

深圳市深粮控股股份有限公司
SHENZHEN CEREALS HOLDINGS CO.,LTD.
ANNUAL REPORT 2022



April 2023

Section I. Important Notice, Contents and Interpretation

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

Principal of the Company Hu Haixiang, Head of Accounting Lu Yuhe and Head of Accounting Institution (Accounting Supervisors) Wen Jieyu hereby confirm that the Financial Report of Annual Report 2022 is authentic, accurate and complete.

All Directors have attended the Board Meeting for deliberation of this Report.

Concerning the forward-looking statements with future planning involved in the annual report, they do not constitute a substantial commitment for investors. *Securities Times, China Securities Journal, Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the media appointed by the Company for information disclosure. All information of the Company disclosed in the above mentioned media should prevail. Investors are advised to exercise caution of investment risks.

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report. Investors are advised to pay attention to read “Prospect for future development of the Company” in the report of Section III Discussion and Analysis of the Operation. 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 profit distribution plan that was deliberated and approved by the Board Meeting is: based on total share capital of 1,152,535,254, distributed cash bonus of 2.5 yuan (tax inclusive) for every 10 shares, 0 share bonus issued (tax inclusive) and no transfer of capital reserve into share capital.

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Documents Available for Reference

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original audit report with seal of accounting firm and signature and seal of the CPA;
3. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) in the reporting period;
4. Original copies of 2022 Annual Report with signature of the Chairman.

Interpretation

Items	Refers to	Contents
SZCH/Listed Company /the Company/	Refers to	Shenzhen Cereals Holdings Co., Ltd.
Shenshenbao/Shenbao Company	Refers to	Shenzhen Shenbao Industrial Co., Ltd.
SZCG	Refers to	Shenzhen Cereals Group Co., Ltd
Doximi	Refers to	Shenzhen Shenliang Doximi Business Co., Ltd.
Flour Company, Flour Factory	Refers to	Shenzhen Flour Co., Ltd
Shenliang Quality Inspection	Refers to	Shenliang Quality Inspection Co., Ltd.
Dongguan Logistics	Refers to	Dongguan Shenliang Logistics Co., Ltd.
Dongguan Food Industrial Park	Refers to	Dongguan International Food Industrial Park Development Co., Ltd.
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd.
Hualian Company	Refers to	Shenzhen Hualian Grain and Oil Trading Co., Ltd.
Shenliang Cold Chain	Refers to	Shenzhen Shenliang Cold Chain Logistics Co., Ltd.
Shenliang Property	Refers to	Shenzhen Shenliang Property Development Co., Ltd.
Wuhan Jiacheng	Refers to	Wuhan Jiacheng Biotechnology Co., Ltd
Food Materials Group	Refers to	Shenzhen Food Materials Group Co., Ltd
Fude Capital	Refers to	Shenzhen Fude State Capital Operation Co., Ltd.
Agricultural Products	Refers to	Shenzhen Agricultural Products Group Co., Ltd
SIHC	Refers to	Shenzhen Investment Holdings Co., Ltd.
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CSRC	Refers to	China Securities Regulation Commission
SSE	Refers to	Shenzhen Stock Exchange
Shu Lun Pan CPAs	Refers to	BDO China Shu Lun Pan Certified Public Accountant LLP
Article of Association	Refers to	Article of Association of Shenzhen Cereals Holdings Co., Ltd.
RMB/10 thousand Yuan	Refers to	CNY/ten thousand Yuan

Section II Company Profile and Main Financial Indexes

I. Company information

Short form for share	SZCH, Shenliang B	Stock code	000019, 200019
Short form of share before change(if applicable)	Shenshenbao, Shenbao B		
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深粮控股股份有限公司		
Abbr. of Chinese name of the Company	深粮控股		
English name of the Company(if applicable)	SHENZHEN CEREALS HOLDINGS CO.,LTD		
Legal Representative	Hu Xianghai		
Registrations add.	8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen		
Code for registrations add	518057		
Historical changes of registered address	The registered address of the Company, when listed in 1992, was No.10, Tianbei East, Wenjin North Road, Luohu District, Shenzhen; in 1999 the registered address changed to No.1058, Wenjin North Road, Luohu District, Shenzhen; in 2002 the registered address changed to 28/F, Tower B,C of Bao'an Square, No.1002 Sungang Road, Luohu District, Shenzhen; in 2010 the registered address changed to South half of the 20 th floor, Tower of Zhuzilin Education and Technology Building, Futian District, Shenzhen; in 2015 registered address changed to 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen		
Offices add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen		
Codes for office add.	518033		
Company's website	www.slkg1949.com		
E-mail	szch@slkg1949.com		

II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Chen Xiaohua	Chen Kaiyue, Liu Muya
Contact add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen
Tel.	0755-83778690	0755-83778690

Fax.	0755-83778311	0755-83778311
E-mail	chenxh@slkg1949.com	chenky@slkg1949.com、liumy@slkg1949.com

III. Information disclosure and preparation place

Website of the Stock Exchange where the annual report of the Company is disclosed	<i>Securities Times; China Securities Journal</i>
Media and Website where the annual report of the Company is disclosed	Juchao Website: www.cninfo.com.cn
Preparation place for annual report	Office of the Board of Directors

IV. Registration changes of the Company

Organization code	91440300192180754J
Changes of main business since listing (if applicable)	On February 18, 2019, the company completed the registration procedures of changes in industry and commerce for business scope and other matters. The main business has newly increased the modern food supply chain services as grain & oil trading, processing, storage and logistics.
Previous changes for controlling shareholders (if applicable)	<p>On September 10, 1999, Shenzhen Investment Management Co., Ltd. entered into the “Equity Transfer Agreement of Shenzhen Shenbao Industrial Co., Ltd.” with Agricultural Products for 58,347,695 shares of the Company (35% in total shares of the Company) transfer to Agricultural Products with price of RMB 1.95 per share. Agricultural Products comes to the first majority shareholder of the Company after transfer and procedures for the above equity transfer has completed in June 2003.</p> <p>On April 3, 2018, Shenzhen Investment Holdings Co., Ltd. completed the transfer of all of its 79,484,302 shares of A shares in the company to Fude Capital(changed its name to Food Materials Group later). After the completion of the equity transfer, Food Materials Group directly holds 79,484,302 shares of A shares in the company (accounting for 16% of the company’s original total share capital) and controls 19.09% shares of the company through Agricultural Products indirectly, becoming the controlling shareholder of the company.</p>

V. Other relevant information

CPA engaged by the Company

Name of CPA	BDO China Shu Lun Pan Certified Public Accountant LLP
Offices add. for CPA	BDO CPAs, 5/F, No.11 Building, Phase II q-plex, No. 4080, Qiaoxiang Rd., Nanshan District,
Signing Accountants	Qi Tao, Tao Guoheng

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 or not

Yes No

	2022	2021	Changes in the current year over the previous year (+,-)	2020
Operating revenue (RMB)	8,312,723,058.19	10,139,563,710.11	-18.02%	11,884,527,506.34
Net profit attributable to shareholders of the listed Company (RMB)	420,594,871.27	428,720,226.09	-1.90%	405,088,385.54
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	402,423,745.44	377,558,306.28	6.59%	374,210,363.49
Net cash flow arising from operating activities (RMB)	531,888,766.64	440,396,029.54	20.78%	286,528,222.27
Basic earnings per share (RMB/Share)	0.3649	0.3720	-1.91%	0.3515
Diluted earnings per share (RMB/Share)	0.3649	0.3720	-1.91%	0.3515
Weighted average ROE	8.96%	9.13%	-0.17%	8.99%
	Year-end of 2022	Year-end of 2021	Changes at end of the current year compared with the end of previous year (+,-)	Year-end of 2020
Total assets(RMB)	7441334674.98	7,669,618,906.32	-2.98%	7,309,384,147.93
Net assets attributable to shareholder of listed Company(RMB)	4762973461.81	4,630,292,102.34	2.87%	4,595,331,999.76

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

Unit: RMB/CNY

	Net profit attributable to shareholders of the listed Company		Net assets attributable to shareholder of listed Company	
	Current period	Last period	Ending amount	Opening amount
Chinese GAAP	420,594,871.27	428,720,226.09	4,762,973,461.81	4,630,292,102.34
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	420,594,871.27	428,720,226.09	4,764,040,461.81	4,631,359,102.34

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 has no above mentioned condition occurred in the period

3. Explanation on differences of the data under accounting standards in and out of China

Applicable Not applicable

VIII. Main financial index disclosed by quarter

Unit: RMB/CNY

	Q 1	Q 2	Q 3	Q 4
Operating revenue	2,184,426,983.72	2,153,617,544.63	2,026,973,551.46	1,947,704,978.38
Net profit attributable to shareholders of the listed Company	137,438,033.98	100,089,748.95	80,861,710.05	102,205,378.29
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses	131,804,641.16	95,327,647.59	78,028,506.45	97,262,950.24

Net cash flow arising from operating activities	216,416,899.39	43,956,603.47	479,081,865.79	-207,566,602.01
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Are there 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	2022	2021	2020	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-3,470,850.06	29,351,180.57	2,072,531.42	
Governmental subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	8,775,672.58	15,871,621.28	18,503,372.31	
Profit and loss of assets delegation on others' investment or management	8,455,442.20	4,014,308.85	12,655,258.64	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding the tradable financial assets and tradable financial liabilities, and the investment earnings obtained from disposing the trading financial asset, trading financial liability and financial assets available for sale	18,546.91	299,292.76	-151,852.20	
Reversal of provision of impairment of accounts receivable which are treated with separate depreciation test	881,986.09	4,076,676.65	1,236,198.70	
Other non-operating income and expenditure except for the aforementioned items	7,042,268.06	13,089,042.88	2,423,255.86	
Other profit and loss items that meet the definition of non-recurring profit and loss	1,064,111.79		496,383.61	
Less: impact on income tax	4,583,525.90	14,600,145.88	5,591,230.45	
Impact on minority shareholders' equity (after-tax)	12,525.84	940,057.30	765,895.84	

Total	18,171,125.83	51,161,919.81	30,878,022.05	--
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Other gains/losses items that conform to the definition of non-recurring gains/losses:

Applicable Not applicable

The Company does not have other gains/losses items that conform to the definition of non-recurring gains/losses

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

(i) The basic situation, development stage, cyclical characteristics of the industry and the company's position in the industry shall highlight the major changes occurring during the reporting period.

The year 2022 was a very important year for the development of the Party and the country. In the face of stormy international environment and arduous domestic tasks of reform, development and stability, the CPC Central Committee with comrade Xi Jinping as its core has united and led the whole Party and the people of all ethnic groups to rise to the challenges, coordinated both domestic and international situations and intensified macro-control efforts to ensure overall economic and social stability. The great strategic goal of accelerating the building of a strong agricultural country was clearly put forward at the CPC National Congress. In 2022, China's agriculture and rural areas continued to maintain a sound development momentum, with grain harvest in adversity. The output reached a record high and the soybean oil seed expansion exceeded expectations, successfully achieving the goal of stable production and supply. Compared with the international market, domestic grain prices were relatively stable and food security was effectively guaranteed.

In 2022, there was no significant change in international grain production and consumption. However, due to various factors at home and abroad, international grain prices fluctuated wildly, grain imports declined, and some domestic and provincial grain and oil prices rose. The stable domestic and provincial food supply foundation has smoothed the transmission of international food price fluctuations to China to some extent. In the second half of the year, the international and domestic grain supply and demand were basically stable, and grain consumption showed a trend of recovery. The trend of grain and oil prices was expected to be stable and weaken, and the uncertainties of price fluctuations still remained. First, in the international market, grain prices showed a trend of "rising and then declining", with wild price fluctuations, but there was no significant change in the fundamentals of production and consumption; Second, in the domestic market, grain production had another bumper harvest, and overall prices of unprocessed grains and edible vegetable oils rose; Third, in the provincial market, grain production and transfer increased, grain ration prices were stable, and prices of feed grain and edible oil rose.

(ii) The major impact of newly promulgated laws, administrative regulations, departmental rules, and industry policies on the industry.

In February 2022, the CPC Central Committee and the State Council issued the Opinions of the CPC Central Committee and the State Council on Promoting Key Tasks of Rural Revitalization by 2022 (hereinafter referred to as "the Opinions"), which is the 19th No. 1 Document of the Central Committee to guide the work related to agriculture, rural areas and farmers since the new century. The Opinions set priorities for comprehensively promoting rural vitalization by 2022, and specified two bottom-line tasks: ensuring national food security and preventing large-scale return to poverty; key tasks in three aspects: rural development, rural construction, rural

governance; promoting the realization of “two news”: new progress in rural revitalization and new steps in agricultural and rural modernization. In terms of ensuring national food security, the No. 1 Document of the Central Committee for 2022 prioritized grain production and the supply of important agricultural products, and emphasized on the necessity to maintain cultivated land, stabilize output and adjust the structure. The Opinions emphasized “implementing the ‘tooth’ hard measures for the protection of cultivated land and strictly maintaining the red line of cultivated land of 1.8 billion mu”. On the basis of the joint responsibility of the Party and government for food security proposed in No.1 Document for 2021, the joint responsibility of the Party and government for the protection of cultivated land and lifelong accountability were further proposed in No.2 Document for 2022. The Opinions pointed out to vigorously adjust and optimize the agricultural structure, expand the seeds of soybean, rape and other oil crops, and vigorously implement soybean and oil production capacity improvement projects.

In October 2022, the Report of the 20th CPC National Congress made an overall plan for the work of agriculture, rural areas and farmers. For the first time, the term “strength in agriculture” was included in the report of the CPC National Congress, which provides fundamental guidelines for the work of agriculture, rural areas and farmers on the new journey in the new era. The report made important arrangements for “consolidating the foundation of food security in all aspects, fully implementing the joint responsibility of the Party and government for food security, strictly maintaining the red line of cultivated land of 1.8 billion mu”, “ensuring that the rice bowls of Chinese people are firmly held in their own hands”, and “ensuring the security of food, energy resources, and important industrial and supply chains”. Next, we shall further implement the “grain storage in the land” and intensify the protection of cultivated land and farmland construction. We shall implement the strictest cultivated land protection system, strengthen “tooth” hard measures, and strictly maintain the red line of cultivated land of 1.8 billion mu. We shall optimize production layout and enhance comprehensive grain production capacity. We shall improve and guarantee national laws and regulations for food security, fully implement the joint responsibility of the Party and government for food security, strictly perform assessment on the responsibility system for the protection of cultivated land and food security, and share the responsibility in major producing areas, major marketing areas and production-marketing balanced areas. We shall strengthen the construction of functional grain production areas, take multiple measures at the same time to promote stable and increased grain production, and keep annual grain output above 650 million tons. We shall implement the concept of big food and develop food resources in an all-round and multi-channel manner.

II. Main businesses of the Company during the reporting period

Main business of the Company includes the wholesale and retail business, food processing and manufacturing business, leasing and commerce service business.

The wholesale and retail business are mainly rice, wheat, rice in the husk, corn, sorghum, cooking oil and other varieties of grain and oil as well as the sales of fine tea, beverage and condiment. During the reporting period, the company overcame many adverse factors such as decline in market demand and fluctuation of grain price, took multiple measures to ensure supply and stable supply, and continued to optimize the products, strengthen the

brand and expand the market. Mainly supplied wheat, rice, corn, barley, sorghum and other raw grain to customers such as the industry's large traders, feed processing and flour processing enterprises and so on; mainly sold rice, flour, cooking oil, high-quality tea, beverages and other products to demand units and community residents.

Food processing and manufacturing business are mainly the processing the technology research in aspect of flour, rice, cooking oil, tea and natural plant extracts, beverage and condiments etc. The company's flour brands and products include "Jinchangman", "Yingshanhong" and "Hongli" series bread flour; "Clivia" and "Canna" series tailored flour for cakes and steamed bun; "Sunflower" wheat flour for noodles and cookie flour; "Tianlvxiang" wheat flour for bread, refined flour and dumpling flour etc.; Rice products include "Shenliang Doximi", "Guzhixiang", "Gufengxianman", "Runxiangliangpin", "Hexiang" and "Taitai Fukou" etc. Cooking oil products include brands such as "Shenliang Fuxi", "Shenliang Jinxi" and "Youtian" etc. Tea brands mainly include "Ju Fang Yong" tea; "Yichong" fresh extract, "Jindiao" instant tea powder and other tea deep-processed products, as well as "Shenbao" chrysanthemum tea, lemon tea, and "Cha Mi Xiang Qi" and other series of tea drinks. Condiments are mainly "Sanjing" oyster sauce and sauces. Several brands have formed product series, including "SZCH Yushuiqing" rice, noodles, oil, and coarse cereals series, "Jiaxi" rice & noodles series, "Jinchangman" noodles & oil series, Black-faced Spoonbill tea, rice, oil, drinking water, non-staple food and condiment series, etc., and the launch of Yueqiu tea wine continues to enrich the product structure.

The leasing and business service refers to providing the professional import & export trade, warehousing & storage, logistic & distribution, quality inspection & information technology services, property leasing and management, business operation management services for all kinds of clients in the upstream and downstream of the industrial chain, by using the advantage of brand reputation, operation service capacity and facility technology that accumulated in field of grain and oil market. Dongguan smart gain logistics complex is a comprehensive grain distribution service body integrating five major functions: grain & oil terminal, transit reserve, testing & distribution, processing & production and market trading; Shenliang Quality Inspection was awarded as "Guangdong Shenzhen National Grain Quality Monitoring Station". the subsidiary Shenliang Cold Chain provides cold chain of food storage and distribution services to the customers, and Shenliang Property is a professional assets management platform enterprise.

III. Core Competitiveness Analysis

The company enhances the endogenous power by deepening reform, strengthens the "extensive" development by innovation cooperation, and continuously upgrades and transforms the governance pattern, development quality, and guarantee ability, and has embarked on a path of sustainable and high-quality development through self-innovation, and become a highly competitive, innovative and influential"ten billion" backbone grain enterprise in the domestic grain industry.

(1) Operation mechanism

The core management team of the company has rich experience, and has a strong strategic vision and pragmatic spirit. Combined with the actual development of the Company, formulated a set of effective mechanisms to

promote the quality and efficiency of business development. The company vigorously promotes the innovation and transformation of business models, and actively promotes the transition from “trade-oriented enterprises” to “service-oriented enterprises”, and from “operational management and control” to “strategic management and control”. In business control, through the own information management system, realizes a seamless link between the “operation” and “planning, capital, quality inspection, inventory, risk control and discipline”, building a strict “six-in-one” system of controlling to effectively reduce the operational risks while fully participating in the market competition, and achieving a deep integration of “ensuring grain security” and “promoting development”. Through deeply promotes the strategy of “talent strengthening the enterprises”, continuously innovative talent training mechanism to creates a high-quality talent supply chain, the company has established an open talent team to meet the long-term development of enterprises and reserve intelligence for the enterprise upgrading and development. The company has innovated and implemented the EVA performance appraisal mechanism and established a result-oriented incentive and restraint assessment mechanism which effectively built the performance culture and stimulated the viability within the enterprise. The company insists on cultivating and advocating the corporate culture with “people-oriented, performance first, excellent quality, and harmony” as the core values, combines the personal development goals of employees with the corporate vision, and enhances the cohesiveness and centripetal force of the enterprise.

(2) Business model

The company deeply engages in segmenting the target market, provides diversified product supply services for customers in different areas of the industry chain, establishes a multi-level product supply network covering online and offline, and realizes the transformation of product supply to “remoteness, intelligentization, and self-service”. In terms of grain and oil trading services, the bulk commodity trading platform www.zglsjy.com.cn created by its subsidiary Hualian Company efficiently integrates business flow, logistics, and information flow, improves circulation efficiency, and provides spot listings, one-way bidding, basis price, financing, logistics, quality inspection, information and other services for internal business units, suppliers and customers. In terms of e-commerce, SZCH Doximi actively promotes the development of new grain retail formats such as “Internet + Grain” and “Community Automatic Grain Sales Stations”, and has opened channels on e-commerce platforms such as Tmall and Jingdong Mall so as to promote the deep integration of online and offline e-commerce platforms. In terms of group meal supply, its subsidiary SZCH Beige has established a one-stop distribution service platform serving large end customers, providing high-quality and safe smart group meal food services for group users such as enterprises, schools, and government institutions. In terms of comprehensive tea drinking services, its subsidiary Shenbao Investment has launched a micro-complex “Cha Mi Xiang Qi” with a combination of “light drinks”, “light food” and “light retail” functions.

(3) Information technology

The company attaches great importance to the transformation and upgrading of traditional industries with modern technological means, and actively introduces new-generation information technologies such as the Internet of Things, cloud computing, big data, and mobile Internet into grain management, forming an information system that can cover the entire industrial chain of the grain industry, and promoting the “Internet + Grain” industry

development. The company's informatization construction capability is at the leading level in the grain reserves industry, taking the lead in building the warehouse management of "standardization, mechanization, informatization, and harmlessness" in the industry, the self-developed "Grain Logistics Information System (SZCG GLS)" has built a framework for the construction of grain informatization work, innovated the grain management model, led the development direction of the grain industry, and became a benchmark for the national grain industry. The project was awarded the "National IoT Major Application Demonstration Project" by the National Development and Reform Commission and the Ministry of Finance. The company has undertaken a number of national-level research projects, the results of a number of informatization projects have won national, provincial and municipal awards, and dozens of information systems have been developed and are operating normally.

