,215.39	1,105,108.63	Cash paid related to other financing activities	5,345,639.48	12,461,712.55
Cash paid related to other operating activities	80,422,024.59	45,320,001.25	Total cash outflows from financing activities	60,951,716.12	12,461,712.55
Total cash outflows from operating activities	165,223,436.15	165,776,760.21	Net cash flows from financing activities	190,310,792.88	19,720,455.53
Net cash flows from operating activities	1,794,471.91	21,060,449.38	4. Effect of foreign exchange rate changes on cash and cash equivalents	-126,645.14	-393,346.88
2. Cash flows from investing activities:			5. Net increase in cash and cash equivalents	20,924,470.50	24,018,449.39
Cash received from withdraw of investments	5,000,000.00	5,000,000.00	Add: beginning balance of cash and cash equivalents	32,186,883.39	56,205,332.78
Cash received from investment income	25,559,172.60	685,177.67	6. Ending balance of cash and cash equivalents	53,111,353.89	32,186,883.39
Net cash received from disposal of \property, plant and equipment,intangible assets and other long-term assets	30,000.00	79,485.08			
Net cash received from disposal of subsidiaries and other business units	-				
Cash received related to other investing activities	13,000,000.00				
Total cash inflows from investing activities	43,589,172.60	5,764,662.75			
Cash paid for property, plant and equipment,intangible assets and other long-term assets	214,643,321.75	8,266,611.41			
Cash payments for investments		10,000,000.00			
Net cash paid for acquiring					

subsidiaries and other business units					
Cash paid related to other investing activities		9,783,160.00			
Total cash outflows from investing activities	214,643,321.75	28,049,771.41			
Net cash flows from investing activities	171,054,149.15	22,285,108.66			

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

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

For the year ended 31 December 2021

Unit: RMB Yuan

Item	Year 2021											
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual loans	Others								
1. Ending balance of last year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-37,455,874.25	-	526,916,018.26
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Beginning balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-37,455,874.25	-	526,916,018.26
3. Movement for current year ("-" for decrease)	-	-	-	-	-	-	-	-	-	7,358,317.80	-	7,358,317.80
(1) Total comprehensive income										7,358,317.80		7,358,317.80
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-
1) Common stock contributed by shareholders												-
2) Capital contributed by other equity instruments holders												-
3) Share-based payment recorded in shareholder's equity												-
4) Others												-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-
1) Appropriation of surplus reserve												-
2) Distribution to shareholders												-
3) Others												-
(4) Internal transfer within	-	-	-	-	-	-	-	-	-	-	-	-

shareholder's equity												
1) Conversion of capital reserve into share capital												-
2) Conversion of surplus reserve into share capital												-
3) Recover of loss by surplus reserve												-
4) Change of defined benefit obligations carried forward to retained earnings												-
5) Other comprehensive income carried forward to retained earnings												-
6) Others												-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1) Accrual of special reserve												-
2) Utilization of special reserve												-
(6) Others												-
4. Ending balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	30,097,556.45	-	534,274,336.06

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

Statement of Changes in Equity (Continued)

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

For the year ended 31 December 2021

Unit: RMB Yuan

Item	Year 2020											
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Others	Total owners' equity
		Preference shares	Perpetual loans	Others								
1. Ending balance of last year	266,071,320.00				279,115,900.17				19,184,672.34	-40,125,151.87		524,246,740.64
Add: Impact from changes in accounting policies												-
Impact from corrections of errors in prior period												-
Others												-
2. Beginning balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	-40,125,151.87	-	524,246,740.64
3. Movement for current year ("-" for decrease)	-	-	-	-	-	-	-	-	-	2,669,277.62	-	2,669,277.62
(1) Total comprehensive income										2,669,277.62		2,669,277.62
(2) Shareholder's contributions and withdrawals of capital	-	-	-	-	-	-	-	-	-	-	-	-
1) Common stock contributed by shareholders												-
2) Capital contributed by other equity instruments holders												-
3) Share-based payment recorded in shareholder's equity												-
4) Others												-
(3) Profits distribution	-	-	-	-	-	-	-	-	-	-	-	-
1) Appropriation of surplus reserve												-
2) Distribution to shareholders												-
3) Others												-
(4) Internal transfer within	-	-	-	-	-	-	-	-	-	-	-	-