(4) R&D capabilities

The company has strong research and development capabilities in the field of food and beverage, and gathers leading technological advantages and equipment systems. The subsidiary Shenbao Huacheng owns the Jiangxi provincial enterprise technology center, Shenzhen municipal research and development center (technology center) and Shenzhen plant deep processing technology engineering laboratory and have obtained national high-tech enterprise certification. And also owns a number of patented technologies for tea powder, tea concentrated juice and plant extraction independently researched and developed, published dozens of scientific papers, and won a number of awards such as Science and Technology Progress Award of the Ministry of Agriculture, Shennong Chinese Agricultural Science & Technology Award of the Chinese Society of Agriculture, Science & Technology Achievement Award of Chinese Academy of Agricultural Sciences, Science and Technology Award of China National Light Industry Council, Zhejiang Science and Technology Award, Jiangxi Science and Technology Progress Award and Shenzhen Science & Technology Progress Award, etc., presided over or participated in the preparation of a national standards "GBT 21733-2008 Tea Beverages" and two industry standards, i.e. "Tea Concentrates for Food Industry - Light Industry Standard QB-T 4068- 2010" and "Instant Tea for Food Industry - Light Industry Standard QB-T 4067-2010". Wuhan Jiacheng Company is a national-level high-tech enterprise, a supporting unit of Hubei Food Fermentation Engineering Technology Research Center, a key backbone enterprise in the national biological fermentation industry, a unit undertaking national agricultural transfer funds, innovation funds, and major key projects, and has participated in drafting a number of national standards, industry development plans and related policies, and has published dozens of papers, monographs, and has a number of national patents for invention.

(5) Quality control

The company implements grain and oil quality standards that are higher than national standards. The subordinate Shenliang Quality Inspection has the leading grain and oil quality inspection technology and equipment in the domestic grain industry, and is included in the national grain quality supervision and inspection system. It was awarded the "Guangdong Shenzhen National Grain Quality Monitoring Station" by the State Administration of Grain and obtained the assessment certificate of agricultural product quality and safety inspection agency (CATL) and the qualification certificate of inspection agency (CMA) etc, and passed the certification of a number of

testing capability items. Shenliang Quality Inspection lists pesticide residues, heavy metal pollutants, fungal toxins and other hygiene indicators as well as food taste indicators in the daily inspection indicators. It has the ability to detect four types of indicators of generic quality, storage quality, food security & quality and other four types of indicators of testing capacity. The detection capability can meet the relevant quality detection requirements of grain and oil products, and can accurately analyze the nutritional composition and hygienic indicators of the grain and determine its storage and edible quality. It has created the “digital laboratory” in the grain industry, real-time monitoring of the entire process of cuttings, testing, distribution, etc., relying on collaborative platforms to save, retrieve, integrate, analyze and share grain and oil testing data to achieve 100% coverage of grain & oil product inspection. Has the internationally recognized quality control system. Its subsidiary Shenbao Huacheng Company has established a quality control system recognized by large international food and beverage companies, and has successfully passed the quality certification of global suppliers of Coca-Cola, Lipton, Kraft, Suntory, and Nestlé. Subsidiary Wuhan Jiacheng Company’s series of products have passed the certification of European Organic Products (EOP), US National Organic Program and other relevant system certification, and also obtained the product registration certificate of Russian red currant and special registration certificate of US FDA products for import, etc.

(6) Brand effect

The company was awarded the “Top 500 Service Enterprises in China”, “China’s Most Influential Grain & Oil Group”, “China Top Ten Grain and Oil Groups”, “China Top 100 Grain and Oil Enterprises”, “National Leading Enterprise Supporting Grain and Oil Industrialization”, “National Quality Benchmark” and “Top 10 Food Digital Technology Applications”. It has been selected as one of the “First Batch of National Emergency Food Security Enterprises”, “Top 100 Agricultural Industrialized Head Enterprises in China”, “Top 10 Head Enterprise in the Grain Industry” and “The National Demonstration Enterprise of Assured Gain & Oil Demonstration Project”, etc.. It is the “Rice Bag” trusted by the public. Strengthen brand leadership, actively explore and cultivate excellent public brands, rely on quality to win recognition, reputation and market share, and form a series of high-quality grain and oil products centered on China Good Grain and Oil, Shenzhen Well-known Brands, and Shenzhen Products. The company owns well-known brands and platforms, such as “Shenzhen Flour”, “SZCH Duoxi”, “SZCH Yushuiqing”, “Big Kitchen”, “Shenbao Teabank”, “Ju Fang Yong”, “Cha Mi Xiang Qi”, “Sanjing”, “www.zglsjy.com.com”, and “doximi.com”, and gradually build an industrial system with complete “rice” + “tea” elements.

IV. Main business analysis

1. Overview

The year 2022 was a key period for the “14th Five-Year Plan”. Facing complex domestic and international situations, the company closely focused on the strategic goal of “building a high-quality service provider of smart grain, oil and food supply chain”, adhered to the general principle of seeking progress while keeping performance stable, proactively served and integrated into the new development pattern of food security, deepened reform and

innovation, strengthened the coordinated support of the whole chain of production, purchase, storage, processing and marketing, consolidated the stability of supply chain, attached importance to both quantity and quality, and worked together to protect the “safety of every bite of food” of the people in the Special Administrative Region. In 2022, the company achieved the operating revenue of 8.313 billion yuan, with a year-on-year decrease of 18.02%; the total profit was 471 million yuan, with a year-on-year decrease of 8.76%, and the net profit attributable to shareholder of listed company was 421 million yuan, with a year-on-year decrease of 1.90%.

(1) Progress of key projects

The rice production line of the Northeast Grain Source Base has been put into operation, with various indicators exceeding expectations. The new seal-railway multimodal container or road-sea multimodal container has been adopted to reduce grain loss, shorten transportation time, connect the channel of “grain from the North to the south”, and further strengthen the chain of “production, purchase, storage, processing and marketing” of grain, oil and food.

Dongguan grain logistics nodes focus on both construction and operation. Shenzhen Cereals Logistics Building has been officially put into operation, A1 horizontal warehouse has been accepted and put into operation, A2 and A3 plots have obtained the construction licenses and the construction has been promoted in order. The port operation licenses of No.1 and No.2 berths have been obtained, and the construction of No.3 berth has been commenced.

(2) Reform deepening

The Company adhered to the guidance of high goals, planning at high position and promotion in high efficiency. In 2022, the company fully completed the key tasks of three-year action for state-owned enterprise reform, the “Double Hundred Action” and the action to improve the world-class management, effectively promoted the deep integration of the Party’s leadership and corporate governance, standardized the authorized management of the board of directors of the company and its subsidiaries, and fully implemented the tenure system and contractual management of managers. The company carried out competition for management, continuously improved the scientific and technological innovation ability and digital development level, and systematically improved the enterprise management level. The company has been awarded Grade A in the second round assessment of three-year action for state-owned enterprise reform in Shenzhen, and the National “Double Hundred Enterprise Benchmark” in 2021, effectively playing the demonstration and leading role of “Double Hundred Enterprise”.

(3) Other key tasks

The first was to accelerate digital transformation. The company promoted the innovative application of the new generation of information technology in the grain industry, continued to strengthen information construction, and constantly improved the overall information level. Built a quality archive digital system to strengthen food quality and safety control. Through opening up the information channel of key links such as food procurement, sales, storage and quality inspection, realized the collaborative operation among various systems, effectively improved food quality traceability ability, and effectively guaranteed food security; carried out flour digital production

construction project, promoted flexible production by digital means, and realized effective digital application in flour production management; carried out a number of information construction projects, signed cooperation framework agreements with Huawei and Tencent, and accelerated the digital transformation of the whole chain.

The second was to give full play to the driving role of standards. The company actively participated in the revision of major national projects and national standards, local standards and organization standards. In 2022, the company participated in the formulation and revision of 10 standards, among which 5 standards have been officially issued and enforced in 2022; steadily promoted the national food and material reserve skills master studio project “Reserve Rice Quality Control and Traceability Studio”; participated in the national key research and development plan “Food Safety Key Technology Research and Development”, the key special project “Food Spoilage and Mildew Intelligent Real-time Monitoring and Alarm, Traceability Technology Application Demonstration” and the project of National Food and Strategic Reserves Administration “Quality Wheat for Bread Quality Analysis Index System Research and Wheat Quality Inspection Analysis”.

The third was to strengthen internal control and management. The company deepened the implementation of six-in-one “big risk control” management mechanism integrating “risk management + internal control and management + legal compliance + audit + production safety + quality safety”, and promoted the full coverage of independent evaluation and risk assessment of subordinate enterprises; dealt with problems left over from the past by means of “case to bankruptcy review, consolidation by merger, independent liquidation and destocking”; constantly promoted the rectification of classification according to law, inspection according to law and administration according to law, and effectively implemented the security and confidentiality work; strengthened the cost control in the whole process of projects, and the total reduction rate of project cost was 6.98%; improved the fund management system, promoted the replacement of own funds, built a unified fund supervision platform, and completed the long-term supervision mechanism for fund security inspection.

The fourth was to strengthen brand building. Combined with the brand building practice, the company formulated and issued Brand Building Report (Brand Improvement Management Plan) of SZCH, which provided strong basis and guidance for the brand building and development, and effectively promoted the sustainable and high-quality development of the company brands. A total of 16 products of subordinate companies including SZCH Doximi, SZCH Big Kitchen, SZCH Food, SZCH Axunge and Flour Company, won the title of “Shenzhen Products”; Flour Company and SZCH Big Kitchen were awarded the title of “Enterprise with Outstanding Contribution to Agricultural Products Support”; SZCH Big Kitchen was awarded municipal AAA level enterprise of quality safety and standard management of agricultural products and selected into the 11th batch of “National Credible Grain and Oil Demonstration Enterprises”; SZCH Food won the first prize in the essay category of the National Final of the 10th “National Brand Story Competition”; Shenbao Huacheng was awarded the title of the 12th “Shenzhen Time-honored Brand”; Wuhan Jiacheng won the first batch of innovative small and medium-sized enterprises in Hubei Province.

2. Revenue(Income) and cost

(1) Component of operating revenue

Unit: RMB/CNY

	2022		2021		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operating revenue	Amount	Ratio in operating revenue	
Total operating revenue	8,312,723,058.19	100%	10,139,563,710.11	100%	-18.02%
According to industries					
Wholesale and retail	6,478,281,826.57	77.93%	8,364,236,216.21	82.49%	-22.55%
Leasing and business services	998,700,581.84	12.01%	1,003,311,609.05	9.90%	-0.46%
Manufacturing	835,740,649.78	10.06%	772,015,884.85	7.61%	8.25%
According to products					
Grain & oil trading and processing	7,060,875,537.13	84.94%	8,898,880,048.64	87.76%	-20.65%
Grain & oil storage logistics and services	914,687,968.81	11.00%	883,450,005.50	8.71%	3.54%
Food, beverage and tea processing	253,146,939.22	3.05%	237,372,052.42	2.34%	6.65%
Leasing and others	84,012,613.03	1.01%	119,861,603.55	1.19%	-29.91%
According to region					
Domestic market	8,273,944,947.64	99.53%	10,096,185,227.04	99.57%	-18.05%
Exportation	38,778,110.55	0.47%	43,378,483.07	0.43%	-10.61%
According to sale model					
Direct sale	8,312,723,058.19	100.00%	10,139,563,710.11	100.00%	-18.02%

(2) Industries, products, regions and sales model that account for more than 10% of the operating revenue or operating profit of the Company

Applicable Not applicable

Unit: RMB/CNY

	Operating revenue	Operating cost	Gross profit ratio	Increase/decrease of operating revenue y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						

Wholesale and retail	6,478,281,826.57	6,080,180,348.76	6.15%	-22.55%	-22.33%	-0.26%
According to products						
Grain & oil trading and processing	7,060,875,537.13	6,639,166,623.24	5.97%	-20.65%	-20.66%	0.00%
According to region						
Domestic market	8,273,944,947.64	7,141,712,718.11	13.68%	-18.05%	-19.14%	1.17%
According to sale model						
Direct sale	8,312,723,058.19	7,172,858,434.85	13.71%	-18.02%	-19.04%	1.08%

In the event that the statistical caliber of the company's main business data is adjusted during the reporting period, the main business data of the company has been adjusted according to the caliber at the end of the reporting period in the past year

Applicable Not applicable

(3) Revenue from physical sales larger than revenue from labors

Yes No

Industries	Item	Unit	2022	2021	Increase/decrease y-o-y (+,-)
Wholesale and retail	Sales volume	Ton	2,187,056.83	3,195,514.47	-31.56%
	Output				
	Storage	Ton	1,160,079.24	1,172,796.47	-1.08%

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

Applicable Not applicable

In 2022, the wholesale and retail sales volume was 2,187,100 tons, a year-on-year decrease of 31.56% compared to that of 2021, mainly due to the comprehensive impact of factors such as high fluctuations in grain and oil prices leading to a decrease in market demand, resulting in a decrease in the company's grain and oil trade sales volume.

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

Applicable Not applicable

(5) Component of operation cost

Classification of industries and products

Unit: RMB/CNY

Industries	Item	2022		2021		Increase/decrease y-o-y (+,-)
		Amount	Ratio in operation cost	Amount	Ratio in operation cost	

Wholesale and retail	Raw materials	6,080,180,348.76	84.77%	7,828,435,792.29	88.36%	-22.33%
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Explanation

The main business income of the company is from grain and oil trade and reserve services, and the corresponding cost expenditure is mainly the procurement cost of grain and oil trade.

(6) Whether changes in the scope of consolidation in reporting period

Yes No

In this period, Zhenpin Market Operation Technology Co., Ltd. and Shenliang Hongli Grain and Oil (Shenzhen) Co., Ltd. were newly established. The company lost its control right over Hangzhou Ju Fang Yong Trading Co., Ltd. as the latter was transferred to the designated manager of the court due to bankruptcy liquidation. Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as “Shenbao Technology”) was absorbed and merged by Shenbao Huacheng before being cancelled.

(7) Material changes or adjustment for products or services of the Company in reporting period

Applicable Not applicable

(8) Major sales clients and main suppliers

Major sales clients of the Company

Total top five clients in sales (RMB)	2,427,324,802.27
Proportion in total annual sales volume for top five clients	29.21%
Proportion in total annual sales volume for related sales among top five clients	0.00%

Top five clients of the Company

Serial	Name	Sales (RMB)	Proportion in total annual sales
1	Client I	728,839,685.27	8.77%
2	Client II	511,672,103.95	6.16%
3	Client III	483,390,744.83	5.82%
4	Client IV	354,962,775.72	4.27%
5	Client V	348,459,492.50	4.19%
Total	--	2,427,324,802.27	29.21%

Other explanation on main clients

Applicable Not applicable

Main suppliers of the Company

Total purchase amount from top five suppliers (RMB)	2,539,311,117.40
Proportion in total annual purchase amount for top five suppliers	35.83%

Proportion in total annual purchase amount from related purchase among top five suppliers	0.00%
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Top five suppliers of the Company

Serial	Name	Sum of purchase (RMB)	Proportion in total annual sum of purchase
1	Supplier I	1,004,715,867.54	14.18%
2	Supplier II	639,279,986.01	9.02%
3	Supplier III	346,777,874.34	4.89%
4	Supplier IV	326,468,438.50	4.61%
5	Supplier V	222,068,951.01	3.13%
Total	--	2,539,311,117.40	35.83%

Other explanation on main suppliers

Applicable Not applicable

3. Expenses

Unit: RMB/CNY

	2022	2021	Increase/decrease y-o-y (+,-)	Note of major changes
Sales expenses	175,760,616.70	250,216,473.67	-29.76%	As market demand reduced due to the high fluctuations in grain and oil prices and other factors, the company's grain and oil trade revenue has decreased, and related sales expenses have decreased year-on-year.
Administration expenses	280,557,640.12	300,735,585.34	-6.71%	
Financial expenses	51,357,048.55	56,368,586.68	-8.89%	
R&D expenses	18,549,053.04	20,689,494.13	-10.35%	

4. R &D investment

Projects	Purpose	Progress	Goals to be achieved	Expected impact on the future development of the Company
SZCH quality archive digital system	By opening up information channels in key links such as grain procurement, sales, storage and quality inspection,	Completed	Realize strict inspection and supervision of grain warehousing, storage and ex-warehouse, and	Strengthen grain quality control and traceability inspection, meet the requirements of external

	learn about the quality and storage of grain in time.		improve the traceability ability of grain quality.	supervision and inspection, and effectively ensure food security.
SZCH contract digital management system	By creating management modules related to supplier/customer management, contract signing management, contract execution supervision and statistical evaluation, fully improve contract digital supervision ability and level.	Completed	Strengthen contract risk control and supervision management, and realize automatic early warning and intelligent calculation of contract management.	Improve the digital level of contract management and realize the whole process and life cycle management of contract.
SZCH "One enterprise, one screen" management system (Phase III)	By improving and optimizing the national reserve grain depot management and inventory dynamic and real-time data display function, further upgrade and improve the "one enterprise, one screen" system.	Completed	Optimize the information display of reserve grain depot, and seamlessly connect with the "smart state-owned assets center screen" system of the municipal State-owned Assets Supervision and Administration Commission.	Strengthen enterprise data resource management, development and utilization, and make full use of big data to reflect the comprehensive operation status and development trend of the company.
SZCH account management system (Phase II)	By upgrading and improving the functional module of account declaration management system, realize interconnection between the account system, CBS fund management system and EAS system.	Completed	Strengthen company fund management, improve user experience, and strengthen internal risk control.	Improve the overall financial work efficiency of the company, and achieve full coverage of online fund control.
SZCH supply chain system interface integration project	By conducting interface integration, improve data transmission time efficiency between systems, and solve untimely system data synchronization.	Completed	Improve the operation efficiency of business system and meet the information construction requirements of comprehensive management and control.	Realize vertical connection between superiors and subordinates, horizontal integration between business and financial modules, and promote the transformation of business model and the improvement of management quality.
SZCH brand digital management platform	By collecting and making statistics of company trademark data, avoid risks of trademark registration, rejection and infringement, and improve the standardization and systematization of company trademark management.	Completed	Improve the comprehensive utilization level of trademark resources, and empower company brand asset management.	Further enhance brand value and lay a good foundation for the subsequent cultivation and development of dominant brands.
SZCH investment management system	Through the functions of development project information management, annual investment budget management, monthly investment progress filling, improve the efficiency of investment project management.	Completed	Strengthen comprehensive supervision over investment projects and achieve standardized and refined investment management.	Strengthen the process control of investment projects, and realize the collection and recording of relevant information and data in the whole life cycle of investment projects.

SZCH cloud 2.0 project	By upgrading and reforming SZCH Cloud APP, optimize the functions of enterprise operation data analysis, inventory data analysis, grain depot operation analysis, and improve management efficiency and service level.	Completed	Highlight enterprise management and services, intuitively show the industry characteristics of enterprise and management overview, and reduce management costs.	Strengthen the comprehensive development and utilization of data resources, and build a cloud platform for enterprise comprehensive operation analysis and decision-making assistance.
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Applicable Not applicable

Personnel of R&D

	2022	2021	Change ratio(+,-)
Number of R&D (people)	136	113	20.35%
Ratio of number of R&D	11.00%	8.84%	2.16%
Educational background			
Undergraduate	65	58	12.07%
Master	29	26	11.54%
Age composition			
Under 30	44	36	22.22%
30~40	49	39	25.64%

Investment of R&D

	2022	2021	Change ratio(+,-)
R&D investment (RMB)	58,336,915.06	84,730,659.76	-31.15%
Ratio of R&D investment in operation revenue	0.70%	0.84%	-0.14%
Capitalization of R&D investment (RMB)	0.00	0.00	0.00%
Ratio of capitalization of R&D investment in R&D investment	0.00%	0.00%	0.00%

Describe reasons for significant changes in component of the R&D personnel and related impact

Applicable Not applicable

Describe reasons for significant changes in the proportion of total R&D investment accounting for operation income compared with that of last year

Applicable Not applicable

Describe reason for the great change in R&D investment capitalization rate and relevant rationality.

Applicable Not applicable

5. Cash flow

Unit: RMB/CNY

Item	2022	2021	Increase/decrease y-o-y (+,-)
Subtotal of cash inflow from operation activity	8,994,941,611.03	11,397,219,997.66	-21.08%
Subtotal of cash outflow from operation activity	8,463,052,844.39	10,956,823,968.12	-22.76%
Net cash flow arising from operating activities	531,888,766.64	440,396,029.54	20.78%
Subtotal of cash inflow from investment activity	1,289,883,392.34	517,815,659.81	149.10%
Subtotal of cash outflow from investment activity	1,304,661,803.05	1,061,777,870.59	22.88%
Net cash flow from investment activity	-14,778,410.71	-543,962,210.78	-97.28%
Subtotal of cash inflow from financing activity	3,643,844,014.55	3,191,992,562.34	14.16%
Subtotal of cash outflow from financing activity	4,157,396,506.10	3,229,400,452.40	28.74%
Net cash flow arising from financing activity	-513,552,491.55	-37,407,890.06	1,272.85%
Net increased amount of cash and cash equivalent	3,725,389.06	-141,124,145.74	-102.64%

Describe reasons for major y-o-y changes of relevant data

Applicable Not applicable

(1) The cash inflow from operating activities in this period decreased by 21.08% compared to the same period last year, mainly because the company's grain and oil trade revenue decreased, resulting in a decrease in cash inflow, as the market demand reduced due to high fluctuations in grain and oil prices and other factors;

(2) The cash outflow from operating activities in this period decreased by 22.76% compared to the same period last year, mainly because the company's grain and oil trade revenue decreased, and related procurement expenses decreased, resulting in a decrease in cash outflow, as the market demand reduced due to high fluctuations in grain and oil prices and other factors; due to the comprehensive impact of factors such as high fluctuations in grain and oil prices leading to a decrease in market demand. ;

(3) The cash inflow from investment activities in this period increased by 149.10% compared to the same period last year, mainly because there were more financial products purchased by the company with idle funds redeemed upon maturity compared to the same period last year;

(4) The cash outflow from investment activities in this period increased by 22.88% compared to the same period last year, mainly

because the company used idle funds to purchase financial products;

Describe reasons for major difference between the cash flow of operation activity in reporting period and net profit of the Company

Applicable Not applicable

V. Analysis of non-main business

Applicable Not applicable

Unit: RMB/CNY

	Amount	Ratio in total profit	Description of formation	Whether be sustainable
Investment income	2,229,228.54	0.47%	Mainly financial management income and recognition of investment income from associated enterprises	Unsustainable
Gains/losses of fair value variation	18,546.91	0.00%		Unsustainable
Asset impairment	-142,507,365.87	-30.26%	Mainly due to provision for inventory depreciation	Unsustainable
Non-operating income	7,995,011.97	1.70%	Mainly to confirm the income from liquidated damages for operating contracts	Unsustainable
Non-operating expense	985,871.48	0.21%		Unsustainable

VI. Analysis of assets and liabilities

1. Major changes of assets component

Unit: RMB/CNY

	Year-end of 2022		Year-begin of 2022		Ratio changes	Notes of major changes
	Amount	Ratio in total assets	Amount	Ratio in total assets		
Monetary fund	54,103,771.00	0.73%	50,409,923.65	0.66%	0.07%	
Account receivable	236,829,100.95	3.18%	283,047,341.62	3.69%	-0.51%	
Contract assets	0.00	0.00%	0.00	0.00%	0.00%	
Inventory	3,599,041,970.52	48.37%	3,460,618,674.81	45.12%	3.25%	
Investment real estate	217,137,461.76	2.92%	233,096,698.49	3.04%	-0.12%	
Long-term	70,676,534.63	0.95%	73,490,443.49	0.96%	-0.01%	

equity investment						
Fix assets	2,141,336,538.86	28.78%	2,127,831,149.19	27.74%	1.04%	
Construction in progress	186,884,912.13	2.51%	207,946,539.97	2.71%	-0.20%	
Right-of-use assets	78,304,838.28	1.05%	97,648,674.06	1.27%	-0.22%	
Short-term loans	1,192,211,087.37	16.02%	504,766,782.25	6.58%	9.44%	Mainly due to increase in operating loans during the current period.
Contract liability	110,177,908.96	1.48%	182,972,314.85	2.39%	-0.91%	
Long-term loans	0.00	0.00%	730,521,692.22	9.52%	-9.52%	Mainly due to the company's repayment of long-term loans at the end of the period.
Lease liability	60,436,879.66	0.81%	80,173,743.75	1.05%	-0.24%	

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured by fair value

Applicable Not applicable

Unit: RMB/CNY

Item	Amount at the beginning period	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Amount in the end of period
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	211,060,770.50	307,033.09				164,691,150.68		46,676,652.91
Subtotal of	211,060,770.50	307,033.09				164,691,150.68		46,676,652.91

financial assets						1,150.68		
Other non-current financial assets	57,500.00							57,500.00
Aforementioned total	211,118,270.50	307,033.09	0.00	0.00	0.00	164,691,150.68	0.00	46,734,152.91
Financial liabilities	0.00	288,486.18						288,486.18

Other change

N/A

Are there major changes on measurement attributes for main assets of the Company in reporting period?

Yes No

3. The assets rights restricted till end of the period

Item	Book value at period-end	Reasons for restriction
Monetary fund	1,008,301.74	Guarantee deposit, credit deposit, etc.
Total	1,008,301.74	

VII. Investment analysis

1. Overall situation

Applicable Not applicable

Investment in reporting period (RMB)	Investment in the same period of last year (RMB)	Changes (+,-)
78,284,825.00	540,741,002.73	-86.00%

2. The major equity investment obtained in the reporting period

Applicable Not applicable

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

Applicable Not applicable

4. Financial assets investment

(1) Securities investment

Applicable Not applicable

Unit: RMB/CNY

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement model	Book value at the beginning of the period	Changes in fair value of the current profit and loss	Cumulative fair value changes in equity	Current purchase amount	Current sales amount	Profit and loss in the Reporting Period	Book value at the end of the period	Accounting subject	Capital Source
Domestic and overseas stock	000017	Zhonghua-A	0.00	Fair value measurements	921,099.27	307,033.09	0.00	0.00	0.00	307,033.09	1,228,132.36	Tradable financial assets	Debt rescheduled shares
Total			0.00	--	921,099.27	307,033.09	0.00	0.00	0.00	307,033.09	1,228,132.36	--	--

(2) Derivative investment

Applicable Not applicable

The Company has no derivatives investment in the Period

5. Application of raised proceeds

Applicable Not applicable

There was no use of raised funds during the reporting period of the company.

VIII. Sales of major assets and equity

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

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 revenue	Operating profit	Net profit
Shenzhen Cereals Group Co., Ltd	Subsidiary	Grain & oil trading processing, grain and oil reserve service	1,530,000,000	7,583,202,822.83	4,105,190,987.33	7,862,449,432.51	345,968,010.05	300,128,204.88
Shenzhen Hualian Grain and Oil Trading Co., Ltd.	Subsidiary	Grain & oil trading	100,000,000	1,351,456,191.58	275,992,369.89	1,835,298,577.12	128,094,938.83	107,407,979.45
Shenzhen Flour Co., Ltd	Subsidiary	Grain & oil trading and processing	30,000,000	934,188,811.16	143,123,067.28	1,910,558,487.99	76,227,544.95	61,325,794.55
Dongguan Shenliang Logistics Co., Ltd.	Subsidiary	Grain & oil trading processing, warehouse, and logistics	298,000,000.00	2,621,909,269.72	374,436,566.56	2,177,945,414.70	59,517,361.09	44,856,441.02

Particular about subsidiaries obtained or disposed in reporting period

Applicable Not applicable

Company name	The way of getting and treating subsidiary in the reporting	Influence on overall product and performance
Hangzhou Ju Fang Yong Trading Co., Ltd.	Transferred to the designated administrator of the court due to bankruptcy liquidation	No substantial operation, with minimal impact on overall production, operation, and performance

Explanation on main holding/stock-jointly enterprise:

Shenzhen Cereals Group Co., Ltd: Business scope: general business items: grain and oil purchase and sales, grain and oil storage; grain and oil and products management and processing (operated by branches); operation and processing of feed (operated by outsourcing); investment in grain and oil, feed logistics projects; establishing grain and oil and feed trading market (including e-commerce market) (market license is also available); storage (operated by branches); development, operation and management of free property; providing management services for hotels; investing and setting up industries (specific projects are separately declared); domestic trade; engaging in import and export business; E-commerce and information construction; and grain circulation service. Licensed business items: the following projects shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: information services (internet information service only); general freight, professional transport (refrigerated preservation). Register capital is 1,530,000,000.00 yuan. As of the end of current period, total assets reached 7,583,202,822.83 yuan, and net assets amounted to 4,105,190,987.33 yuan, and shareholders' equity attributable to parent company was 3,883,239,775.98 yuan; in the reporting period, the operation revenue, net profit and net profit attributable to shareholder of parent company were 7,862,449,432.51 yuan, 300,128,204.88 yuan and 278,213,700.94 yuan respectively.

Shenzhen Hualian Grain and Oil Trading Co., Ltd.: Business scope: general business items: domestic trade (except for projects that laws, administrative regulations, and decisions of the State Council require approval before registration); engaging in import and export business (except for projects prohibited by laws, administrative regulations, and decision of the State Council, restricted projects can be operated only after obtaining permission); online feed sales; information consultation, self-owned housing leasing (excluding talent agency services and other restricted items); international freight forwarding, domestic freight forwarding (can only be operated after being approved by the transport department if laws, administrative regulations, State Council decision require the approval of transport department); Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: purchase and sale of grain and oil, online sales of grain and oil; information service business (internet information service business only). Register capital is 100,000,000.00 yuan. As of the end of current period, total assets reached 1,351,456,191.58 yuan, and net assets amounted to 275,992,369.89 yuan, and shareholders' equity attributable to parent company was 248,258,239.74 yuan; in the reporting period, the operation revenue, net profit and net profit attributable to shareholder of parent company were 1,835,298,577.12 yuan, 107,407,979.45 yuan and 107,370,535.97 yuan respectively.

Shenzhen Flour Co., Ltd: Business scope: general business items: hardware and electrical equipment, chemical products (excluding hazardous chemicals and restricted items), auto parts, purchase and sales of construction materials; self-operated import and export business (carry out according to the provisions of the registration certificate SMGDZZ No. 76); domestic trade (excluding franchise, exclusive control, monopoly commodities); wheat wholesale and retail. Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: flour processing and production. Register capital is 30,000,000.00 yuan. As of the end of current period, total assets reached 934,188,811.16 yuan,

and net assets amounted to 143,123,067.28 yuan, and shareholders' equity attributable to parent company was 143,123,067.28 yuan; in the reporting period, the operation revenue, net profit and net profit attributable to shareholder of parent company were 1,910,558,487.99 yuan, 61,325,794.55 yuan and 61,325,794.55 yuan respectively.

Dongguan Shenliang Logistics Co., Ltd. Business scope: General business items: Container and bulk cargo storage and other supporting services; Container and bulk cargo transportation; Production: food (grain and oil), feed and feed additives; Grain procurement; Wholesale and retail: prepackaged food (grain and oil), bulk food (grain and oil), feed and feed additives; Port operations, loading and unloading of steel and general cargo at ports; Road freight transportation; Water transportation, water transportation services; Grain and oil storage; Internet Information Services; Technical services for grain, oil, and feed quality inspection; hotel management; Industrial investment; Market operation management; Supply chain management services; International freight forwarding, domestic freight forwarding; Customs declaration agency and inspection agency; Property management and leasing; Import and export of goods and technology. Projects that require approval according to law can only be operated with the approval of relevant departments. Its registered capital is 2,980,000.00 yuan. As of the end of the reporting period, the total assets reached 2,621,909,269.72 yuan, the net assets amounted to 374,436,566.56 yuan, and the equity attributable to the shareholders of the parent company was 374,436,566.56 yuan; During the reporting period, the operating income, the net profit and the net profit attributable to the parent company were 2,177,945,414.70 yuan, 44,856,441.02 yuan, 44,856,441.02 yuan respectively.

X. Structured vehicle controlled by the Company

Applicable Not applicable

XI. Prospects on future development

(i) Development trend and competition layout of the industry

(i) Development trend and competition layout of the industry

At present, the domestic grain and oil trade, processing, and logistics industries are full-circulation sectors, with high degree of marketization, numerous participating companies and fierce competition. Central enterprises and large local grain enterprises have relatively complete warehousing and logistics facilities, and enjoy a number of national policies; in recent years, a large number of outstanding national and regional private grain enterprises have come to the fore; with the development of China's grain marketization, foreign grain enterprises have emerged in our country's grain market, and further intensified the competition in the grain and oil industry by relying on abundant resources, strong financial strength and mature management experience. The grain industry in Shenzhen is developing vigorously, there are many grain and oil processing enterprises with a certain scale and many small and medium-sized enterprises in the area, with the advancement of the "dual-zone construction", the population of cities in the Pearl River Delta has increased, and people's living standards have improved, the competition in the food market is orderly and unprecedentedly fierce.

(ii) The company's development strategy

During the 14th Five-Year Plan, the Company will focus on the main business of grain, oil and food, conform to the country's new development requirements for the grain industry, i.e. "agriculture head and industry tail", "grain head and food tail", "three chains integration", etc., seize the major historical opportunities of current significant historical opportunities such as the construction of the Guangdong - Hong Kong - Macao Greater Bay Area and the construction of the Shenzhen Pilot Demonstration Area, and innovate the development strategy of "one chain, two parks and N platforms", to build a regional leading "grain eastern and southern coastal logistic corridor" with "high-quality grain source base + regional comprehensive park + urban distribution center" and create a national first-class "smart grain, oil and food supply chain quality service providers".

(iii) Operation plan for year of 2023

In 2023, SZCH will continue to adhere to the general principle for industrial development of "agriculture head and industry tail", "grain head and food tail", "three chains integration", firmly grasp the initiative of food security, and make progress while maintaining stability, adhere to high-quality development and strive to achieve business goals. Focus on the following tasks:

1. Adhere to the guidance of Party construction and strengthen political supervision. The company will continue to study and implement the spirits of the 20th CPC National Congress, effectively transform them into a powerful force guiding practice and promoting company development, innovate ideas and measures, improve the system and mechanism, and promote the high-quality development of various company works.
2. Improve economic performance and stimulate growth against trend. The company will overcome the adverse effects of complex and changeable internal and external environments, ensure stable and smooth supply chains, and mitigate the impact of weak demand on sales by strengthening bulk trade, optimizing the market of chain catering and industrial rice, expanding e-commerce and preferential group buying. Combined with the development goal of industrial chain extension, continue to search for and study emerging industries in strong synergy with the company.
3. Optimize variety structure and shoulder the heavy task of food security. The company will further optimize the variety structure and regional distribution of grain and oil, and expand the guarantee and supply channels of high-quality finished grain in Shenzhen; actively promote the renovation and expansion project of municipal warehouses, cooperate with the construction of Shenzhen-Shantou grain reserve depot project, and improve the efficiency and distribution capacity of emergency grain logistics; continue to enhance hard power and give full play to the role of "stabilizer" in the economic development of the Special Economic Zone.
4. High-quality grain project, stable promotion in the whole chain of steady progress. The company will steadily implement the strategic path of "one chain and two parks", focus on "extending industrial chain and building supply chain" for resource allocation, promote high-quality development of the whole chain of production, purchase, storage, processing and marketing of high-quality grain, carry out high-quality grain projects, and focus on the construction of Northeast Grain Source Base, Dongguan grain logistics nodes, Pinghu Warehouse

renovation and expansion projects.

5. Activate internal driving forces and deepen reform. The company will further improve the company system, promote the corporate governance structure optimization, promote the standardized operation; continue to carry out comprehensive reform works, consolidate the achievements of the three-year action of state-owned enterprises, coordinate short-term and medium and long-term development, and strengthen the systematization, integration and synergy of enterprise reform.

6. Strengthen risk prevention and strictly observe compliance bottom line. The company will make efforts to deal with the relationship between increased storage and shortage of storage capacity, fund balance, market supply and demand, and price fluctuation, strengthen internal control management and external supervision, establish a fund control and management system that serves company fund security, strengthens internal mutual supervision, restraint and inspection, and optimize the asset-liability structure.

(iv) Possible risks

1. Food safety risk

On the one hand, our country is paying more and more attention to food safety and strengthening the supervision. On the other hand, consumers' awareness of food safety and rights protection is also increasing. Food safety has become the industry's number one risk, consumers' attention to food safety and cleanliness is rapidly increasing in the short term, and put forward higher requirements for food hygiene and safety.

The company has always regarded food quality and safety as the most important core work. The first is to strictly implement laws and regulations related to national food safety, and assume the social responsibility of supplying high-quality and safe food to the market. The second is to strengthen the quality of raw materials and strengthen quality control from the source. The third is to strengthen production management, standardize production operations, and implement quality responsibilities. The fourth is to strengthen staff's operating skills and safety awareness training to prevent product quality accidents caused by non-standard operations or weak food safety awareness. The fifth is to continuously improve product quality assurance level through technological transformation and technological progress. The sixth is to strengthen product transportation and storage management to prevent secondary pollution of products.

2. Raw material fluctuation risk

On the one hand, with the implementation of the quantitative easing policy of the US dollar and major currencies in the world, the speculative nature and hedging preferences of capital will cause social funds to flow into the bulk commodity sector, which will lead to violent fluctuations in domestic and foreign bulk commodity prices. On the other hand, most countries' controls on the export of agricultural products will have a major impact on prices; at the same time, it will also have a direct impact on the supply of bulk agricultural and sideline products.

The company will actively respond to the risk of adverse effects of price fluctuations on the company's operations through measures such as strengthening market forecasts, establishing strategic cooperation, optimizing supply management, and using refined management to improve utilization.

3. Risk of intensified market competition

As a representative enterprise of regional grain, oil and food business, compared with central enterprises and large multinational grain, oil and food enterprises, the company still has a certain gap in scale and brand awareness. In the future, the competition in the grain, oil and food industry will become more intense, if the company cannot effectively promote its own brand and broaden its marketing channels, it may face greater risks when market competition intensifies.

In response to possible market and business risks, on the one hand, the company makes overall plans for annual procurement, carefully optimizes procurement channels, and ensures sufficient grain supply and orderly supply. On the other hand, the company continues to strengthen communication with upstream and downstream customers in the industry chain, vigorously expands sales channels, focuses on customer needs, deepens brand and service, and enhances the company's brand value and competitiveness.

4. M&A integration risks

The company carries out investment and M&A projects in accordance with its development strategy. Whether the M&A project can form synergy with the original business and whether the integration of corporate culture and management methods is in place during the critical period of integration of mergers and acquisitions are the key to the realization of the company's strategic goals. Inadequate management and control can easily lead to merger and acquisition risks.

The company will take the following measures to prevent risks: the first is to pay attention to the operation of the merged company and the integrating degree with the company's development strategy, and correct deviations in a timely manner; the second is to pay attention to the synergy between the merged company and the company's existing industry, and coordinate the deployment of resources in a timely manner; the third is to gradually realize the integration of systems and cultures; the fourth is to increase performance improvement and innovation incentives and assessments for mergers and acquisitions, and continuously adjust incentive policies that are compatible with operations.

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

Applicable Not applicable

Reception time	Reception place	Reception mode	Reception object type	Reception Object	Main content talked about and materials provided	Index of basic situation of research
May 13, 2022	Shenzhen Stock Exchange's "Interactive Easy Platform" http://irm.cninfo.com.cn Cloud Interview Program	Written inquiry	Others	All investors	2021 annual performance briefing	For details, please refer to the "Investor Communication Record Form of the Company's 2021 Annual Performance Explanation Meeting"

						disclosed on Juchao Website (www.cninfo. com. cn) on May 13, 2022
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Section IV Corporate Governance

I. Corporate governance of the Company

During the reporting period, the Company constantly improved the corporate governance structure, improved the quality of corporate governance, and established a sound internal control system, strictly in accordance with corporate governance requirements of normative documents released by the Company Law, Securities Law, Corporate Governance Guidelines and Standard Operational Guidelines to Main Board Listed Companies of Shenzhen Stock Exchange. The Company continued to carry out the governance activities, improved the standard operation level, and safeguarded the legitimate interests of the Company and investors.

Accountability among Shareholders' General Meeting, the Board of Directors and the board of supervisors were clear. We strictly implemented the rules from the Articles of Association during the reporting period as well as work regulations and other basic management system to ensure the effective implementation of the internal control system.

The Company received no relevant documents with administrative regulation concerned from regulatory authorities in reporting period, and has no particular about rectification within a time limit. From point of the Board, corporate governance of the Company shows no difference to requirement from relevant documents with actual condition.

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

Yes No

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

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

By the end of the reporting period, Food Materials Group is the actual controller of the Company. The Company, in strict accordance with the governance rules of listed companies and other relevant provisions, completely separates from the controlling shareholders in business, finance, personnel, assets, organizations, and has independent full business and self management ability.

1. Independent Business:

The business of the Company is independent from controlling shareholders and has complete business and self management ability, and is not dependent on the shareholders and their affiliated enterprises, which has no competition with controlling shareholder and its subordinate enterprises. The controlling shareholder has no direct

or indirect intervention in the Company business activities.