shareholder's equity												
1) Conversion of capital reserve into share capital												-
2) Conversion of surplus reserve into share capital												-
3) Recover of loss by surplus reserve												-
4) Change of defined benefit obligations carried forward to retained earnings												-
5) Other comprehensive income carried forward to retained earnings												-
6) Others												-
(5) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1) Accrual of special reserve												-
2) Utilization of special reserve												-
(6) Others												-
4. Ending balance of current year	266,071,320.00	-	-	-	279,115,900.17	-	-	-	19,184,672.34	37,455,874.25	-	526,916,018.26

Legal representative: 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:

- The parent company obtains funds from one or more investors for the purpose of providing investment management services to investors;
- The sole purpose of the parent company's operations is to generate returns for investors through capital gain, income from investment or both;
- 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:

<u>item</u>	<u>the basis for determining the combination</u>	<u>A method of measuring expected credit loss</u>
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
Accounts receivable - 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
Lease receivables - External customer portfolio		
Contract Assets - External	Non-consolidated corporate and	Based on the expected credit loss rate for the entire life of the account

<u>item</u>	<u>the basis for determining the combination</u>	<u>A method of measuring expected credit loss</u>
customer portfolio	third party customers	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:

<u>Account receivable age</u>	<u>Expected credit loss rate on accounts receivable</u>
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:

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

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:

<u>Category</u>	<u>Depreciation period (years)</u>	<u>Residual rate</u>	<u>Annual depreciation rate</u>
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.

<u>Category</u>	<u>The method for depreciation</u>	<u>Depreciation period (years)</u>	<u>Residual rate</u>	<u>Annual depreciation rate</u>
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 rate and depreciation rate:

<u>Category</u>	<u>The method for depreciation</u>	<u>Depreciation period (years)</u>	<u>Residual rate</u>	<u>Annual depreciation rate</u>
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:

<u>Category</u>	<u>Amortization period (years)</u>	<u>Residual rate</u>
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:

<u>Category</u>	<u>Amortization period (years)</u>
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 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;
- 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 overseas 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 amortized 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

<u>Item</u>	Unit: RMB Yuan		
	<u>As at 1/1/2021</u>	<u>As at 1/1/2021</u>	<u>Amount of impact</u>
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

<u>Item</u>	Unit: RMB Yuan		
	<u>As at 1/1/2021</u>	<u>As at 1/1/2021</u>	<u>Amount of impact</u>
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

<u>Tax category</u>	<u>Tax base</u>	<u>Tax rate</u>
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%

Income tax rate of taxpayers adopting different income tax rate

<u>Name of tax enterprise</u>	<u>Tax rate of income tax</u>
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

<u>Name of tax enterprise</u>	<u>Tax rate of income tax</u>
	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 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

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
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	<u>924,476.50</u>	<u>76,370.28</u>
Total	<u>210,573,782.49</u>	<u>255,811,982.21</u>
Including: the total balance deposited overseas	87,451,424.69	54,297,720.99
The total amount of funds that have restrictions on use	924,476.50	76,370.28

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
due to mortgages, pledges, or freezes		

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

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

6.3 Accounts receivable

6.3.1 Accounts receivable by aging

<u>Aging</u>	<u>Balance as at 31/12/2021</u>
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	<u>6,496,689.70</u>
Total	<u>46,647,616.30</u>

6.3.2 Accounts receivable by provision method for allowance credit losses

<u>Item</u>	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	<u>46,647,616.30</u>	<u>100.00%</u>	<u>8,841,029.39</u>	18.95%	<u>37,806,586.91</u>
Total	<u>46,647,616.30</u>	<u>100.00%</u>	<u>8,841,029.39</u>	18.95%	<u>37,806,586.91</u>

(Continued)

<u>Item</u>	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	<u>76,675,259.70</u>	<u>100.00%</u>	<u>10,412,229.89</u>	13.58%	<u>66,263,029.81</u>
Total	<u>76,675,259.70</u>	<u>100.00%</u>	<u>10,412,229.89</u>	13.58%	<u>66,263,029.81</u>