2. Independent Staff:

The Company has special organization to manage labor and payment, and has independent perfect personnel system and collective management system. General Manager of the Company as well as deputy GM, secretary of the Board, CFO and other senior executives receive remuneration from the Company, and don't receive remuneration from shareholders' unit and subordinate enterprises and holding the post except director or supervisor.

3. Independent Assets:

The Company has independent and integrity asset structure; There is no situation where funds or assets of the company are occupied by controlling shareholders for non operational purposes.

4. Independent Organization:

The Company has set up a sound organizational structure system and operates independently; there is no mixed operation between the Company and controlling shareholders.

5. Financial Independence:

The Company, with independent financial department, has set up independent accounting system and financial management system and makes financial decision independently. With independent bank accounts, and tax payment, the Company strictly follows the financial system and has independent operation and standardized management.

III. Horizontal Competition

Applicable Not applicable

IV. Annual shareholders' general meeting and extraordinary shareholders' general meeting held during the reporting period

1. Annual General Meeting in the reporting period

Ordinal number of meeting	Type	Ratio of investor participation	Date	Date of disclosure	Resolutions
Annual General Meeting of 2021	AGM	72.09%	2022-05-18	2021-05-19	Resolutions of the Annual General Meeting of 2021 (Notice No. 2022-15) disclosed on Juchao Website(www.cninfo.com.c

	ee, Chairman of the board of supervisors											
Liu Ji	Supervisor	Currently in office	Male	47	2019-02-21	2022-02-21	0	0	0	0	0	-
Qian Wenying	Supervisor	Currently in office	Female	50	2019-02-21	2022-02-21	0	0	0	0	0	-
Zheng Shengqiao	Staff supervisor	Currently in office	Male	55	2019-02-21	2022-02-21	0	0	0	0	0	-
Ma Zenghai	Staff supervisor	Currently in office	Male	58	2019-02-21	2022-02-21	0	0	0	0	0	-
Chen Xiaohua	Deputy GM, Secretary of the Board	Currently in office	Male	56	2020-08-24	2022-02-21	0	0	0	0	0	-
Xiao Hui	Deputy GM	Currently in office	Male	44	2020-02-28	2022-02-21	0	0	0	0	0	-
Dai Bin	Deputy GM	Currently in office	Male	58	2019-02-21	2022-02-21	0	0	0	0	0	-
Meng Xiaoxian	Deputy GM	Currently in office	Male	50	2019-09-11	2022-02-21	0	0	0	0	0	-
Zhu Junming	Secretary of the Party Committee and Chairman	Office leaving	Male	58	2019-09-11	2022-02-21	0	0	0	0	0	-
Lu Qiguan	Deputy Party Secretary, Director	Office leaving	Male	60	2019-02-21	2022-02-21	0	0	0	0	0	-

Wang Li	Director	Office leaving	Male	61	2018-05-15	2022-02-21	0	0	0	0	0	
Total	--	--	--	--	--	--	0	0	0	0	0	--

During the reporting period, is there any departure of directors and supervisors and dismissal of senior executives

Yes No

1. On January 12, 2022, the Board of Directors received a written resignation report submitted by Director of the Company Mr. Wang Li. Since he has reached the statutory retirement age, Mr. Wang Li applied to resign from Director of the Company, and would no longer hold any other position in the company after resignation.

2. On June 5, 2022, Chairman of the Company Mr. Zhu Junming passed away due to illness.

3. On September 19, 2022, the Board of Directors received a written resignation report submitted by Director of the Company Mr. Lu Qiguang. Since he has reached the statutory retirement age, Mr. Lu Qiguang applied to resign from Director of the Company and would no longer hold any other position in the company after resignation.

Changes of directors, supervisors and senior officers

Applicable Not applicable

Name	Title	Type	Date	Reason
Wang Li	Director	Office leaving	2022-01-12	Retire
Zhu Junming	Chairman of the BOD	Office leaving	2022-06-05	Pass way due to illness
Lu Qiguang	Director	Office leaving	2022-09-19	Retire

2. Post-holding

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

(i) Director

Mr. Hu Xianghai: born in 1964, master's degree and a senior economist. He successively served as the lecturer of Shenzhen Institute of Education; director of general office of Asia Branch of the Shenzhen Huale Industrial Co., Ltd.; director of the Shenzhen Enterprise Management Cadre Training Center; deputy secretary general and office director of the Secretarial Shenzhen Association of Enterprise Management and Shenzhen Association of Chinese and Foreign Entrepreneurs; director of development dept. and director of the marketing management dept. of Shenzhen Special Economic Zone Duty-Free Commodity Enterprise Company; GM of Temian Electronic Technology Professional Market Management Co., Ltd.; assistant to the GM and GM of enterprise dept., GM, deputy secretary of the party committee, director and GM of Shenzhen Agricultural Products Co., Ltd; served as the president of Shenzhen South Agricultural Products Logistics Co., Ltd. while take post as assistant to the deputy GM, and the president of Shenzhen Qianhai Agricultural Products Exchange Co., Ltd; deputy secretary of the party committee, director and GM of Shenzhen Cereals Group Co., Ltd. Now he serves as deputy secretary of the party committee, director and GM of the Company.

Ms. Lu Yehe: born in 1977, master's degree and CPA. She previously worked as the senior auditor of Ernst & Young; the independent non-executive director, Director and CFO of China Trends Holdings Limited; CFO of VIEIN; Director and CFO of the Shenzhen Exhibition & Convention Center Management Co., Ltd., the Director and CFO of Shenzhen Tong Chan Group and CFO of Shenzhen Yinhu Convention Center (Hotel) Co., Ltd. Now she is the Director and CFO of the Company.

Ms. Ni Yue: born in 1974, master's degree and a senior accountant. She successively served as general ledger accountant in Shanghai Jingan Commercial & Trade Corporation; chief accounting in Shanghai Tailong Real Estate Co., Ltd.; finance officer in Shanghai Baodi Property Co., Ltd; chief accountant in Shanghai Ruian Real Estate Co., Ltd and full-time supervisor in the enterprise directly under SASAC of Shanghai Pudong New District; Director of Shenzhen Cereals Group Co., Ltd and Shenzhen Bus Group Co., Ltd. Now she serves as Director of the Company, Director of Shenzhen Food Materials Group Co., Ltd and Shenzhen Special Zone Construction Development Group Co., Ltd.

Mr. Zhao Rubin: born in 1956, master's degree and professor of engineering. He successively served as the director and secretary of Gezhouba Station for EHVDC transmission from Gezhouba to Shanghai; director of office and director of foreign affairs office of Gezhouba Hydro-power Plant; the secretary of party group and GM of Huaneng South Development Company; party secretary and GM of Huaneng Real Estate Development Company; Director, deputy president, deputy party secretary of Great Wall Securities; president of Jingshun Great Wall Fund Management Co., Ltd.; deputy president of Sunshine Insurance Assets Management Corporation Limited; the outside director of Shenzhen Cereals Group Co., Ltd; independent director of Bros Eastern Co., Ltd. Now he serves as independent director of the Company; independent director of Southwest Securities Co., Ltd and Director of Bosera Fund Management Co., Ltd.

Ms. Bi Weimin: born in 1956, doctor's degree, and a senior accountant. She successively served as engineer of the Gezhouba Power Plant, assistant director and deputy director; deputy president and director of Three Gorges Finance Company; chief economist and supervisor of China Yangtze Power Co., Ltd.; deputy chief accountant of China Three Gorges Corporation, the member of investment committee and director of asset finance dept. As well as the director of enterprise management dept and legal affairs department. Now she serves as the independent director of the Company.

Mr. Liu Haifeng: born in 1971, doctor' degree and a lawyer. He successively served as director of legal department of Shenzhen Property Development (Group); the partner of Guangdong Xintong Laws Firm. Now he serves as independent director of the Company and first-level partner of Guangdong Hancheng Laws Firm.

(ii) Supervisor

Ms. Wang Huimin: born in 1967, master's degree and an intermediate economist, senior HR manager and has a lawyer's qualification. She successively served as a legal adviser for Shenzhen Construction Group Co., Ltd, an economist, chairman of the committee of female employees, manager of HR department in Shenzhen Construction Investment Holding Co., Ltd; director of HR department of Shenzhen Investment Holdings Co., Ltd; Deputy GM of SZPRD; Director, Deputy party secretary, Secretary of Discipline Committee and Chairman of the board of supervisors of Shenzhen Cereals Group Co., Ltd. Now she serves as Secretary of Discipline Committee and Chairman of the board of supervisors of the Company.

Mr. Liu Ji: born in 1975, master's degree and an economist. He successively served as secretary of executive Board committee, GM of IT Engineering department, GM of administrative department, GM of enterprise management department and GM of investment department of Shenzhen International Holdings Limited; non executive director of Shenzhen Expressway Co., Ltd.; the supervisor of Shenzhen Cereals Group Co., Ltd. Now he is the supervisor of the Company; the executive director, deputy GM and secretary of the Board of Shenzhen Holdings Bay Area Development Co., Ltd.; the mediation expert of Shenzhen International Arbitration Court (Shenzhen Arbitration Commission).

Ms. Qian Wenying: born in 1972, holds a bachelor degree, a member of Association of Chartered Certified Accountants (ACCA), and a senior economist. She successively served as the office translator, secretary and researcher of project investment office in Shenzhen Tagen Group Co., Ltd.; the assistant manager and manager of marketing department of Tagen Investment Development Co., Ltd., the director of office of the board and representative of security affairs of Shenzhen Tagen Group Co., Ltd; supervisor of Shenzhen Cereals Group Co., Ltd. Now she serves as supervisor of the Company and director of policy research office of Shenzhen Metro.

Mr. Zheng Shengqiao, born in 1967, holds a bachelor degree and an intermediate accountant. He successively served as member of the special representative office of the state audit administration in Guangzhou; deputy manager of accounting department of Hong Kong Yuehai Enterprise (Group) Co., Ltd; deputy GM of CTS Logistics; CFO of the AVSHD Technology Co., Ltd; the deputy director of finance department, deputy director of enterprise management department, director of board office, deputy secretary of discipline inspection commission, secretary of the BOS and director of discipline inspection and supervision office (office of BOS) of the Shenzhen Cereals Group Co., Ltd. Now he serves as the staff supervisor, deputy secretary of discipline inspection commission and director of discipline inspection and supervision office (office of BOS) of the Company.

Mr. Ma Zenghai: born in 1964, master's degree and an intermediate economist, lecturer. He successively served as the general representative of Thailand project in Shenzhen Cereals Group Co., Ltd; president and GM of Shenzhen Hualian Grain & Oil Trade Co., Ltd.; GM and secretary of the Party branch of Grease branch of Shenzhen Cereals Group Co., Ltd; head of the risk management department of Shenzhen Cereals Group Co., Ltd. Now he serves as staff supervisor and head of the risk management and internal audit department of the company.

(iii) Senior executives

Mr. Chen Xiaohua, born in 1966, holds a master’s degree and is an economic manager. He served successively as chief of the secretarial section, deputy director and director of the office of the board of directors, and secretary of the board, director, and vice president of Shenzhen Agricultural Products Group Co., Ltd., concurrently served as chairman of Guangxi Haijixing International Logistics Co., Ltd., chairman of Tianjin Haijixing Agricultural Products Market Management Co., Ltd., and chairman of Tianjin Haijixing Agricultural Products Logistics Co., Ltd. He currently serves as deputy general manager and secretary of the board of the company.

Mr. Xiao Hui, born in 1978, holds a master’s degree and is a master of finance and a master of business administration. He served as a staff member of the Personnel and Education Department, and a staff member, a deputy chief staff member, a chief staff member, deputy director, and director of the General Office of the People's Bank of China,; and the deputy head of the Nanshan District People’s Government. He currently serves as deputy general manager of the company.

Mr. Dai Bin: born in 1964, master’s degree and a senior engineer. He successively served as counselor of Radio Engineering Department of Huazhong University of Technology and secretary of the Youth League Committee; an engineer and purchasing manager of Shenzhen Huada Electronic Co., Ltd; GM of Shenzhen Shengye Venture Electronics Co., Ltd; GM of Shenzhen Zhongnong E-commerce Co., Ltd; director of information, director and deputy GM of e-commerce center and executive director of Shenzhen Shenliang Doximi Business Co., Ltd. Now he serves as the deputy GM of the Company.

Mr. Meng Xiaoxian: born in 1972, master’s degree. He successively served as cadres of Shenzhen Youth League School; member of the learning department of Shenzhen Municipal Committee of Communist Youth League, deputy director section of liaison department, director section of liaison department, director section of office, deputy director of organization and publicity department, director of office, director of community and rights department; deputy director of Pingshan New Area Public Utilities Bureau and director of Planning and Land Supervision Bureau of Shenzhen; deputy secretary of Pingshan Working Committee and director of Pingshan Office, Pingshan New District, Shenzhen; secretary of Malian Working Committee and director of Malian Office, Pingshan New District, Shenzhen; secretary of the working committee of Malian Sub-district, Pingshan District, Shenzhen, director and secretary of the working committee of Malian sub-district office of Communist Party of CHina. Now he serves as deputy GM of the Company.

Post-holding in shareholding entities

Applicable Not applicable

Name	Name of shareholding entities	Position	Start dated of office term	End date of office term	Weather receiving remuneration from shareholding

					entities(Y/N)
Wang Li	Shenzhen Agricultural Products Group Co., Ltd	Director	2018-09-17	2022-01-12	Y
Ni Yue	Shenzhen Food Materials Group Co., Ltd	Director	2021-11-04		N
Explanation on post-holding in shareholding entities	N/A				

Post-holding in other entities

Applicable Not applicable

Name	Name of other entities	Position	Start dated of office term	End date of office term	Whether receiving remuneration from other entities
Ni Yue	Shenzhen Special Zone Construction Development Group Co., Ltd.	Director	2021-11-04		N
Zhao Rubing	Bosera Fund Management Co., Ltd.	Independent director	2017-12-01		Y
Zhao Rubing	Southwest Securities Co., Ltd	Independent director	2017-03-01		Y
Liu Haifeng	Guangdong Hancheng Laws Firm	First-level partner	2007-02-01		Y
Liu Ji	Shenzhen Holdings Bay Area Development Co., Ltd	Executive director, Deputy GM and Secretary of the Board	2018-04-01		Y
Qian Wenying	Shenzhen Metro	Director of Policy Research Office	2018-02-01		Y
Explanation on post-holding in shareholding entities					

Punishment of securities regulatory authorities 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, determination bases and actual payment of remunerations of directors, supervisors and senior executives

During the reporting period, according to the Company Performance Management Measures, the remuneration and appraisal committee of the Company's board of directors combined with the Company's annual business situation and individual performance appraisal result and determined the salary of senior executives. During the reporting period, the subsidiary standard of independent directors is subject to the resolution by the Fifth Extraordinary General Meeting of 2019 and adjusted as 138,000 yuan (tax inclusive) per year for one person.

Remuneration for directors, supervisors and senior executives in reporting period

Unit: 10 thousand Yuan

Name	Title	Sex	Age	Post-holding status	Total remuneration obtained from the Company	Whether remuneration obtained from related party of the Company
Hu Xianghai	Deputy Party Secretary, Director, GM	Male	58	Currently in office	136.04	N
Lu Yuhe	Director, CFO	Female	45	Currently in office	50	Y
Ni Yue	Director	Female	48	Currently in office	15	Y
Zhao Rubing	Independent director	Male	66	Currently in office	13.8	N
Bi Weimin	Independent director	Female	66	Currently in office	13.8	N
Liu Haifeng	Independent director	Male	51	Currently in office	13.8	N
Wang Huimin	Secretary of Discipline Committee, Chairman of the board of supervisors	Female	55	Currently in office	50	Y
Liu Ji	Supervisor	Male	47	Currently in office	0	N
Qian Wenyang	Supervisor	Female	50	Currently in office	0	N

Zheng Shengqiao	Staff supervisor	Male	55	Currently in office	108.16	N
Ma Zenghai	Staff supervisor	Male	58	Currently in office	101.53	N
Chen Xiaohua	Deputy GM, Secretary of the Board	Male	56	Currently in office	126.18	N
Xiao Hui	Deputy GM	Male	44	Currently in office	121.33	N
Dai Bin	Deputy GM	Male	58	Currently in office	125.79	N
Meng Xiaoxian	Deputy GM	Male	50	Currently in office	121.63	N
Zhu Junming	Former secretary of the party committee and chairman of the BOD	Male	58	Office-leaving	40.77	
Lu Qiguang	Former deputy secretary and of the party committee and director	Male	60	Office-leaving	110.9	
Wang Li	Former Director, CFO	Female	61	Office-leaving	0	Y
Total	--	--	--	--	1,148.73	--

VI. Responsibility performance of directors during the reporting period

1. The board of directors during the reporting period

Meeting	Date of meeting	Disclosure date	Meeting resolutions
The 20 th meeting of 10 th session of the BOD	2022-03-30	2022-04-01	The “Resolution of the 20 th meeting of 10 th session of the BOD” (Notice No.: 2022-03) released on Juchao Website (www.cninfo.com.cn) on April 1, 2022
The 21 st meeting of 10 th session of the BOD	2022-04-24	2022-04-26	The “Resolution of the 21 st meeting of 10 th session of the BOD” (Notice No.: 2022-07) released on Juchao Website (www.cninfo.com.cn) on April 26, 2022
The 22 nd meeting of 10 th session of the BOD	2022-08-03	2022-08-04	The “Resolution of the 22 nd meeting of 10 th session of the BOD” (Notice No.: 2022-18) released on Juchao Website (www.cninfo.com.cn) on Aug. 4, 2022
The 23 rd meeting of 10 th session of the BOD	2022-08-24	2022-08-26	The Resolution of the 23 rd meeting of 10 th session of the BOD

The 24 th meeting of 10 th session of the BOD	2022-10-26	2022-10-28	The Resolution of the 24 th meeting of 10 th session of the BOD
The 25 th meeting of 10 th session of the BOD	2022-12-08	2022-12-10	The “Resolution of the 25 th meeting of 10 th session of the BOD” (Notice No.: 2022-25) disclosed on Juchao Website (www.cninfo.com.cn) on Dec. 10, 2022

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

The attendance of directors to Board Meeting and Shareholders General Meeting							
Director	Times of Board meeting supposed to attend in the reporting period	Times of Presence	Times of attending the Board Meeting by communication	Times of entrusted presence	Times of Absence	Absent the Meeting for the second time in a row (Y/N)	Times of attend the general meeting
Hu Xianghai	6	5	1	0	0	N	1
Lu Yuhe	6	6	0	0	0	N	1
Ni Yue	6	6	0	0	0	N	1
Zhao Rubing	6	4	2	0	0	N	0
Bi Weimin	6	0	6	0	0	N	1
Liu Haifeng	6	3	3	0	0	N	1
Zhu Junming	2	0	2	0	0	N	0
Lu Qiguang	4	4	0	0	0	N	1
Wang Li	0	0	0	0	0	N	0

Explanation of not attending the board meeting in person for two consecutive times

Nil

3. Objection for relevant events from directors

Directors come up with objection about Company’s relevant matters

Yes No

No directors come up with objection about Company’s relevant matters in the Period

4. Other explanation about responsibility performance of directors

The opinions from directors have been adopted

Yes No

Explanation on whether the director’s proposal about the Company has been or has not been adopted

During the reporting period, independent directors of the Company were in strict accordance with provisions of Articles of Association, the Company Law, Guidance to Establishment of Independent Director System in Listed Companies and other relevant laws and regulations, and actively attended board meetings, shareholders' meetings. The independent directors of the company issued independent professional opinions for important issues, paid sustained attention to company's operation, inspected and guided the operation and management work of the company from time to time, learned about internal control system, implementation progress of the equity investment project, etc., continued to enhance consciousness of performing duties according to provisions of law, and expressed independent and impartial advice for investment outside, related party transactions, hiring auditors and other matters occurred during the reporting period in time. Duties performance of independent directors has improved the corporate governance structure and safeguarded the interests of the Company and its shareholders. From performance of duties of independent directors, please refer to "2022 Annual Work Report of Independent Directors" disclosed in www.cninfo.com.cn.

VII. Performance of Duties by Specialized Committees under the Board Meeting in 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)
Audit Committee of the Board	Bi Weimin Zhao Rubing Lu Yuhe	3	2022-04-24	Deliberated the Internal Control Evaluation Report of 2021; Work Report of the Internal Control System of 2021; the Financial Report of 2021 and Financial Report of Q1 for 2022; the Summary Report on the Audit Works of BDO China Shu Lun Pan Certified Public Accountant LLP for the year 2021; and the Resolution on Renewing the Appointment of BDO China Shu Lun Pan	Propose to renew the appointment of BDO China Shu Lun Pan Certified Public Accountant LLP as the company's audit agency for the year 2022	-	N/A

				Certified Public Accountant LLP as the Audit Agency of Company in 2022			
			2022-08-24	Deliberated the Financial Report of Semi-Annual of 2022	-	-	N/A
			2022-10-26	Deliberated the Financial Report of Q3 for 2022	-	-	N/A
Remuneration and Appraisal Committee of the Board	Zhao Rubing, Bi Weimin, Ni Yue	1	2022-04-24	Senior executive's debriefing, questioning and review for year of 2021; deliberated the Proposal on Remuneration of Directors and Senior Executives for year of 2021	-	-	N/A
Strategy Committee of the Board	Zhu Junming, Hu Xianghai, Zhao Rubing, Liu Haifeng	1	2022-04-24	Deliberated the Management System of Strategy Plan of the Company	-	-	N/A

VIII. Works of the Board of Supervisors

Does the the board of supervisors discover any risks in the company during its supervisory activities during the reporting period?

Yes No

The board of supervisors has no objection about supervision events in reporting period

IX. Particulars of workforce

1. Number of Employees, Professional composition, Education background

Employee in-post of the parent Company at period-end (people)	114
Employee in-post of main subsidiaries at period-end (people)	1,122

The total number of current employees at period-end (people)	1,236
The total number of current employees to receive pay (people)	1,236
Retired employee' s expenses born by the parent Company and main subsidiaries (people)	0
Professional composition	
Category of professional composition	Numbers of professional composition (people)
Production personnel	426
Salesperson	110
Technicians	136
Financial personnel	104
Administrative personnel	460
Total	1,236
Education background	
Education	Numbers (people)
Postgraduate	154
Undergraduate	489
3-years regular college graduate	260
Graduate of secondary special school	76
High school and below	257
Total	1,236

2. Remuneration Policy

During the reporting period, employee wages was paid monthly according to salary management provisions set by the Company, and the performance-related pay was issued based on the actual situation of benefit and individual performance assessment results at the year-end, remuneration and benefit are connected as a whole.

3. Training Plan

During the reporting period, based on the original talent pyramid of “Youhe Plan” for management trainees, “Daoxiang Plan” for reserve talents and “Jinsui Plan” for key position talents, the company further refined talent categories and implemented targeted, classified and hierarchical training management.

The company combined the general needs of talent training with the individual needs of different job levels and position characteristics, developed targeted learning objectives according to the talent characteristics, and matched with training courses and empowerment programs. Through special talent training programs, the company continued to improve the professional quality of talents, complete the talent cultivation and development mechanism, provide talent guarantee for enhancing the core competitiveness and sustainable development of the company, and further strengthened the innovation-driven development and the implementation of the strategy of strengthening enterprise with talents.

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 profit distribution policy of the Company is specified in the Article of Association as:

(1) Profit distribution of the Company should pay attention to the reasonable investment return to investors, and the profit distribution policy should maintain continuity and stability;

(2) The Company may distribute dividends in the form of cash or a combination of cash and stocks, and may pay interim cash dividends;

(3) The following conditions shall be met at the same time when the Company intends to implement cash dividends:

1. Earnings per share for the year is not less than 0.1 yuan;
2. The audit institution shall issue a standard unqualified audit report on the company's annual financial report;
3. The company has no major investment plans or major cash expenditures (except for fund-raising projects). Major investment plans or major cash expenditures refer to the cumulative expenditures that the company intends to invest, acquire assets, or purchase equipment in the next twelve months reach or exceed 30% of the company's most recent audited total assets, and exceed 50 million yuan;

(4) In principle, the company's annual profits distributed in cash should not be less than 10% of the attributable profits realized in the year; and the company's cumulative profits distributed in cash in the last 3 years should not be less than 30% of the annual average attributable profits realized in the last 3 years. Under the premise of ensuring the distribution of cash profits, the company can additionally adopt the method of stock dividend distribution for profit distribution; the company's annual profit distribution amount shall not exceed the company's accumulated undistributed profits at the end of the year, and shall not damage the company's ability to continue operations;

(5) The specific profit distribution plan shall be drawn up by the board of directors and submitted to the general meeting of shareholders for deliberation. The company provides a variety of ways to accept the recommendations and supervision of all shareholders, independent directors and supervisors on the company's dividends distribution. If the annual reporting period is profitable but the board of directors does not propose a cash dividend plan in accordance with the Articles of Association, it shall be disclosed in the periodic report the reasons for not

proposing a cash dividend plan in accordance with the Articles of Association, and the purpose of funds not used for dividends but retained by the company. The independent directors shall express independent opinions on this purpose. In addition to on-site meetings, the company shall also provide shareholders with an online voting platform when convening a general meeting of shareholders;

(6) If the company has not distributed cash profits in the last 3 years, it can not issue new shares to the public, issue convertible corporate bonds or allot shares to original shareholders;

(7) Where a shareholder illegally occupies the company's funds, the company shall deduct the cash dividends distributed to the shareholder in order to repay the capital occupied;

(8) When the company adjusts its profit distribution policy, it should take the protection of shareholders, especially small and medium shareholders' rights and interests, as the starting point for detailed argumentation, and the board of directors should submit it to the general meeting of shareholders for review and approval by a special resolution, while independent directors should express clear independent opinions;

(9) The company provides multiple channels (telephone, fax, e-mail, interactive platform, etc.) to accept all shareholders' suggestions and supervision on the company's dividends.

The foreign exchange conversion rate of domestically-listed foreign share dividends is calculated based on the central parity rate of Hong Kong dollar against RMB announced by the People's Bank of China on the first working day after the resolution date of the general meeting of shareholders.

During the reporting period, the company's profit distribution complied with the company's articles of association and review procedures, and fully protected the legitimate rights and interests of small and medium investors. Independent directors expressed their opinions, and the profit distribution procedures were compliant and transparent. During the reporting period, the company's profit distribution policy has not been adjusted or changed.

Special explanation on cash dividend policy	
Satisfy regulations of General Meeting or requirement of Article of Association (Y/N):	Y
Well-defined and clearly dividend standards and proportion (Y/N):	Y
Completed relevant decision-making process and mechanism (Y/N):	Y
Independent directors perform duties completely and play a proper role (Y/N):	Y
Minority shareholders have opportunity to express opinions and demands totally and their legal rights are fully protected (Y/N):	Y
Condition and procedures are compliance and transparent while the cash bonus policy adjusted or changed (Y/N):	Not applicable

The Company gains profits in reporting period and the parent company has positive profit available for distribution to shareholders of

the parent company but no cash dividend distribution plan has been proposed

Applicable Not applicable

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

Applicable Not applicable

Bonus shares for every 10-share (Share)	0
Dividends for every 10-share (RMB) (tax inclusive)	2.50
Equity base of distribution plan (Share)	1,152,535,254
Cash bonus distribution (RMB) (tax inclusive)	288,133,813.50
Cash bonus distribution in other ways (i.e. share buy-backs) (RMB)	0.00
Total cash bonus (including other ways) (RMB)	288,133,813.50
Profit available for distribution(RMB)	313,453,835.38
Ratio of total cash dividend (other ways included) in total profit distribution	100%
Cash dividend	
In case the Company is in a development stage and has the arrangement of major capital expenses, the ratio of cash dividend in profit distribution should reach a minimum of 20% in profit distribution.	
Detailed explanation on profit distribution or capital accumulation fund conversion plan	
<p>After audited by BDO China Shu Lun Pan Certified Public Accountant LLP, in consolidate statement for year of 2022, the net profit attributable to shareholders of parent company amounted to 420,594,871.27 yuan, net profit of parent company was 340,486,742.50 yuan; As of Dec. 31, 2022, the profit of parent company that can be distributed for shareholders was 313,453,835.38 yuan, and the balance of consolidate capital reserves was 1,259,639,656.65 yuan.</p> <p>In accordance with relevant regulations and Article of Association, combined with the actual development needs of the Company and in consideration of the interests of shareholders, BOD plans to submit the equity distribution plan for year of 2022 to shareholders general meeting: based on total share capital 1,152,535,254 shares of the Company on Dec. 31, 2022, distribute 2.5 yuan (tax inclusive) for every 10-share to all shareholders with zero share bonus (tax inclusive), and no capital share converted from capital reserve</p>	

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

Applicable Not applicable

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

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

1. Construction and implementation of internal control

In accordance with the Company Law, the Guidelines for Governance of Listed Companies, the relevant regulations of the China Securities Regulatory Commission and other relevant national laws and regulations, the company has established the general meeting of shareholders, the board of directors, the board of supervisors, the party committee, and managers. The board of directors consists of strategy committee, remuneration and appraisal committee, nominations committee and audit committee, clarified the responsibilities and authorities of decision-making, execution, and supervision, and formed a scientific and effective division of responsibilities and checks and balances mechanism, providing a good internal environment for the establishment and operation of the company's internal control system.

On the aspect of construction and implementation of the internal control system, the board of directors is responsible for the establishment, improvement and effective implementation of the internal control system, the board of supervisors supervises the establishment and implementation of the internal control system of the board of directors, and the managers are responsible for organizing the daily operation of the company's internal control system, and the company's risk management and internal audit department is specifically responsible for organizing and coordinating the establishment, implementation, evaluation and daily work of the internal control system.

The company has established management systems and procedures in line with internal control management norms in the fields of organizational structure, development strategy, internal audit and supervision, human resources, social responsibility, corporate culture, capital management, procurement business, sales business, asset management, engineering project management, research and development, guarantee business, investment management, contract management, budget management, financial reports, and information communication, which have been effectively implemented in the daily business operation and management process.

2. Details of major defects in internal control identified during the reporting period

Yes No

XIII. Management and controls on subsidiaries during reporting period

Name	Integration plans	Integration progress	Problems encountered in integration	Measures taken to resolve	Progress in solution	Follow-up solution plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

1. Self-appraisal report of internal control

Disclosure date of full internal control evaluation report	April 26, 2023	
Disclosure index of full internal control evaluation report	“Internal control self-appraisal report of SHENZHEN CEREALS HOLDINGS CO., LTD. in 2022” published on Juchao Website (http://www.cninfo.com.cn)	
The ratio of the total assets of entities included in the scope of evaluation accounting for the total assets on the Company’s consolidated financial statements	100.00%	
The ratio of the operating income of entities included in the scope of evaluation accounting for the operating income on the Company’s consolidated financial statements	100.00%	
Defects Evaluation Standards		
Category	Financial Reports	Non-financial Reports
Qualitative criteria	<p>1. Major defects: Defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements.</p> <p>The Company may indicate the presence of significant deficiencies in internal control over financial reporting if following circumstances:</p> <p>(1) The directors, supervisors and senior management fraud;</p> <p>(2) Enterprise corrects mistake which has been published in financial statements;</p> <p>(3) CPA finds material misstatement in current financial statements, but internal control during operation fails to find the misstatements;</p> <p>(4) Oversight of internal control by corporate audit committee and the internal audit is invalid;</p> <p>(5) Particularly important or significant deficiencies found during internal control has not been rectified;</p>	<p>1. Qualitative criteria for major defects are as follows:</p> <p>(1) The lack of democratic decision-making process, such as the lack of decision-making on major issues, an important appointment and dismissal of cadres, major investment decisions, large sums of money using the decision-making process;</p> <p>(2) Decision-making process is not scientific, such as major policy mistakes, resulting in significant property damage to the Company;</p> <p>(3) Serious violations of national laws and regulations;</p> <p>(4) Loss of key executives or loss of a large number of key talent;</p> <p>(5) Frequent negative news in media, which causes nationwide impact.</p> <p>2. The qualitative criteria for important defects are as follows:</p> <p>(1) The decision-making process is not</p>

	<p>(6) The lack of business-critical system or invalid system.</p> <p>2. Important defect: defect alone or together with other defects in a timely manner cause unpreventable or undetectable and uncorrectable material misstatement in the financial statements, although not reach and exceed the level of importance, should lead to management attention misstatements.</p> <p>3. General Defects: other internal defects do not pose a significant or important defect control deficiency.</p>	<p>perfect;</p> <p>(2)The company's internal management system has not been effectively implemented, resulting in losses;</p> <p>(3) Frequent occurrence of negative news in the media with certain influence;</p> <p>(4) The general defects in the internal control evaluation have not been corrected.</p> <p>3. General defects refer to other internal control defects that do not constitute major defects or important defects.</p>
Quantitative standard	<p>Major defects:</p> <p>Potential misstatement of total assets $\geq 1\%$ of total assets;</p> <p>Potential misstatement of operating revenue $\geq 1\%$ of operating income;</p> <p>Potential misstatement of total profit $\geq 5\%$ of total profit.</p> <p>Important defects:</p> <p>0.5% of total assets \leq Potential misstatement of total assets $< 1\%$ of total assets,</p> <p>0.5% of operating income \leq Potential misstatement of operating revenue $< 1\%$ of operating income,</p> <p>2.5% of total profit \leq Potential misstatement of total profit $< 5\%$ of total profit;</p> <p>General defects:</p> <p>Potential misstatement of total assets $< 0.5\%$ of total capital;</p> <p>Potential misstatement of Operating revenue $< 0.5\%$ of operating income;</p> <p>Potential misstatement of total profit $< 2.5\%$ of total profit;</p>	<p>Major defects: the amount of direct property loss ≥ 12 million yuan, have been officially disclosed outside the Company disclosed in periodic reports and adversely affected.</p> <p>Important defects: 3 million yuan $<$ the amount of direct property loss < 12 million yuan, punished by the state government but no negative impact on the disclosure of the company's regular reports;</p> <p>General defects: the amount of direct property loss ≤ 3 million yuan, punished by the provincial (including provincial) government but no negative impact on the disclosure of our company's regular reports;</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. Internal control audit report

Applicable Not applicable

Deliberations in Internal Control Audit Report	
BDO China Shu Lun Pan Certified Public Accountant LLP believes as of Dec. 31, 2022, the company maintained effective internal control over financial reporting in all significant aspects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations	
Disclosure details of audit report of internal control	Disclosed
Disclosure date of audit report of internal control (full-text)	2023-04-26
Index of audit report of internal control (full-text)	The internal control audit report of SHENZHEN CEREALS HOLDINGS CO., LTD. in 2022 published on Juchao Website (www.cninfo.com.cn)
Opinion type of auditing report of internal control	Standard unqualified
Whether the non-financial report had major defects	No

Does the accounting firm issue an internal control audit report with non-standard opinions?

Yes No

Is the internal control audit report issued by the accounting firm consistent with the self-evaluation report of the board of directors?
the Board

Yes No

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

During the reporting period, the company conducted self-examination and self-correction on corporate governance in accordance with the requirements of the Announcement on Launching Special Actions on Corporate Governance of Listed Companies of the China Securities Regulatory Commission. Through this self-examination, the company has established and improved a relatively complete and reasonable corporate governance structure and internal control system in accordance with relevant laws and regulations such as the Company Law, Guidelines for Governance of Listed Companies, Guidelines for the Standardized Operation of Listed Companies in the Shenzhen Stock Exchange, etc.. The company didn't find any major deficiencies and risks in standardized operations.

In the future, the company will focus on improving the high-quality development of the listed company, continue

to improve the corporate governance system, effectively improve the effectiveness of corporate governance and scientificity of decision-making, and achieve stable operation and sustainable development of the company.

Section V. Environmental and Social Responsibility

I. Major environmental

Are the listed company and its subsidiaries a key pollutant discharge unit announced by the environmental protection authorities?

Yes No

Administrative punishment for environmental problems during the reporting period

Company name or subsidiary name	Reason for punishment	Violation	Punishment result	Impact on the production and operation of listed company	The company's rectification measures
NA	NA	NA	NA	NA	NA

Other environmental information disclosed by reference to key pollutant discharge entities

Nil

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

Applicable Not applicable

Reasons for not disclosing other environmental information

The company attached great importance to environmental protection work, and each subsidiary has built corresponding environmental protection facilities according to the actual situation of production and operation to treat waste gas, dust, wastewater and solid waste generated in the production process, so as to make its emissions reach the national and local relevant standards.

II. Social responsibility

During the reporting period, the Company has been strictly in accordance with Company Law, Securities Law, Articles of Association and other relevant laws and regulations, continues to improve governance structure and regulate operation. The Company attaches importance to social responsibility, sustains attention to social create value, integrity management according to law, provides consumers with safe and secure products, high-quality, green and healthy products to enhance the capacity for sustainable development and overall competitiveness; and make efforts to improve management, enhance innovation capability and core competencies; the Company upholds a fair, just and open principles of treatment for all investors, with particular emphasis on safeguarding the interests of minority shareholders; the Company strictly complies with national environmental laws and regulations, thoroughly implements green philosophy, strengthens ecological protection, complies with the overall development of the country and society, and strives to achieve economic and social benefits, short-term interests and long-term interests of their own development and social development, coordination, thus achieving healthy and harmonious development of the Company, staff, society, and environment.

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

To effectively carry out the rural revitalization work, according to relevant work arrangements of the Provincial Party Committee and the Municipal Party Committee, in 2021, SZCH selected 3 personnel to establish a township assistance team (hereinafter referred to as the "township assistance team") together with the personnel assigned by Shenzhen Government Offices Administration, Meteorological Bureau of Shenzhen Municipality and Heyuan Central Branch of China Life Property and Casualty Insurance Co., Ltd. to carry out rural revitalization assistance work in Tuocheng Town, Longchuan County, Heyuan City. In 2022, as a team member, SZCH gave full play to its advantages and explored a new approach for rural revitalization assistance.

The first was to invite leaders of "one town, one industry" peanut industry in Tuocheng Town and persons in charge of local grain and oil enterprises to SZCH to learn grain and oil storage and testing technologies and exchange experiences, so as to expand ideas for rural revitalization and inspire confidence. The second was to provide food quality testing technology assistance for local grain and oil processing enterprises. The main leaders of SZCH led the technical experts of the company to carry out in-depth research in Tuocheng Town, offered "effective prescriptions" for local grain and oil processing enterprises, and developed quality testing assistance solutions. On the one hand, through the resource advantages of Shenliang Quality Inspection, SZCH provided local grain and oil processing enterprises with quality testing services in the whole process from seed source to raw materials to finished products, reduced relevant expenses as much as possible on the basis of ensuring timeliness, thus guaranteeing the food quality and safety of grain and oil processing enterprises in Tuocheng Town. On the other hand, SZCH established a normal food quality inspection mechanism, irregularly arranged technical experts to grain and oil processing enterprises for on-site exchange, so as to strengthen the food quality and safety awareness of the processing enterprises, help inspection personnel improve testing technology, boost the processing enterprises to improve the quality management system and implement the quality system certification work, and promote the quality improvement of enterprise products. The third was to vigorously carry out consumption assistance. During the Mid-Autumn Festival and National Day, the Trade Union of SZCH mobilized its subordinate grassroots trade unions to purchase agricultural and sideline products of Tuocheng Town with an amount of 400,000 yuan in the form of "purchase for donation, buying for assisting" to support the industrial development of Tuocheng Town and help the rural revitalization with practical actions.