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	<u>6,496,689.70</u>	<u>6,496,689.71</u>	100.00%
Total	<u>46,647,616.30</u>	<u>8,841,029.39</u>	

(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	<u>6,239,340.21</u>	<u>6,239,340.21</u>	100.00%
Total	<u>76,675,259.70</u>	<u>10,412,229.89</u>	

6.3.3 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	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
HAIKINSHEN 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	<u>2,484,534.61</u>	<u>5.33%</u>	<u>124,226.73</u>
Total	<u>17,596,910.87</u>	<u>37.73%</u>	<u>4,300,759.57</u>

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	=	=	<u>65,249.00</u>	<u>0.39%</u>
Total	<u>18,683,750.61</u>	<u>100.00%</u>	<u>17,128,089.89</u>	<u>100.00%</u>

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 prepayment	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 ENTERPRISE PRIVATE LIMITED	unrelated party	983,272.76	5.26%	2021	Billing period not yet reached
Beijing Leading Holiday International Travel Service Co., Ltd.	unrelated party	<u>472,382.00</u>	<u>2.53%</u>	2021	Billing period not yet reached
Total		<u>14,559,983.03</u>	<u>77.94%</u>		

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	<u>3,596,759.88</u>	<u>2,293,236.85</u>
Total	<u>3,596,759.88</u>	<u>2,293,236.85</u>

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	<u>4,386,796.79</u>
Total	<u>8,391,035.64</u>

6.5.1.2 Category of other receivables by nature

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

6.5.1.3 The provision of allowance for credit losses

<u>The allowance for credit losses</u>	<u>Stage one</u> <u>12-month ECL</u>	<u>Stage two</u> <u>Lifetime ECL</u> <u>(credit-</u> <u>unimpaired)</u>	<u>Stage three</u> <u>Lifetime ECL</u> <u>(credit-impaired)</u>	<u>Total</u>
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

<u>Item</u>	<u>As at 1/1/2021</u>	<u>Amount of change in the current period</u>				<u>As at 31/12/2021</u>
		<u>Provision</u>	<u>Recovery or</u> <u>reversal</u>	<u>Write off</u>	<u>Exchange impact</u>	
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

<u>Item</u>	<u>Write-off amount</u>
Other receivables actually written off	8,851.52

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

<u>Company name</u>	<u>Nature of</u> <u>payment</u>	<u>Balance as at</u> <u>31/12/2021</u>	<u>Aging</u>	<u>Percentage in total</u> <u>other receivables</u>	<u>Balance of</u> <u>allowance for</u> <u>credit losses as at</u> <u>31/12/2021</u>
Liye Ultra-low Temperature International Logistics (Dalian) Co., Ltd.	Claims	850,525.55	Within 6 months	10.14%	42,526.28

<u>Company name</u>	<u>Nature of payment</u>	<u>Balance as at 31/12/2021</u>	<u>Aging</u>	<u>Percentage in total other receivables</u>	<u>Balance of allowance for credit losses as at 31/12/2021</u>
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	<u>245,100.00</u>	Within 2 years	<u>2.92%</u>	<u>71,505.00</u>
Total		<u>1,906,404.94</u>		<u>22.72%</u>	<u>467,132.28</u>

6.6 Inventories

6.6.1 Inventories by categories

<u>Item</u>	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	<u>4,714,393.22</u>	<u>969,516.29</u>	<u>3,744,876.93</u>	<u>3,655,579.98</u>	=	<u>3,655,579.98</u>
Total	<u>284,594,806.50</u>	<u>7,499,448.75</u>	<u>277,095,357.75</u>	<u>342,590,618.01</u>	<u>3,704,988.95</u>	<u>338,885,629.06</u>

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

<u>Item</u>	<u>As at 1/1/2021</u>	<u>Additions during the year</u>		<u>Reductions during the year</u>		<u>As at 31/12/2021</u>
		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	=	<u>980,860.29</u>	=	=	<u>11,344.00</u>	<u>969,516.29</u>
Total	<u>3,704,988.95</u>	<u>7,167,438.13</u>	=	<u>3,339,817.14</u>	<u>33,161.19</u>	<u>7,499,448.75</u>