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

Commitment reason	Made by	Type of commitments	Content of commitments	Commitment date	Commitment term	Implementation
Commitments in assets reorganization	Food Materials Group	Other commitments	Commitment to non-normal business enterprises: For non-normal business enterprises under Shenzhen Cereals Group (including but not limited to enterprises that have been revoked business licenses, discontinued operation, etc.), the commitment party will fully assist, urge and promote Shenzhen Cereals Group to implement the corresponding write-off procedures. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the abnormal operation of the non-normal business enterprises or the failure to handle write-off procedures in time, the commitment party will bear the relevant legal	2018-03-23	Implement as promised	Normal performance

			liability, and fully compensate the listed company and the target company within 30 working days after the actual loss occurs.			
	Food Materials Group	Other commitments	<p>Relevant Commitments Regarding the Existence of Flaws in Leased Property: The leased house property of Shenzhen Cereals Group and its holding subsidiaries has the following conditions: (1) The lessor has not provided the ownership documentary evidence of the property and/or the documentary evidence proving the lessor has the right to rent out the house property. (2) The lease term of part of the leased house property is more than 20 years; (3) Shenzhen Cereals Group and its subsidiaries sublet part of the leased house property to a third party without the consent of the lessor; (4) The leased house property of Shenzhen Cereals Group and its holding subsidiary has not been registered for the housing lease. If Shenzhen Cereals Group and its holding subsidiaries are imposed any form of punishment by the relevant government departments or assume any form of legal responsibility, or suffer from any losses or expenses because their</p>	2018-03-23	Implement as promised	Normal performance

			<p>leased place and / or house property do not comply with relevant laws and regulations, the commitment party will be willing to bear any losses, damages, claims, costs and expenses incurred, suffered and assumed by Shenzhen Cereals Group and its holding subsidiaries, and protect Shenzhen Cereals Group and its holding subsidiaries from damages. In addition, the commitment party will support Shenzhen Cereals Group and its holding subsidiaries to actively advocate their rights against the corresponding parties in order to safeguard and protect the interest of Shenzhen Cereals Group and the listed companies to the maximum extent.</p>			
	Food Materials Group	Other commitments	<p>Commitment Letter on Flaws in House Property and Land: In the case that some of the house properties held by Shenzhen Cereals Group fail to rename the obligee of the property ownership certificate, the commitment party will fully assist, urge and promote Shenzhen Cereals Group or its subsidiaries to go through the formalities. After the completion of this reorganization, if Shenzhen Cereals Group or the listed</p>	2018-03-23	Implement as promised	Normal performance

			<p>company is called to account, receives administrative punishment or suffers any losses due to the failure to rename the obligee of the property ownership certificate, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that some house properties held by Shenzhen Cereals Group fail to complete the registration procedures for ownership transfer, the commitment party will fully assist, urge and promote Shenzhen Cereals Group to complete the relevant transfer procedures. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to rename the obligee of above-mentioned property, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the</p>		
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			<p>actual loss occurs. In response to the conversion of non-market commercial housing held by Shenzhen Cereals Group into market commercial housing, the commitment party will fully assist, urge and promote Shenzhen Cereals Group to go through the formalities. After the completion of this reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to complete the conversion of non-market commercial housing into market commercial housing, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that some house properties of Shenzhen Cereals Group have not been renewed for the land use period, the commitment party will fully assist, urge and promote Shenzhen Cereals Group to renew the corresponding land use right period. After the completion of this reorganization, if Shenzhen Cereals Group or the listed</p>		
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			<p>company is called to account, receives administrative punishment or suffers any losses due to the failure to renew the land use right period, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that some house properties of Shenzhen Cereals Group have not been registered for ownership transfer or renewed the land use period, the commitment party will fully assist, urge and promote Shenzhen Cereals Group to handle the corresponding land use rights renewal and ownership transfer registration procedures. After the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses due to the failure to complete the above-mentioned land use right renewal and ownership transfer registration procedures, the commitment party will bear the relevant legal liability, and fully compensate the listed</p>			
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			<p>company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the property of SZCG Sungang Warehouse has not completed the registration for converting non commercial housing into commercial housing, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as the property of Sungang Warehouse is not registered for converting non commercial housing into commercial housing in time, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the land and property of SZCG Shuguang Grain Depot have not passed the completion acceptance nor completed the registration of commercial housing, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment</p>		
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			<p>or suffers any losses as the land and property of Shuguang Grain Depot have not timely passed the completion in time nor completed the registration of commercial housing, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the property of SZCG Flour Factory has not completed the conversion of non-commercial housing into commercial housing and the relocation, after the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers from any losses as Flour Factory doesn't complete the conversion of non-commercial housing into commercial housing and the relocation, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. In view of the fact that the land of Heilongjiang</p>			
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			<p>Hongxinglong Nongken Shenxin Grain Industry Park Co., Ltd., a subsidiary of Shenzhen Cereals Group, has not applied for land use right certificates, the commitment party will fully assist, urge and promote the subsidiary of Shenzhen Cereals Group to manage the application procedures of the corresponding land use right certificates. After the completion of the reorganization, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses because the land use right certificate cannot be issued due to any ownership disputes in the above-mentioned land use right, the commitment party will bear the relevant legal liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs. If Shenzhen Cereals Group and its holding subsidiaries are required to take back the sites and/or properties or imposed any form of punishment by the relevant government departments or assume any legal liability, or suffer any losses or expenses arising from the</p>		
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			modification for flaws in sites and/or properties as the above-mentioned and other self-owned or leased sites and/or properties fail to comply with the relevant laws and regulations, the commitment party will assume any losses, damages, claims, costs and expenses incurred, suffered and assumed by Shenzhen Cereals Group and its holding subsidiaries, and protect the list companies and Shenzhen Cereals Group from damages. In addition, the commitment party will support the company and its holding subsidiaries to actively advocate their rights against the corresponding parties in order to safeguard and protect the interest of the company and its holding subsidiaries to the maximum extent.			
	Food Materials Group	Other commitments	Commitment Letter on the Company's System Reform and System Evaluation of Shenzhen Cereals Group in 1998: After the completion of this restructuring, if Shenzhen Cereals Group or the listed company is called to account, receives administrative punishment or suffers any losses as the system reform is not evaluated or other reasons related to this reform, the commitment party will bear the relevant legal	2018-03-23	Implement as promised	Normal performance

			liability, and fully compensate the listed company and Shenzhen Cereals Group within 30 working days after the actual loss occurs.			
	Food Materials Group	Other commitments	Commitment to Maintain the Position of Controlling Shareholders of Listed Companies: Within 60 months from the date of completion of this transaction, the Company promises not to voluntarily give up the controlling shareholder status in the listed company, and guarantees that the controlling shareholder status of the listed company will not be changed due to reasons of the Company during this period, nor assists any other party to seek the controlling shareholder status of the listed company. Within 60 months from the date of completion of this transaction, the Company will not take the initiative to change the status of the controlling shareholder of the listed company through any actions including reducing the share holding in the listed company.	2018-03-23	2023-11-12	Normal performance
	Food Materials Group	Other commitments	Commitment on the public shares: After the completion of the transaction, the commitment party will cautiously nominate	2018-03-23	Implement as promised	Normal performance

			<p>directors and supervisors, and will not nominate candidates for directors, supervisors and senior management to the listed company that will cause the proportion of public shares of the listed company not meet the requirements of the Listing Rules of Shenzhen Stock Exchange.; nor will vote for the relevant shareholders' meeting and/or board resolutions for selecting directors, supervisors and senior executives of listed companies that will make the proportion of public shares of listed companies not meet the requirements of the Listing Rules of Shenzhen Stock Exchange.</p>			
	Food Materials Group	Shares limited for sale commitment	<p>Commitment on the Lock-up Period of the Shares: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as "Shenshenbao" and "Listed Company") intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG", "target company") held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as "the commitment party"), the controlling shareholder of SZCG, has made the</p>	2018-04-02	2022-5-12	Fulfillment completed

			<p>following commitments: 1. The commitment party should not transfer the shares of the listed company obtained from this transaction within 36 months from the date of listing of the shares. If the closing price of the listed company's stock is lower than the issue price for 20 consecutive trading days within 6 months after the completion of this transaction, or the closing price is lower than the issue price at the term end of 6 months after the completion of the transaction, the lock-up period for the commitment party to hold the company's stock automatically prolongs for at least 6 months. 2. At the expiration of the above-mentioned lock-up period, if the commitment party doesn't fully fulfill the performance compensation obligation stipulated in the Performance Compensation Agreement, the lock-up period of the shares issued to the commitment party will be prolonged to the date when the performance compensation obligation is fulfilled. 3. Before this transaction, the shares of the Listed Company held by the commitment party</p>			
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			<p>and the companies controlled by the promise shall not be transferred within 12 months after the completion of this transaction. 4. During the lock-up period of shares, the part that the commitment party has increased due to the bonus issue of dividends, transfer of share capital or share allotment of the Listed Company and other ex dividend and ex right matters should also abide by the above-mentioned share lock-up arrangement.</p> <p>3. If the above lock-up period does not comply with the latest regulatory requirements of the securities regulatory authority, the commitment party will agree to make corresponding adjustments according to the latest regulatory opinions of the regulatory authorities, and implement in accordance with the relevant provisions of the China Securities Regulatory Commission and the Shenzhen Stock Exchange after the lock-up period expires.</p>			
	Food Materials Group	Other commitments	<p>Commitment letter of Shenzhen Food Materials Group Co., Ltd on pending litigation of Shenzhen Cereals Group Co., Ltd.: Shenzhen Shenbao Industrial Co., Ltd.</p>	2018-04-02	Implement as promised	Normal performance

			<p>(hereinafter referred to as “Shenshenbao”, “Listed Company”) intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”, “target company”) held by the shareholders of SZCG through issuance of shares. In view of the two unfinished major lawsuits/arbitration of SZCG, Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the commitment party”), the controlling shareholder of SZCG, has made the following commitments: If SZCG and its controlling subsidiaries suffer any claims, compensation, losses or expenses due to the unsettled major lawsuits/arbitration about the contract dispute of international sale of soybean with Noble Resources Co., Ltd. and the contract dispute with Guangzhou Jinhe Feed Co., Ltd. and Huangxianning Import Agent, the commitment party will assume the compensation or loss caused by the above two outstanding major lawsuits/arbitration.</p>			
	Food Materials Group	Other commitments	Commitment letter of Shenzhen Food Materials Group Co., Ltd. on risks of making a supplementary	2018-04-02	Implement as promised	Normal performance

			<p>payment for the rent at earlier stage of Pinghu Grain Depot: Shenzhen Shenbao Industrial Co., Ltd. intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd. (hereinafter referred to as “the commitment party”), the controlling shareholder of SZCG, has made the following commitments: If SZCG needs to make a supplementary payment for the rent before assessment basis date to the property right unit of Pinghu Grain Depot (or its authorized unit), the total amount of the rent and other related charges and expenses shall be borne by the commitment party.</p>			
	Food Materials Group	Other commitments	<p>Commitment letter on the house properties of Shenzhen Cereals Group and its subsidiaries that have not obtained the housing ownership certificate: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao” and “listed company”) intends to purchase the 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as</p>	2018-04-02	Implement as promised	Normal performance

			<p>“SZCG”, “target company”) held by the shareholders of SZCG through issuance of shares. Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the commitment party”), the controlling shareholder of SZCG, has made the following commitments: If SZCG and its subsidiaries suffer any administrative punishment or losses due to their house properties without the housing ownership certificate, the commitment party will bear the relevant legal responsibilities and fully compensate the listed company and SZCG within 30 working days after the actual loss occurs.</p>			
	Food Materials Group	Commitment on restricted sale of shares	<p>Commitment on Shenzhen Food Materials Group Co., Ltd to accept the restricted shares of non-tradable shares reform of Shenzhen Shenbao Industrial Co., Ltd. held by Shenzhen Investment Holdings Co., Ltd.: Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “Food Materials Group”) accepts 79,484,302 shares of A shares of Shenshenbao A (000019) (including 66,052,518 shares of unrestricted A shares and 13,431,784 shares of restricted A shares) held by Shenzhen Investment</p>	2018-04-04	Implement as promised	Normal performance

			<p>Holdings Co., Ltd. (hereinafter referred to as “Shenzhen Investment Holdings”) by the free transfer, totally accounting for 16% of the total share capital of Shenshenbao. Shenzhen Investment Holdings made the following commitments in the reform of non-tradable shares of Shenshenbao in 2006: “To make effective and long-term incentives for the management, after the completion of the share reform, Shenzhen Agricultural Products Co., Ltd. (hereinafter referred to as “Agricultural Products”) and Shenzhen Investment Holdings, the company’s non-tradable shareholders, will sell their shareholdings after consideration which account for 6%-8% of the company’s total share capital to the management of the company in three years based on the shareholding ratio of Agricultural Products and Shenzhen Investment Holdings after the share reform (i.e. accounting for 6%-8% of the company’s total share capital of 181,923,088 shares after the share reform).” Food Materials Group made a commitment that after the completion of the free transfer of the state-owned</p>			
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			shares, Food Materials Group would continue to perform the above commitments it made when Shenzhen Investment Holdings makes the non-tradable shares reform to Shenshenbao, which is effective in the long run.			
	Food Materials Group	Commitments on inter-industry competition, related transactions and capital occupancy	<p>Commitment Letter on Avoiding Horizontal Competition: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Listed Company”) intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. held by Shenzhen Food Materials Group Co., Ltd.(hereinafter referred to as “the Company”) by issuing shares to purchase assets, the Company has made the following commitments: 1. As of the issue date of this Commitment Letter, the Company and other enterprises controlled by the Company have not engaged in any business or activity that directly or indirectly constitute horizontal competition to the Listed Company and its subsidiaries in the business, and guarantees that it will not engage or induce any enterprise controlled by the Company to engage in any business or activity that directly or indirectly constitute</p>	2018-06-08	Implement as promised	Normal performance

			<p>horizontal competition to the Listed Company and its subsidiaries in the future.</p> <p>2. If the business opportunity obtained by the Company and other enterprises controlled by the Company constitutes horizontal competition or may constitute horizontal competition to the main business of the Listed Company and its subsidiaries, the Company will immediately notify the Listed Company and try its best to give the business opportunity to the Listed Company to avoid horizontal competition or potential horizontal competition with the Listed Company and its subsidiaries and ensure the interests of Listed Company and other shareholders of Listed Company are not impaired.</p> <p>3. If the main business of the Listed Company and its subsidiaries constitutes horizontal competition or may constitute horizontal competition to the Company and other enterprises controlled by the Company due to business development or extension, the Company and other enterprises controlled by the Company shall take the following feasible measures based on specific circumstance to</p>			
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			<p>avoid competition with the Listed Company: (1) Stop business that constitutes competition or may constitute competition to the Listed Company; (2) Transfer the competitive businesses and assets to the Listed Company at fair prices; (3) Transfer the competitive business to an unrelated third party; (4) Other ways to protect the interests of the Listed Company; 4. If the Company violates the above commitments and causes losses to the Listed Company, the Company will compensate the Listed Company for the incurred losses after the losses are determined. 5. The above commitments continue to be valid during the period when the Company is the controlling shareholder of the Listed Company.</p>			
	Food Materials Group	<p>Commitments on inter-industry competition, related transactions and capital occupancy</p>	<p>Commitment Letter on Reducing and Regulating Related Transactions: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as "Listed Company") intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. held by Shenzhen Food Materials Group Co., Ltd. (hereinafter referred to as "the Company") by issuing shares to purchase assets, the Company has</p>	2018-06-08	Implement as promised	Normal performance

			<p>made the following commitments: 1. The enterprises directly or indirectly controlled or affected by the Company and the restructured company and its holding companies will regulate and minimize the related transactions. For related transactions that cannot be avoided or have reasonable reasons to occur, the Company promises to follow the market-oriented principle of justice, fairness and openness, and sign agreements in accordance with relevant laws and regulations, regulatory documents and articles of association, perform legal procedures, fulfill information disclosure obligations and handle relevant approval procedures in accordance with the law, and ensure not to damage the legitimate rights and interests of the company and other shareholders through related transactions. 2. The enterprises directly or indirectly controlled or affected by the Company will strictly avoid borrowing from the company and its holding and shareholding companies, occupying the funds of the company and its holding and</p>		
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			<p>shareholding companies, or embezzling the company's funds by taking advance payments and compensatory debts from the company and its holding and shareholding companies. 3. After the completion of this transaction, the Company will continue to exercise its shareholder rights in strict accordance with the relevant laws and regulations, regulatory documents and the relevant provisions of the Articles of Association; and fulfill its obligation of avoiding voting when the company's general meeting of shareholders is voting on related transactions involving the Company. 4. The Company guarantees not to obtain any improper interests through the related transactions or cause the company and its holding and shareholding companies to bear any wrongful obligations. If the company or its holding and shareholding companies suffer losses or the interests of the company or its holding and shareholding companies are embezzled by related transactions, the Company will the losses of the company and its holding and shareholding companies.</p>			
	Food	Other	Commitment on the	2018-06-08	Implement	Normal

	Materials Group	commitments	Standardized Operation of Listed Company: Shenzhen Shenbao Industrial Co., Ltd. intends to purchase 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) through issuance of shares. In response to the above transactions, the Company has made the following commitments: After the completion of this transaction, the commitment party promises to ensure that the listed company will strictly follow the requirements of laws and regulations such as the “Guidelines for the Governance of Listed Companies” and the changes in internal management and external operation and development of listed company to revise the Articles of Association and related rules of procedure so as to adapt to the business operations and corporate governance requirements after the reorganization, continue to improve the governance structure of listed company, continuously strengthen the system construction to form a corporate governance		as promised	performance

			<p>structure that each performs their own duties, effectively checks and balances, makes scientific decisions and coordinates the operation so as to more effectively and feasibly protect the interests of the listed company and all its shareholders. The commitment party will urge the listed company to perform the functions of the shareholders' meeting in strict accordance with the Articles of Association and the Rules of Procedures of the Shareholders Meeting, ensure that all shareholders, especially small and medium shareholders, enjoy equal rights as stipulated by laws, administrative regulations and the Articles of Association, and ensure that all shareholders legally exercise their rights and interests. The commitment party will also urge the listed company to further improve the institutional requirements of the board of directors, ensure that the board of directors fairly, scientifically and efficiently makes decisions, ensure that independent directors can perform their duties in accordance with laws and regulations during their employment, actively</p>		
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			<p>understand the various operations of the listed company, consciously perform responsibilities, play a positive role in the scientific decision-making of the board of directors and the development of the listed company, promote the sound development of the listed company, and effectively safeguard the overall interests of the listed company and the interests of small and medium-sized shareholders. In addition, the Company will urge the listed company to give full play to the positive role of independent directors in regulating the operation of the company, strictly abide by relevant national laws, regulations, rules and relevant provisions of the Articles of Association to select independent directors, and further enhance corporate governance.</p>			
	Food Materials Group	Other commitments	<p>Commitment Letter on the Legal Compliance of the Underlying Asset Operation: Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as "Shenshenbao", "Listed Company") intends to purchase 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as "SZCG", "Target Company") held</p>	2018-06-08	Implement as promised	Normal performance

			<p>by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) through issuance of shares. The Company has made the following commitments: 1. The Target Company is a limited liability company established according to law and is validly existing, possesses statutory business qualifications, and the Target Company has obtained all the approvals, consents, authorizations and licenses required for its establishment and operation, and all approvals, consents and authorizations and licenses are valid and there is no reason or case that may result in the invalidation of the above approvals, consents, authorizations and licenses. 2. The Target Company has no major violations of laws and regulations in the production and operation in the last three years, there is no case that the Target Company should be terminated according to relevant laws, regulations, normative documents and the company’s articles of association. Except for litigations, arbitrations and administrative penalties disclosed in the Restructuring Report, the Target Company does not</p>			
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			<p>have any unsettled or foreseeable major litigation, arbitration and administrative penalty that adversely affect its operations or the amount is more than 10 million yuan.</p> <p>3. The Target Company will perform the labor contracts with its employees independently and completely. 4. If the Target Company is subject to the fees or penalties of the relevant competent authorities in terms of industry and commerce, taxation, employee salaries, social security, housing provident fund, business qualifications or industry supervisors due to the facts already existing before the reorganization, the Company will fully compensates all the outstanding fees of the Target Company and bear all the losses suffered by Shenshenbao and the Target Company. 5. The Target Company legally owns the ownership and/or use rights of the offices, office equipment, trademarks and other assets required for normal production and operation, has independent and complete assets and business structure, and has legal ownership of its main assets, and the ownership of assets is clear. 6. There</p>		
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			is no case that the Target Company impedes the transfer of ownership of the company, such as litigation, arbitration, judicial enforcement, etc., and there is no external guarantee that violates the law or the articles of association. After this reorganization, if the Company violates the above commitments and causes losses to Shenshenbao and the Target Company, the Company agrees to bear the aforementioned compensation/ liability for damage to Shenshenbao/ Target Company.			
	Food Materials Group	Other commitments	Commitment on the Independence of Listed Company: In view of the fact that Shenzhen Shenbao Industrial Co., Ltd. (hereinafter referred to as “Shenshenbao”) intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “Target Company”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) by issuing shares to purchase assets, the Company has made the following commitments: 1. Guarantee the independence of the personnel of Shenshenbao and the Target Company	2018-06-08	Implement as promised	Normal performance

			<p>(1) Guarantee that the labor, personnel and compensation management of Shenshenbao and Target Company are completely independent of the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties after the completion of this restructuring. (2) Guarantee that the senior management personnel of Shenshenbao and Target Company are fully employed in Shenshenbao and Target Company and receive remuneration after the completion of this restructuring, and do not hold any post except for directors and supervisors in the Company and other companies, enterprises controlled by the Company or other economic organizations and related parties. (3) Ensure not to intervene into the shareholders' meeting and the board of directors of Shenshenbao and Target Company to exercise their powers to determine the appointment and dismissal of personnel after the completion of this restructuring. 2. Guarantee the institutional independence of Shenshenbao and Target Company (1) After the</p>			
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			<p>completion of this restructuring, Shenshenbao and Target Company will establish a sound corporate governance structure and have an independent and complete organization. (2) After the completion of this restructuring, the shareholders meeting, the board of directors and the board of supervisors of Shenshenbao and Target Company shall independently exercise their functions and powers in accordance with the laws, regulations and the articles of association of Shenshenbao and Target Company. 3. Ensure that the assets of Shenshenbao and Target Company are independent and complete.</p> <p>(1) After the completion of this restructuring, Shenshenbao and Target Company shall have independent and complete assets related to production and operation. (2) Ensure that the site for business operation of Shenshenbao and Target Company are independent of the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties after the completion of this restructuring. (3) In addition to normal business transactions, after the</p>		
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			<p>completion of this restructuring, Shenshenbao and Target Company do not have funds and assets which are occupied by the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties. 4. Guarantee the business independence of Shenshenbao and Target Company (1) After the completion of this restructuring, Shenshenbao and Target Company shall have the relevant qualifications for independent business activities, and have the market-oriented independent, autonomous and sustainable operation capabilities. (2) After the completion of this restructuring, the Company and other companies and enterprises controlled by the Company or other economic organizations and related parties shall reduce the related transactions with Shenshenbao and Target Company and other companies and enterprises controlled by them or other economic organizations; for the necessary and unavoidable related transactions, guarantee the fair operation according to market principles and fair</p>			
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		<p>prices, and perform relevant approval procedures and information disclosure obligations in accordance with relevant laws, regulations and regulatory documents. 5. Guarantee the financial independence of Shenshenbao and Target Company (1) Ensure that Shenshenbao and Target Company will establish an independent financial department and an independent financial accounting system, and a standardized and independent financial accounting system after the completion of this restructuring. (2) Ensure that Shenshenbao and Target Company will open an independent bank account after the completion of this restructuring, and will not share bank accounts with the Company and other companies and enterprises controlled by the Company or other economic organizations and other related parties. (3) After the completion of this restructuring, the financial personnel of Shenshenbao and Target Company shall not take part-time jobs in the Company and other companies and enterprises controlled by the Company or other economic</p>		
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			<p>organizations and related parties. (4) After the completion of this restructuring, Shenshenbao and Target Company shall be able to make financial decisions independently, the Company shall not interfere with the use of funds of Shenshenbao and Target Company. (5) After the completion of this restructuring, Shenshenbao and Target Company shall pay taxes independently according to law. If the Company violates the above commitments, it will bear all the losses caused to Shenshenbao and Target Company.</p>			
	<p>Food Materials Group, Agricultural Products</p>	<p>Commitments on inter-industry competition, related transactions and capital occupancy</p>	<p>Commitment to Avoid Occupation of Non-operating Capital: Shenzhen Shenbao Industrial Co., Ltd. intends to acquire 100% equity of Shenzhen Cereals Group Co., Ltd. (hereinafter referred to as “SZCG”) held by Shenzhen Food Materials Group Co., Ltd (hereinafter referred to as “the Company”) through issuance of shares. In response to the above transactions, Food Materials Group and Agricultural Products have made the following commitments: 1. As of the issue date of this commitment letter, the commitment party and its</p>	<p>2018-06-08</p>	<p>Implement as promised</p>	<p>Normal performance</p>

			<p>related person do not have any illegal use of funds and assets of the listed company and SZCG, and there is no case that the listed company and SZCG provide illegal guarantee for the commitment party and its related person. 2. After the completion of the transaction, the commitment party guarantees that the commitment party and its related person shall not illegally occupy the funds and assets of the listed company in any way, nor require the listed company to provide illegal guarantee for the commitment party and its related person under any circumstances, nor engage in any act to damage the legitimate rights and interests of the listed company and other shareholders. If the commitment party violates the above commitments, it will bear all losses caused to the listed company and the target company and other companies and enterprises controlled by them or other economic organizations.</p>			
Completed on time (Y/N)	Y					
If the commitment is overdue and has not been fulfilled, the	-					

specific reasons for incomplete performance and the work plan for next step shall be explained in detail	
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2. For assets or projects of the Company which keeps profitable forecast during the reporting period, description reasons for reaching the original profitable forecast

Applicable Not applicable

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

Applicable Not applicable

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

III. External guarantee out of 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, the board of supervisors and Independent Directors (if applicable) for “Qualified Audit Opinion” 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

Changes of important accounting policies

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 15

The Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 15 (CK (2021) No.35) on December 30, 2021 (hereinafter referred to as “Interpretation No. 15”).

□ Accounting for trial operation sales

Interpretation No. 15 stipulates the accounting treatment and presentation of sales of products or by-products produced by the enterprise before the fixed assets reach the expected usable state or during the research and development, and stipulates that the net amount from relevant income of trial operation sales used to offset the cost shall not be used to write down fixed asset costs or the research and development expenditure. This provision came into force on January 1, 2022, and retroactive adjustments shall be made for trial operation sales that occurred between the beginning of the earliest period of financial statement presentation and January 1, 2022. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

□ Judgment on onerous contract

Interpretation No. 15 clarifies that the “cost of contract performance” considered by the enterprise when judging whether the contract constitutes an onerous contract shall include both the incremental cost of contract performance and the shared amount of other costs directly related to the contract performance.

This provisions came into effect on January 1, 2022. Enterprises shall implement this provisions for the contracts that have not fulfilled all the obligations on January 1, 2022. The early comparative financial statement data shall not be adjusted for the retained earnings and other related financial statement items at the beginning of the year when adjustment of cumulative affected amount is mad. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

(2) Implementation of Finance and Accounting [2022] No. 13 The company has adopted simplified methods for all lease contracts that met the conditions before the adjustment of application scope and all similar lease contracts that met the conditions after the adjustment of application scope, and retroactively adjusted relevant lease contracts that have adopted lease change for accounting treatment before the issue of the Notice without adjusting the early comparative financial statement data; the implementation of this provision from January 1, 2022 to the implementation date of this Notice has not had a major impact on the financial condition and operating results of the company.

(3) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16

The Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 16 (CK (2022) No.31) on November 30, 2022 (hereinafter referred to as “Interpretation No. 16”).

□ Accounting for the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments

Interpretation No.16 stipulates that for financial instruments classified by the enterprise as equity instruments, where relevant dividend expenditures are deducted before enterprise income tax according to relevant provisions of tax policies, the income tax impact related to dividends shall be recognized when dividends payable are

recognized, and the income tax impact of dividends shall be included into current profit and loss or owner's equity items (including other comprehensive income item) in the way consistent with the accounting treatment adopted for previous transactions or matters that generate profits available for distribution.

This provision came into force as of the date of promulgation. If relevant dividends payable occur from January 1, 2022 to the date of implementation, it shall be adjusted according to this provision; if relevant dividends payable occur before January 1, 2022 and the recognition of relevant financial instruments is not terminated on January 1, 2022, retroactive adjustment shall be made. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

Accounting treatment in which the enterprise modifies the share payment settled by cash to share payment settled by equity

Interpretation No. 16 clarifies that if the enterprise modifies the terms and conditions in the agreement of share payment settled by cash to make it share payment settled by equity, on the modification date (whether within or after the waiting period), it shall calculate the share payment settled by equity according to the fair value on the date of modifying the granted equity instruments, and include the acquired services into capital reserve. At the same time, it shall terminate the recognition of liabilities of the share payment settled by cash recognized on the modification date, and include the difference into current profit and loss.

This provision came into force as of the date of promulgation, and relevant new transactions from January 1, 2022 to the date of implementation shall be adjusted according to this provision; if relevant transactions occurring before January 1, 2022 are not treated according to this provision, retroactive adjustment shall be made, and the cumulative affected amount shall be adjusted to retained earnings and other related items as of January 1, 2022, without adjusting the early comparative financial statement data. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

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

Applicable Not applicable

During the reporting period, newly established the Dongguan Shenliang Hualian Grain & Oil Trading Co., Ltd, acquired the Wuhan Jiacheng Biotechnology Co., Ltd and cancellation of the Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., ltd and Shenzhen Shenbao Property Management Co., Ltd.

In this period, Zhenpin Market Operation Technology Co., Ltd. and Shenliang Hongli Grain and Oil (Shenzhen) Co., Ltd. were newly established. The company lost its control right over Hangzhou Ju Fang Yong Trading Co., Ltd. as the latter was transferred to the designated manager of the court due to bankruptcy liquidation. Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as "Shenbao Technology") was absorbed and merged by Shenbao Huacheng before being canceled.

VIII. Appointment and dismissal of CPA

Accounting firm appointed

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountant LLP
Remuneration for domestic accounting firm (in 10 thousand Yuan)	74
Continuous life of auditing service for domestic accounting firm	4
Name of domestic CPA	Qi Tao, Tao Guoheng
Continuous life of auditing service for domestic CPA	4, 3

Whether re-appointed accounting firms in this period or not

Yes No

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

Applicable Not applicable

During the reporting period, BDO China Shu Lun Pan Certified Public Accountant LLP was hired as the internal control audit agency of the Company, 290,000 yuan for internal control audit fee.

IX. Particular about delisting after annual report disclosed

Applicable Not applicable

X. Bankruptcy reorganization

Applicable Not applicable

No bankruptcy reorganization for the Company in reporting period

XI. Significant lawsuits and arbitration of the Company

Applicable Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand yuan)	Resulting in an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
As of 31 December 2022, other lawsuits that did not meet the disclosure standards for significant lawsuits mainly included the	10,621.13	Yes, the single loan contract dispute from subordinate enterprise of the Company is expected to form an accrual liability of 5,136,600.00 yuan approximately.	The Company actively makes use of the advantageous resources of internal legal affairs and external laws firm to follow up and deal with the lawsuit-related	After comprehensive analysis, the result of the cases involved in the lawsuits will not have a significant impact on the Company	It is actively advancing		Not applicable

following: disputes over purchase and sales contract, dispute over loan contract, disputes over construction contracts, Disputes over company separation contracts, housing lease contracts, etc.		Other lawsuit-related cases are relatively small in individual amount, and will not have a significant impact on the Company when analyzed in conjunction with the progress of these cases.	cases. At present, the Company is responding to and dealing with the cases effectively in accordance with relevant laws and regulations				
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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

XIV. Major related transaction

1. Related transaction with routine operation concerned

Applicable Not applicable

No related transaction occurred in the period with routine operation concerned

2. Assets or equity acquisition, and sales of assets and equity

Applicable Not applicable

No related transaction concerning the asses or equity acquisition and sold in the period

3. Related transaction of foreign investment

Applicable Not applicable

No related transaction of foreign investment occurred in the period

4. Related credits and liabilities

Applicable Not applicable

No related credits and liabilities occurred in 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 major related transaction

Applicable Not applicable

No other major related transaction in the Period.

XV. Significant contract and implementations

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 in the Period

2. Major Guarantee

Applicable Not applicable

Unit: 10 thousand yuan

External Guarantee (not including guarantees to subsidiaries)										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Complete implementation or not	Guarantee for related party (Y/N)
Guarantee for subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee term	Complete implementation (Y/N)	Guarantee for related party (Y/N)
Dongguan International Food Industrial Park Development Co., Ltd.	2021-07-17	37,632	2018-07-27	0	Joint liability guaranty	N/A	N/A	14 years	Y	N
Dongguan Shenliang Logistics Co., Ltd.	2021-07-17	21,070	2020-10-20	0	Joint liability guaranty	N/A	N/A	14 years	Y	N
Total amount of approved guarantee for subsidiaries in reporting period (B1)		80,923		Total amount of actual guarantee for subsidiaries in reporting period (B2)		1,790				
Total amount of approved guarantee for subsidiaries at the end of reporting period (B3)		80,923		Total balance of actual guarantee for subsidiaries at the end of reporting period (B4)		0				
Guarantee of subsidiaries for subsidiaries										
Name of the Company guaranteed	Related Announcement disclosure	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Collateral (if any)	Counter	Guarantee term	Complete implementation	Guarantee for related party

d	e date					guarantee (if any)		or not(Y/N)	(Y/N)	
Dongguan Shenliang Logistics Co., Ltd.		27,300	2015-07-13	0	Joint liability guaranty	N/A	N/A	8 years	Y	N
Dongguan International Food Industrial Park Development Co., Ltd.		39,168	2018-07-27	0	Joint liability guaranty	N/A	N/A	14 years	Y	N
Total amount of approved guarantee for subsidiaries in reporting period (C1)		49,062		Total amount of actual guarantee for subsidiaries in reporting period (C2)						1,863
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		49,062		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)						0
Total amount of guarantee of the Company (total of three above mentioned guarantee)										
Total amount of approved guarantee in reporting period (A1+B1+C1)		129,985		Total amount of actual guarantee in reporting period (A2+B2+C2)						3,653
Total amount of approved guarantee at the end of reporting period (A3+B3+C3)		129,985		Total balance of actual guarantee at the end of reporting period (A4+B4+C4)						0
The proportion of the total amount of actual guarantee in the net assets of the Company (A4+ B4+C4)										0.00%
Including:										
Balance of guarantees provided for shareholders, actual controllers, and their related parties (D)										0
Debt guarantee balance provided directly or indirectly for guaranteed objects with an asset liability ratio exceeding 70% (E)										0
Guarantee amount exceeding 50% of net assets (F)										0

Total amount of the aforesaid three guarantees (D+E+F)	0
Explanation of situations where there is a guarantee liability or evidence indicating the possibility of assuming joint and several liability for unexpired guarantee contracts during the reporting period(if applicable)	N/A
Explanations on external guarantee against regulated procedures (if applicable)	N/A

Explanation on guarantee with composite way

Nil

3. Entrusted cash asset management

(1) Entrusted financing

Applicable Not applicable

Entrusted financing in the period

Unit: 10 thousand yuan

Type	Fund sources	Amount occurred	Undue balance	Overdue amount	Impairment amount accrual for overdue financial management
Bank financial products	Owned fund	63,446	4,500	0	0
Total		63,446	4,500	0	0

Details of high-risk trust financing with significant individual amounts, low safety or liquidity

Applicable Not applicable

Expected inability to recover the principal of trust financing or other situations that may lead to impairment in trusting financing

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

No entrusted loans in the Period

4. Other material contracts

Applicable Not applicable

No other material contracts in the period.

XVI. Explanation on other significant events

Applicable Not applicable

1. Personnel changes in BOD, BOS and senior executives

(1) On January 12, 2022, the company received a written resignation report submitted by Director of Company Mr. Wang Li. Since he has reached the statutory retirement age, Mr. Wang Li applied to resign from Director of Company, and would no longer hold any other position in the company after his resignation. For details, please see the “Company Announcement on Director Retirement and Resignation” published on www.cninfo.com.cn on January 14, 2022.

(2) On June 5, 2022, Chairman and Legal Representative of Company Mr. Zhu Junming passed away due to illness, and the number of directors of the company was reduced from 8 to 7, not lower than the minimum number of directors stipulated in the Company Law. For details, please see the “Company Announcement on the Death of Chairman and Legal Representative” published on www.cninfo.com.cn on June 7, 2022.

(3) On September 19, 2022, the company received a written resignation report submitted by Director of Company Mr. Lu Qiguang. Since he has reached the statutory retirement age, Mr. Lu Qiguang applied to resign from Director of Company, and would no longer hold any other position in the company after his resignation. For details, please see the “Company Announcement on Director Retirement and Resignation” published on www.cninfo.com.cn on September 21, 2022.

XVII. Significant event of subsidiary of the Company

Applicable Not applicable

Section VII. Changes in Shares and Particulars about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	Amount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	Amount	Proportion
I. Restricted shares	684,601,142	59.40%	0	0	0	-31,575	-31,575	684,569,567	59.40%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned corporate shares	684,569,567	59.40%	0	0	0	0	0	684,569,567	59.40%
3. Other domestic shares	31,575	0.00%	0	0	0	-31,575	-31,575	0	0.00%
Including: Domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic nature person's shares	31,575	0.00%	0	0	0	-31,575	-31,575	0	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
overseas nature person's share	0	0.00%	0	0	0	0	0	0	0.00%
II. Unrestricted shares	467,934,112	40.60%	0	0	0	31,575	31,575	467,965,687	40.60%
1. RMB common shares	416,184,832	36.11%	0	0	0	31,575	31,575	416,216,407	36.11%
2. Domestically listed foreign shares	51,749,280	4.49%	0	0	0	0	0	51,749,280	4.49%
3. Foreign listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,152,535,254	100.00%	0	0	0	0	0	1,152,535,254	100.00%

Reasons for changes in share

Applicable Not applicable

Approval of changes in share

Applicable Not applicable

Ownership transfer of changes in share

Applicable Not applicable

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

Applicable Not applicable

Other information necessary to be disclosed in the viewpoint of the Company or that required to be disclosed by securities regulators

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

II. Securities issuance and listing

1. Security offering (without preferred stock) in the reporting period

Applicable Not applicable

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

Applicable Not applicable

3. Existing internal staff shares

Applicable Not applicable

III. Particulars about shareholders and actual controller of the Company

1. Number of shareholders and particulars about shares holding

Unit: Share

Total common stock shareholders at the end of reporting period	51,102	Total common stock shareholders at the end of last month before annual report	51,925	Total preferred shareholders with voting rights recovered at the end of reporting period (if applicable) (refer to Note 8)	0	Total preferred shareholders with voting rights recovered at end of last month	0
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		disclosed					before annual report disclosed (if applicable) (refer to Note 8)	
Particulars about shareholders holding more than 5% shares of the company or top ten shareholders								
Name of Shareholders	Nature of shareholder	Proportion of shares held	Total shares held at the end of reporting period	Changes in reporting period	Quantity of restricted shares held	Quantity of unrestricted shares held	Information of shares pledged, tagged or frozen	
							State of share	Quantity
Shenzhen Food Materials Group Co., Ltd	State-owned legal person	63.79%	735,237,253	0	669,184,735	66,052,518		
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	0	15,384,832	79,447,462		
Dongguan Fruit, Vegetable, and Non-staple Food Trading Market Co., Ltd	Domestic non-state-owned legal person	0.75%	8,698,216	8,698,200	0	8,698,216		
Lin Junbo	Domestic nature person	0.41%	4,702,800	1,102,800	0	4,702,800		
Hong Kong Securities Clearing Company	Foreign legal person	0.41%	4,681,096	2,018,509	0	4,681,096		
Deng Lijun	Domestic nature person	0.33%	3,768,470	3,768,470	0	3,768,470		
Sun Huiming	Domestic nature person	0.29%	3,399,962	149,900	0	3,399,962		

Zhong Zhenxin	Domestic nature person	0.29%	3,295,500	0	0	3,295,500		
Chen Jiuyang	Domestic nature person	0.24%	2,761,070	-95,630	0	2,761,070		
Sun Limei	Domestic nature person	0.13%	1,541,000	1,541,000	0	1,541,000		
Strategy investors or general legal person becoming top 10 common shareholders due to rights issue (if applicable) (see note 3)	N/A							
Explanation on associated relationship among the aforesaid shareholders	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% equity of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they are parties acting in concert as defined by the Acquisition Management Method of Listed Company.							
Description of the above shareholders involved with delegating/entrusted voting rights and abstention from voting rights.	N/A							
Special note on the repurchase account among the top 10 shareholders (if applicable) (see note 10)	N/A							
Particular about top ten shareholders holding unrestricted shares								
Shareholders' name	Quantity of unrestricted shares held at Period-end	Type of shares						
		Type	Quantity					
Shenzhen Food Materials Group Co., Ltd	79,447,462	RMB common shares	79,447,462					
Shenzhen Agricultural Products Group Co., Ltd	66,052,518	RMB common shares	66,052,518					
Dongguan Fruit, Vegetable, and Non-staple Food Trading Market Co., Ltd	8,698,216	RMB common shares	8,698,216					
Lin Junbo	4,702,800	RMB common shares	4,702,800					
Hong Kong Securities Clearing Company	4,681,096	RMB common shares	4,681,096					
Deng Lijun	3,768,470	RMB common shares	3,768,470					
Sun Huiming	3,399,962	Domestically listed foreign shares	3,399,962					
Zhong Zhenxin	3,295,500	RMB common shares	3,295,500					
Chen Jiuyang	2,761,070	RMB common shares	2,761,070					
Sun Limei	1,541,000	RMB common shares	1,541,000					
Explanation of the association or concerted action between	Shenzhen SASAC directly holds 100% equity of Shenzhen Food Materials Group Co., Ltd., and holds 34% of Shenzhen Agricultural Products Group Co., Ltd. indirectly through Shenzhen Food							

<p>the top 10 shareholders of non-restricted and tradable shares, as well as between the top 10 shareholders of non-restricted and tradable shares and the top 10 shareholders</p>	<p>Materials Group Co., Ltd.; the Company was not aware of any related relationship between other shareholders above, and whether they are parties acting in concert as defined by the Acquisition Management Method of Listed Company.</p>
<p>Explanation on the participation of the top 10 ordinary shareholders in margin trading and securities lending business (if any) (see Note 4)</p>	<p>At the end of reporting period, Lin Junbo, a shareholder of the company, held 3,285,700 shares of the Company under customer credit trading secured securities account through China Merchants Securities Co., Ltd., and held 1,417,100 shares of the company under common account, totally holding 4,702,800 shares of the Company. During the reporting period, shares held by Lin Junbo under the credit trading secured securities account reduced by 314,300 shares, shares held by him under common account rose by 1,417,100 shares, and shares held by Lin Junbo rose by 1,102,800 shares.</p> <p>At the end of reporting period, Sun Limei, a shareholder of the company, held 1,535,000 shares of the Company under customer credit trading secured securities account through Guangfa Securities Co., Ltd, and held 6,000 shares of the Company under common account, totally holding 1,541,000 shares of the Company. During the reporting period, shares held by Lin Sun Limei under the credit trading secured securities account rose by 1,535,000 shares, shares held by her under common account rose by 6,000 shares, and shares held by Sun Limei rose by 1,541,000 shares.</p>

Do ten common stock shareholders or top ten common stock shareholders of un-restrict shares have a buy-back agreement dealing in reporting period?