6.7 Other current assets

<u>Item</u>	<u>As at 31/12/2021</u>	<u>As at 1/1/2021</u>
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	<u>65,813.61</u>	<u>47,503.05</u>
Total	<u>20,633,592.23</u>	<u>14,567,946.82</u>

6.8 Investment property

6.8.1 Investment property measured by cost

<u>Item</u>	<u>Buildings</u>	<u>Total</u>
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

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

6.9.1 Movement of fixed assets

<u>Item</u>	<u>Buildings</u>	<u>Boats & nets</u>	<u>Machinery & equipment</u>	<u>Transportation vehicles</u>	<u>Furniture and office equipment</u>	<u>Total</u>
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
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

<u>Item</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Remark</u>
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 RMB 31,807,244.79 (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

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

6.10.1 Construction in process

<u>Item</u>	<u>As at 31/12/2021</u>			<u>As at 1/1/2021</u>		
	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>	<u>Book balance</u>	<u>Provision for impairment</u>	<u>Carrying amount</u>
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	<u>66,722,605.94</u>	=	<u>66,722,605.94</u>	=	=	=
Total	<u>169,350,686.30</u>	<u>4,077,658.55</u>	<u>165,273,027.75</u>	<u>7,783,474.25</u>	<u>4,077,658.55</u>	<u>3,705,815.70</u>

① Movement of significant construction in progress

<u>Project name</u>	<u>Budget</u>	<u>As at 1/1/2021</u>	<u>Additions</u>	<u>Transfer to fixed assets</u>	<u>Other reductions</u>	<u>Percentage of accumulated input over budget</u>
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	<u>79,000,000.00</u>	=	<u>66,722,605.94</u>	=	=	84.46%
Total	<u>531,000,000.00</u>	=	<u>150,814,065.54</u>	=	=	

(Continued)

<u>Project name</u>	<u>Construction progress (%)</u>	<u>Accumulated capitalized interest</u>	<u>Including: Interest capitalized in current period</u>	<u>Capitalization rate in current period</u>	<u>Sources of funds</u>	<u>Balance as at 31/12/2021</u>
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	<u>66,722,605.94</u>
Total		<u>409,025.00</u>	<u>409,025.00</u>			<u>150,814,065.54</u>

6.11 Right-of-use asset

<u>Item</u>	<u>Buildings</u>	<u>Total</u>
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

<u>Item</u>	<u>Land use rights</u>	<u>Computer software</u>	<u>Total</u>
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	-	-	-
Including: Disposition	-	-	-
Balance as at 31/12/2021	17,154,729.00	2,331,484.03	19,486,213.03

<u>Item</u>	<u>Land use rights</u>	<u>Computer software</u>	<u>Total</u>
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

<u>Item</u>	<u>Balance as at 1/1/2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Reductions</u>	<u>Balance as at 31/12/2021</u>
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

<u>Item</u>	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	<u>5,687,864.64</u>	<u>1,421,966.16</u>	<u>6,056,998.38</u>	<u>1,514,249.60</u>
Sub-total	<u>6,579,783.86</u>	<u>1,644,945.96</u>	<u>6,978,547.91</u>	<u>1,744,636.98</u>

6.14.2 Deferred tax liabilities before offsetting

<u>Item</u>	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

6.14.3 The items not recognised deferred tax assets

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
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

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
Deductible temporary differences -Deductible losses	16,328,215.40	-
Deductible temporary differences -Provision for impairment of construction in progress	<u>4,077,658.55</u>	<u>4,077,658.55</u>
Total	<u>40,648,708.63</u>	<u>22,153,420.60</u>

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

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

6.16 Short-term loans

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

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

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

6.18 Contract liabilities

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
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

<u>Item</u>	<u>As at 1/1/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>As at 31/12/2021</u>
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	<u>9,714.32</u>	<u>26,247.91</u>	<u>28,637.20</u>	<u>7,325.03</u>
Total	<u>41,862,349.06</u>	<u>168,858,497.19</u>	<u>165,310,135.19</u>	<u>45,410,711.06</u>

6.19.2 Details of the short-term employee benefits

<u>Item</u>	<u>As at 1/1/2021</u>	<u>Accrued</u>	<u>Paid</u>	<u>As at 31/12/2021</u>
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	<u>39,012,993.89</u>	<u>156,377,402.89</u>	<u>152,634,205.96</u>	<u>42,756,190.82</u>

6.19.3 Defined contribution plans

<u>Item</u>	<u>As at 1/1/2021</u>	<u>Accrued</u>	<u>Paid</u>	<u>As at 31/12/2021</u>
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	=	<u>169,272.66</u>	<u>169,272.66</u>	=
Total	<u>2,806,413.68</u>	<u>11,207,692.59</u>	<u>11,397,489.95</u>	<u>2,616,616.32</u>

6.20 Taxes and surcharges payable

<u>Category</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
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
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	<u>101,048.23</u>	<u>127,666.48</u>
Total	<u>4,258,871.51</u>	<u>2,825,413.78</u>

6.21 Other payables

<u>Item</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
Interest payable	-	-

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

6.21.1 Other payables

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

6.22 Non-current assets due within one year

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

6.23 Other current liabilities

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

6.24 Long-term loans

Long-term loans by category

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

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 Diqian 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 .

6.25 Lease liabilities

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

6.26 Long-term employee benefits payable

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

6.27 Deferred income

<u>Item</u>	<u>Balance as at 1/1/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance as at 31/12/2021</u>	<u>Reason for the deferred income</u>
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

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

(Continued)

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

6.28 Share capital

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

6.29 Capital reserve

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

6.30 Other comprehensive income

<u>Item</u>	<u>Balance as at</u> <u>1/1/2021(A)</u>	<u>Year ended 31/12/2021</u>		
		<u>Amount before</u>	<u>Less: OCI in prior</u>	<u>Less: OCI in prior</u>
		<u>tax</u>	<u>periods transfer in</u>	<u>periods carried</u>
		<u>profit or loss for</u>	<u>the current period</u>	<u>forward to</u>
				<u>retained earnings</u>
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	<u>-12,783,539.13</u>	<u>-6,886,431.99</u>	=	=

(Continued)

<u>Item</u>	<u>Year ended 31/12/2021</u>			<u>Balance as at</u>
	<u>Less: income tax</u>	<u>Amount after tax</u>	<u>Amount after tax</u>	<u>31/12/2021</u>
		<u>attributable to the</u>	<u>attributable to</u>	<u>(C)=(A)+(B)</u>
		<u>Company(B)</u>	<u>minority interests</u>	
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	=	<u>-5,472,662.85</u>	<u>-1,413,769.14</u>	<u>-18,256,201.98</u>

6.31 Special reserve

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

6.32 Surplus reserve

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

6.33 Undistributed profit

<u>Item</u>	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>	<u>Appropriation proportion</u>
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	-	-	-

<u>Item</u>	<u>Year ended</u>	<u>Year ended</u>	<u>Appropriation proportion</u>
	<u>31/12/2021</u>	<u>31/12/2020</u>	
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

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

6.34.2 Status of income from contracts

① Operating income and operating costs by recognition timing

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

② Income adapted to the lease standard

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

6.35 Taxes and surcharges

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>55,766.26</u>	<u>33,167.68</u>
Total	<u>2,170,926.08</u>	<u>2,324,086.97</u>

6.36 Selling and distribution expenses

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>335,821.30</u>	<u>623,371.66</u>
Total	<u>3,548,619.96</u>	<u>3,669,759.70</u>

6.37 General and administrative expenses

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>4,033,520.85</u>	<u>3,750,281.36</u>
Total	<u>64,478,320.35</u>	<u>49,476,821.86</u>

6.38 Research and development expenses

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

6.39 Finance expenses

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>129,811.76</u>	<u>164,075.46</u>
Total	<u>12,474,514.08</u>	<u>22,961,222.69</u>

6.40 Other income

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>5,000.00</u>	<u>10,000.00</u>
Total	<u>40,916,418.36</u>	<u>24,237,447.14</u>

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.

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

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

6.42 Credit impairment losses

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

6.43 Assets impairment losses

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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

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

6.46 Non-operating expenses

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

6.47 Income tax expenses

6.47.1 Details of income tax expenses

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

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

<u>Item</u>	<u>Year ended 31/12/2021</u>
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	-

<u>Item</u>	<u>Year ended 31/12/2021</u>
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

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>900,552.70</u>	<u>3,519,086.04</u>
Total	<u>41,622,892.30</u>	<u>29,713,130.80</u>

6.49.2 Cash paid related to other operating activities

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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	<u>5,947,525.52</u>	<u>5,999,662.55</u>
Total	<u>21,463,279.15</u>	<u>20,605,714.27</u>

6.49.3 Cash paid related to other financing activities

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

6.50 Supplement to statement of cash flows

6.50.1 Supplement to statement of cash flows

<u>Item</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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

<u>Item</u>	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>
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	-	-
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

<u>Item</u>	<u>Balance as at</u> <u>31/12/2021</u>	<u>Balance as at</u> <u>1/1/2021</u>
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

<u>Item</u>	<u>Carrying amount</u> <u>as at 31/12/2021</u>	<u>Restriction reason</u>
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	<u>66,722,605.94</u>	Collateral loan
Total	<u>103,799,767.56</u>	

6.52 Monetary items denominated in foreign currency

6.52.1 Monetary items denominated in foreign currency

<u>Item</u>	<u>Balance in foreign currency as at 31/12/2021</u>	<u>Exchange rate</u>	<u>Balance translated into RMB as at 31/12/2021</u>
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
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

<u>Significant foreign operating entity</u>	<u>Overseas location of primary operation</u>	<u>Reporting currency</u>	<u>Basis for determination</u>
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

<u>Item</u>	<u>amount</u>	<u>Report project</u>	<u>recorded in other income for current period</u>
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
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	<u>5,000.00</u>	Other income	<u>5,000.00</u>
Total	<u>40,916,418.36</u>		<u>40,916,418.36</u>

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

<u>Subsidiary name</u>	<u>Registration place</u>	<u>Principal place of business</u>	<u>Business nature</u>	<u>Shareholding</u>		<u>Acquisition method</u>
				<u>Direct</u>	<u>Indirect</u>	
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

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

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			
	Operating income	Net profit	Total	Cash flows from comprehensive operating activities

<u>Subsidiary name</u>	Year ended 31/12/2020			
	Operating income	Net profit	Total income	Cash flows from comprehensive operating activities
Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.	249,754,578.58	2,751,856.01	-700,571.69	72,260,920.89
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

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

<u>Name of parent company</u>	<u>Registration place</u>	<u>Type of business</u>	<u>Registered capital</u>	<u>(%)Shareholding ratio of the Company</u>	<u>(%)Voting rights proportion % of the Company</u>
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

<u>Entity name</u>	<u>Relationship</u>
Inspur Gensoft Software Inc.	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

The company, as the lessee:

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

10.4.2 Remuneration of key management

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

10.4.3 Other related transactions

10.4.3.1 Interest revenue

<u>Item</u>	<u>Related party</u>	<u>Year ended 31/12/2021</u>	<u>Year ended 31/12/2020</u>
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

<u>Item</u>	<u>Related party</u>	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 Gensoft Software Inc.	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

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

<u>Item</u>	<u>Oceanic fishing</u>	<u>Vessels leasing</u>	<u>Aquatic products processing and refrigeration</u>	<u>Others</u>	<u>Elimination between branches</u>	<u>Total</u>
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

<u>Aging</u>	<u>Balance as at 31/12/2021</u>
Within 6 months	9,190,590.36
6 months-1 years	-
1-2 years	-
2-3 years	-
More than 3 years	<u>5,689,018.01</u>
Total	<u>14,879,608.37</u>

14.1.2 Accounts receivable by provision method for allowance credit losses

<u>Item</u>	<u>As at 31/12/2021</u>				
	<u>Balance</u>	<u>PCT</u>	<u>Allowance for credit losses</u>	<u>PCT</u>	<u>Carrying amount</u>
Individually assessment subject to allowance for credit losses	-	-	-	-	-
Grouping assessment subject to allowance for credit losses	<u>14,879,608.37</u>	<u>100.00%</u>	<u>6,148,547.53</u>	41.32%	<u>8,731,060.84</u>
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	<u>14,879,608.37</u>	<u>100.00%</u>	<u>6,148,547.53</u>	41.32%	<u>8,731,060.84</u>

(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	<u>13,483,880.01</u>	<u>100.00%</u>	<u>6,076,243.56</u>	45.23%	<u>7,407,636.45</u>
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	<u>13,483,880.01</u>	<u>100.00%</u>	<u>6,076,243.56</u>	45.23%	<u>7,407,636.45</u>

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	<u>5,689,018.01</u>	<u>5,689,018.01</u>	100.00%
Total	<u>14,879,608.37</u>	<u>6,148,547.53</u>	

(Continued)

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	<u>5,689,018.01</u>	<u>5,689,018.01</u>	100.00%
Total	<u>13,433,529.01</u>	<u>6,076,243.56</u>	

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	<u>293,209.20</u>	<u>1.97%</u>	<u>293,209.20</u>
Total	<u>12,217,748.66</u>	<u>82.11%</u>	<u>4,310,350.18</u>

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	<u>3,595,932.39</u>	<u>3,553,611.55</u>
Total	<u>119,015,186.36</u>	<u>204,498,840.72</u>

14.2.1 Dividends receivable

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	<u>85,085,303.70</u>	<u>101,777,374.94</u>

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	<u>10,398,581.52</u>
Total	<u>37,525,815.05</u>

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

<u>Nature</u>	<u>Balance as at 31/12/2021</u>	<u>Balance as at 1/1/2021</u>
Revolving fund and other	4,148,691.43	3,819,296.38
Less: Allowance for credit losses	<u>3,595,932.39</u>	<u>3,553,611.55</u>
Total	<u>33,929,882.66</u>	<u>102,721,465.78</u>

14.2.2.3 The provision of allowance for credit losses

<u>The allowance for credit losses</u>	<u>Stage one</u> <u>12-month ECL</u>	<u>Stage two</u> <u>Lifetime ECL</u> <u>(credit -</u> <u>unimpaired)</u>	<u>Stage three</u> <u>Lifetime ECL</u> <u>(credit-impaired)</u>	<u>Total</u>
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

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

14.2.2.5 Other receivables written-off during the year

<u>Item</u>	<u>Write-off amount</u>
Other receivables written off	1,258.28

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

<u>Company name</u>	<u>Nature of</u> <u>payment</u>	<u>Balance as at</u> <u>31/12/2021</u>	<u>Aging</u>	<u>As a percentage of</u> <u>the total amount</u>	<u>Ending balance of</u> <u>allowance for</u> <u>credit losses</u>
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	<u>302,683.00</u>	0-6 months	<u>0.81%</u>	-
Total		<u>33,136,173.99</u>		<u>88.31%</u>	-

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 INTERNATIO NAL CORP.	12,476,145.60	-	-	12,476,145.60	-	-
Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.	22,869,513.38	-	-	22,869,513.38	-	-
Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.	55,448,185.24	-	-	55,448,185.24	-	-
Shandong zhonglu Haiyan Oceanic Fisheries Co., Ltd.	<u>141,395,611.01</u>	=	=	<u>141,395,611.01</u>	=	=
Total	<u>232,189,455.23</u>	=	=	<u>232,189,455.23</u>	=	=

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	<u>4,156,011.88</u>	<u>1,788,918.05</u>	<u>4,999,320.98</u>	<u>1,807,861.27</u>
Total	<u>139,327,287.43</u>	<u>116,889,774.06</u>	<u>113,685,121.82</u>	<u>100,927,361.83</u>

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

<u>Item</u>	<u>Year ended</u> <u>31/12/2021</u>	<u>Year ended</u> <u>31/12/2020</u>
Gain/(Loss) on financial assets held for trading for the current period	<u>49,972.60</u>	<u>15,287.67</u>
Total	<u>8,867,101.36</u>	<u>7,896,264.69</u>

15. Supplementary information

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

<u>Item</u>	<u>Amount</u>	<u>Remark</u>
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	-
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	<u>818,312.96</u>	-
Total	<u>4,794,512.67</u>	-

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

<u>Profit in report period</u>	<u>Weighted average return on</u> <u>equity</u>	<u>Earnings per share</u>	
		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