Yes No

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

2. Controlling shareholder of the Company

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 establishment	Organization code	Main operation business
Shenzhen Food Materials Group Co., Ltd	He Jianfeng	2017-12-14	91440300MA5EWWPXX2	The general business projects are: food safety infrastructure construction (including the upgrading of the farmers 'market, the upgrading of public places canteens, the construction of community cooked food centers, and the construction of agricultural product bases); safe food

				circulation and terminal sales; the establishment of food distribution channel platforms; Food industry investment and operation (Including the M & A investment of the core resources of the food industry chain and the cultivation of enterprises in the future direction); Domestic trade (excluding franchised, monopolized, and exclusively controlled commodities); engaging in import and export business (except for items prohibited by laws, administrative regulations, and the State Council, restricted items can only be operated after obtaining permission); online business activities (excluding restricted items). Licensed business items are food sales and supply business; emergency material production and operation; production, purchase and sale of I, II and III medical devices; pharmaceutical wholesale; ordinary freight, professional transportation, warehousing and logistics.
Equity of other domestic and foreign listed companies controlled and participated in by controlling shareholders during the reporting period	In addition to holding 63.79% equity of the company, Food Materials Group holds 34% equity of Agricultural Products.			

Changes of controlling shareholders in reporting period

Applicable Not applicable

The controlling shareholder of the company has not changed during the reporting period.

3. Actual controller and persons acting in concert

Nature of actual controller: local state-owned assets management

Type of actual controller: legal person

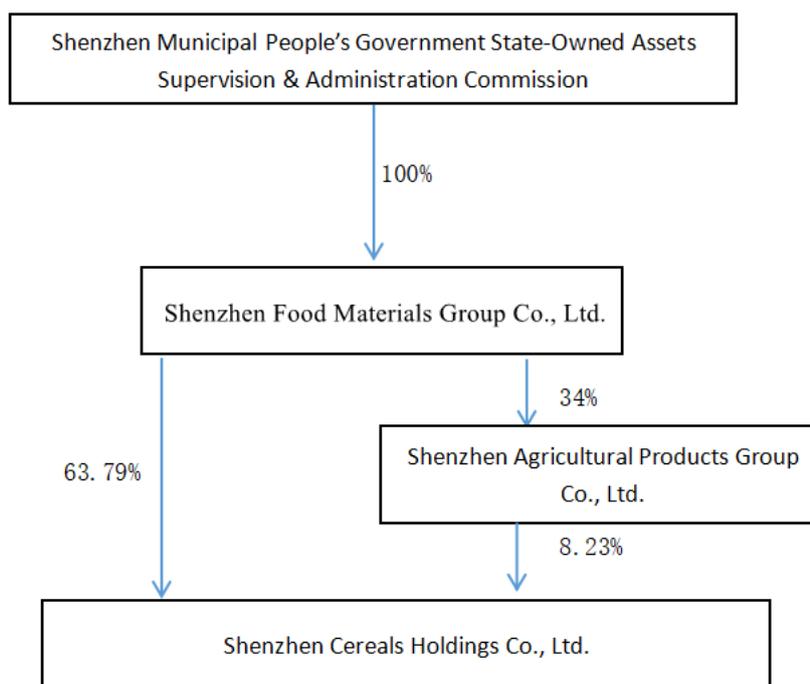
Actual controller	Legal person/person in charge of the unit	Date of establishment	Organization code	Main operation business
Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	Wang Yongjian	2004-04-02	11440300K317280672	State-owned assets supervision and management
Equity of other domestic/foreign listed company controlled by actual controller in reporting period	-			

Changes of actual controller in 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 party 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

Progress in implementing centralized bidding trading to reduce holdings of repurchase shares

Applicable Not applicable

Section VIII. Preferred Stock

Applicable Not applicable

The Company had no preferred stock in the Period.

Section IX. Corporate Bonds

Applicable Not applicable

Section X. Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Signing date of audit report	2023-04-24
Name of audit institute	BDO China Shu Lun Pan Certified Public Accountant LLP
Document serial of audit report	BDO CPAs Zi[2023]No. ZL10130
Name of the CPA	Qi Tao, Tao Guoheng

Text of auditing report

Auditor's Report

BDO CPAs Zi[2023]No. ZL10130

To all shareholders of SHENZHEN CEREALS HOLDINGS CO., LTD.:

1. Auditing opinions

We have audited the financial statement under the name of SHENZHEN CEREALS HOLDINGS CO., LTD. (hereinafter referred to as “SZCH”), including the consolidated and parent Company’s balance sheet of December 31, 2022 and profit statement, and cash flow statement, and statement on changes of shareholders’ equity for the year ended, and notes to the financial statements for the year ended.

In our opinion, the Company’s financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, and they fairly present the financial status of the Company and of its parent company as of December 31, 2022 and its operation results and cash flows for the year ended.

2. Basis of opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of the auditor’s report. We are independent of the Company in accordance with the Certified Public Accountants of China’s Code of Ethics for Professional Accountants, and we 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 opinion.

3. 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 this matter.

The key audit matters identified in our audit are summarized as follows:

Key audit matters	How to deal with the matter in audit
(i) Revenue recognition	
<p>For details and analysis of accounting policy of revenue recognition, please refer to Note V(30) and Note VII (39) of consolidated financial statements.</p> <p>SZCH operating revenue for 2022 is 8,312,723,100 yuan, including: the grain and oil trading and processing business is 7,060,875,500 yuan, accounting for 84.94% of the operating revenue. The grain and oil trading and processing business has a significant impact on the financial statement, and it is one of the key index of performance of SZCH, which has a special risk in manipulation for achieving the predicted target, therefore, the identification of operating income will be listed as the key auditing event.</p>	<p>The main audit procedures we implemented for the inventory and inventory falling price reserves include:</p> <p>(1) Understand, evaluate and test the internal control design and implementation related to revenue recognition of SZCH;</p> <p>(2) Check the main sales contracts, identify terms related to transfer of the main risks and rewards on the ownership of goods, and evaluate whether the revenue recognition policy conforms to the Accounting Standards for Business Enterprise;</p> <p>(3) Carry out substantive analysis procedures for operating revenue and gross profit rate by month, products, etc., identify whether there is significant or abnormal fluctuation, and review the rationality of revenue;</p> <p>(4) We use sampling method to check the supporting documents related to revenue recognition, including sales contract, sales invoice, delivery order, goods right transfer document and accounting voucher, etc.;</p> <p>(5) In combination with the L/C receivable, confirm the sales volume of the current period to the main customers by sampling;</p> <p>(6) Carry out a cut-off test on the business income recognized before and after the balance sheet date to assess whether the business income is recognized in the appropriate accounting period.</p>
(ii) Inventory and inventory falling price reserves	
<p>For more details of inventory and inventory impairment, please refer to Note V (15) and Note VII (9) of consolidated financial statements.</p> <p>As of December 31, 2022, the inventory book balance presented on the consolidated financial statements of SZCH was 3,698,848,700 yuan, and the amount of inventory falling price reserves was 99,806,700 yuan, book value of inventories was 3,599,042,000 yuan, accounting for 48.37% of the total assets. Inventory is</p>	<p>The main audit procedures we implemented for the inventory and inventory falling price reserves of SZCH include:</p> <p>(1) Understood, evaluated and tested the internal control design and implementation related to inventory falling price reserves of SZCH;</p> <p>(2) We performed the inventory monitoring procedures for inventory, and checked the quantity and condition;</p> <p>(3) Acquired the calculation table of inventory falling price reserve, implemented the inventory impairment test procedure, and analyzed whether provision for</p>

<p>measured at the lower one between the cost and the net realizable value. Due to the large amount of money of inventory, the SZCH management (Hereinafter referred to as “management”) needed to make significant judgments when determining the decrease in value of inventory, including the consideration of government reserve such as as grain & oil, food and vegetable oil which are affected by futures market, These important judgments have a significant impact on the valuation of inventory and provision for inventory depreciation at period-end; therefore, we determined the inventory and inventory falling price reserves as key audit matters.</p>	<p>inventory falling price reserves was sufficient; (4) We obtained the year-end inventory age list, conducted an analytical review of the inventory with long inventory age combine with the condition of products, and analyzed whether inventory falling price reserves was sufficient; (5) For the products that can obtain the selling price in open market, select samples, independently query the public market price information and compare it with the estimated selling price.</p>
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4. Other information

The management of SZCH (hereinafter referred to as the management) is responsible for other information which includes the information covered in the Company’s 2022 annual report excluding the financial statement and our audit report.

The audit opinion issued by us for the financial statement has not covered other information, for which we do not issue any form of assurance opinions.

Considering our audit on financial statements, we are liable to read other information, during which, we shall consider whether other information differs materially from the financial statements or that we understand during our audit, or whether there is any material misstatement.

Based on the works executed by us, we should report the fact if we find any material misstatement in other information. In this regards, we have nothing to report.

5. Responsibilities of management and those charged with governance for the financial statements

The management of SZCH is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Enterprise to secure a fair presentation, and for the design, establishment and maintenance of the internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company’s ability to continue as a going concern (if applicable), disclosing matters related to going concern and using the going concern assumption unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

6. Responsibilities of the auditor for 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 audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the CAS 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 the financial statements.

As part of an audit in accordance with the CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(i) 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 audit 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.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

(iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(iv) Conclude on the appropriateness of the management's use of the going concern assumption 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 by the CAS to draw users' attention in audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify audit opinion. Our conclusions are based on the information obtained up to the date of audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, including the disclosures, 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.

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express audit opinion on the financial statements. We are responsible for the

direction, supervision and performance of the group audit. We remain solely responsible for 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and relevant countermeasures (if applicable).

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 the 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 the auditor's report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**BDO China Shu Lun Pan CPAs
(LLP)**

**Chinese CPA: Qi Tao
(Engagement partner)**

Chinese CPA: Tao Guoheng

Shanghai · China

April 24, 2023

II. Financial Statement

Statement in Financial Notes are carried in RMB/CNY

1. Consolidated Balance Sheet

Prepared by SHENZHEN CEREALS HOLDINGS CO., LTD.

December 31, 2022

Unit: RMB/CNY

Item	December 31, 2022	December 31, 2021
Current assets:		
Monetary funds	54,103,771.00	50,409,923.65
Settlement provisions	0.00	0.00
Capital lent	0.00	0.00
Tradable financial assets	46,676,652.91	211,060,770.50
Derivative financial assets	0.00	0.00
Note receivable	270,109.00	687,242.00
Account receivable	236,829,100.95	283,047,341.62
Receivable financing	0.00	0.00
Accounts paid in advance	65,487,390.88	115,894,774.61
Insurance receivable	0.00	0.00
Reinsurance receivables	0.00	0.00
Contract reserve of reinsurance receivable	0.00	0.00
Other account receivable	32,910,189.14	32,377,838.35
Including: Interest receivable		
Dividend receivable		
Buying back the sale of financial assets		
Inventories	3,599,041,970.52	3,460,618,674.81
Contract assets	0.00	0.00
Assets held for sale	0.00	0.00
Non-current asset due within one year	0.00	0.00
Other current assets	32,597,421.26	88,457,984.90
Total current assets	4,067,916,605.66	4,242,554,550.44
Non-current assets:		

Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	70,676,534.63	73,490,443.49
Investment in other equity instrument	0.00	0.00
Other non-current financial assets	57,500.00	57,500.00
Investment real estate	217,137,461.76	233,096,698.49
Fixed assets	2,141,336,538.86	2,127,831,149.19
Construction in progress	186,884,912.13	207,946,539.97
Productive biological asset	368,309.40	378,001.80
Oil and gas asset	0.00	0.00
Right-of-use assets	78,304,838.28	97,648,674.06
Intangible assets	594,428,051.55	609,405,194.82
Expense on Research and Development	0.00	0.00
Goodwill	1,953,790.56	1,953,790.56
Long-term expenses to be apportioned	33,076,249.90	28,795,206.45
Deferred income tax asset	40,240,466.35	40,529,425.47
Other non-current asset	8,953,415.90	5,931,731.58
Total non-current asset	3,373,418,069.32	3,427,064,355.88
Total assets	7,441,334,674.98	7,669,618,906.32
Current liabilities:		
Short-term loans	1,192,211,087.37	504,766,782.25
Loan from central bank	0.00	0.00
Capital borrowed	0.00	0.00
Trading financial liability	288,486.18	0.00
Derivative financial liability	0.00	0.00
Note payable	0.00	0.00
Account payable	390,149,018.13	426,906,669.71
Accounts received in advance	1,355,802.01	2,379,891.67
Contract liability	110,177,908.96	182,972,314.85

Selling financial asset of repurchase	0.00	0.00
Absorbing deposit and interbank deposit	0.00	0.00
Security trading of agency	0.00	0.00
Security sales of agency	0.00	0.00
Wage payable	339,234,506.43	320,706,055.47
Taxes payable	70,739,384.81	86,813,588.15
Other account payable	299,793,948.48	376,607,198.99
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	21,770,690.45	128,732,475.16
Other current liabilities	1,112,119.07	4,367,576.91
Total current liabilities	2,426,832,951.89	2,034,252,553.16
Non-current liabilities:		
Insurance contract reserve	0.00	0.00
Long-term loans	0.00	730,521,692.22
Bonds payable	0.00	0.00
Including: Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Lease liability	60,436,879.66	80,173,743.75
Long-term account payable	17,620,572.48	17,266,921.98
Long-term wages payable	0.00	0.00
Accrual liability	3,500,000.00	3,500,000.00
Deferred income	87,077,137.27	93,129,536.68
Deferred income tax liabilities	13,381,949.47	13,868,191.82
Other non-current liabilities	0.00	0.00
Total non-current liabilities	182,016,538.88	938,460,086.45
Total liabilities	2,608,849,490.77	2,972,712,639.61

Owner's equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument	0.00	0.00
Including: Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Capital public reserve	1,259,639,656.65	1,259,639,656.65
Less: Inventory shares	0.00	0.00
Other comprehensive income	0.00	0.00
Reasonable reserve	220,301.70	0.00
Surplus public reserve	439,624,164.67	405,575,490.42
Provision of general risk		
Retained profit	1,910,954,084.79	1,812,541,701.27
Total owner's equity attributable to parent company	4,762,973,461.81	4,630,292,102.34
Minority interests	69,511,722.40	66,614,164.37
Total owner's equity	4,832,485,184.21	4,696,906,266.71
Total liabilities and owner's equity	7,441,334,674.98	7,669,618,906.32

Legal Representative: Hu Xianghai

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

2. Balance Sheet of Parent Company

Unit: RMB/CNY

Item	December 31, 2022	January 1, 2022
Current assets:		
Monetary funds	961,310.17	2,264,388.89
Tradable financial assets	46,676,652.91	181,047,789.68
Derivative financial assets	0.00	0.00
Note receivable	0.00	0.00
Account receivable	87,194,178.84	135,678,426.30
Receivable financing	0.00	0.00
Accounts paid in advance	687,515.40	0.00

Other account receivable	1,560,888,393.94	983,939,717.84
Including: Interest receivable		
Dividend receivable		540,000,000.00
Inventories		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	274,196.00	1,083,482.32
Total current assets	1,696,682,247.26	1,304,013,805.03
Non-current assets:		
Debt investment	0.00	0.00
Other debt investment	0.00	0.00
Long-term receivables	0.00	0.00
Long-term equity investments	4,033,819,425.09	4,048,519,425.09
Investment in other equity instrument	0.00	0.00
Other non-current financial assets	0.00	0.00
Investment real estate	16,043,323.48	16,514,913.76
Fixed assets	33,752,718.66	32,097,138.18
Construction in progress	0.00	239,282.75
Productive biological assets	368,309.40	378,001.80
Oil and natural gas assets	0.00	0.00
Right-of-use assets	0.00	0.00
Intangible assets	17,032,428.19	19,338,264.04
Research and development costs	0.00	0.00
Goodwill	0.00	0.00
Long-term deferred expenses	3,097,280.23	1,538,731.98
Deferred income tax assets	0.00	0.00
Other non-current assets	8,700,512.47	4,602,630.58
Total non-current assets	4,112,813,997.52	4,123,228,388.18
Total assets	5,809,496,244.78	5,427,242,193.21
Current liabilities:		

Short-term borrowings	100,073,055.56	28,175,026.24
Trading financial liability	0.00	0.00
Derivative financial liability	0.00	0.00
Notes payable	0.00	0.00
Account payable	0.00	0.00
Accounts received in advance	0.00	0.00
Contract liability	0.00	0.00
Wage payable	27,465,081.26	29,472,163.62
Taxes payable	2,993,808.49	2,801,612.80
Other accounts payable	1,024,148,905.29	764,330,925.37
Including: Interest payable		
Dividend payable	2,933,690.04	2,933,690.04
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,154,680,850.60	824,779,728.03
Non-current liabilities:		
Long-term loans	0.00	0.00
Bonds payable	0.00	0.00
Including: Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Lease liability	0.00	0.00
Long-term account payable	0.00	0.00
Long term employee compensation payable	0.00	0.00
Accrued liabilities	3,500,000.00	3,500,000.00
Deferred income	0.00	0.00
Deferred income tax liabilities	0.00	0.00
Other non-current liabilities	0.00	0.00
Total non-current liabilities	3,500,000.00	3,500,000.00
Total liabilities	1,158,180,850.60	828,279,728.03
Owners' equity:		
Share capital	1,152,535,254.00	1,152,535,254.00

Other equity instrument	0.00	0.00
Including: Preferred stock	0.00	0.00
Perpetual capital securities	0.00	0.00
Capital public reserve	3,018,106,568.27	3,018,106,568.27
Less: Inventory shares	0.00	0.00
Other comprehensive income	0.00	0.00
Special reserve	0.00	0.00
Surplus reserve	167,219,736.53	133,171,062.28
Retained profit	313,453,835.38	295,149,580.63
Total owner's equity	4,651,315,394.18	4,598,962,465.18
Total liabilities and owner's equity	5,809,496,244.78	5,427,242,193.21

3. Consolidated Profit Statement

Unit: RMB/CNY

Item	2022	2021
I. Total operating income	8,312,723,058.19	10,139,563,710.11
Including: Operating income	8,312,723,058.19	10,139,563,710.11
Interest income	0.00	0.00
Insurance gained	0.00	0.00
Commission charge and commission income	0.00	0.00
II. Total operating cost	7,717,019,269.26	9,504,004,530.36
Including: Operating cost	7,172,858,434.85	8,859,285,309.43
Interest expense	0.00	0.00
Commission charge and commission expense	0.00	0.00
Cash surrender value	0.00	0.00
Net amount of expense of compensation	0.00	0.00
Net amount of withdrawal of insurance contract reserve	0.00	0.00
Bonus expense of guarantee slip	0.00	0.00
Reinsurance expense	0.00	0.00

Tax and extras	17,936,476.00	16,709,081.11
Sales expense	175,760,616.70	250,216,473.67
Administrative expense	280,557,640.12	300,735,585.34
R&D expense	18,549,053.04	20,689,494.13
Financial expense	51,357,048.55	56,368,586.68
Including: Interest expenses	52,421,870.87	57,185,980.70
Interest income	895,316.44	2,369,604.37
Add: Other income	9,839,784.37	15,739,392.31
Investment income (Loss is listed with “-”)	2,229,228.54	4,289,604.50
Including: Investment income on affiliated company and joint venture	-2,813,908.86	275,295.65
The termination of income recognition for financial assets measured by amortized cost	0.00	0.00
Exchange income (Loss is listed with “-”)	0.00	0.00
Net exposure hedging income (Loss is listed with “-”)	0.00	0.00
Income from change of fair value (Loss is listed with “-”)	18,546.91	299,292.76
Loss of credit impairment (Loss is listed with “-”)	-1,356,843.59	2,154,887.55
Losses of devaluation of asset (Loss is listed with “-”)	-142,507,365.87	-184,486,526.84
Income from assets disposal (Loss is listed with “-”)	-25,417.69	29,437,150.82
III. Operating profit (Loss is listed with “-”)	463,901,721.60	502,992,980.85
Add: Non-operating income	7,995,011.97	14,640,665.53
Less: Non-operating expense	985,871.48	1,505,363.93
IV. Total profit (Loss is listed with “-”)	470,910,862.09	516,128,282.45
Less: Income tax expense	52,611,993.87	79,817,640.62
V. Net profit (Net loss is listed with “-”)	418,298,868.22	436,310,641.83

(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	418,298,868.22	436,310,641.83
2.termination of net profit (net loss listed with ‘-’)		0.00
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	420,594,871.27	428,720,226.09
2.Minority shareholders’ gains and losses	-2,296,003.05	7,590,415.74
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		

4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	418,298,868.22	436,310,641.83
Total comprehensive income attributable to owners of parent Company	420,594,871.27	428,720,226.09
Total comprehensive income attributable to minority shareholders	-2,296,003.05	7,590,415.74
VIII. Earnings per share:		
(i) Basic earnings per share	0.3649	0.3720
(ii) Diluted earnings per share	0.3649	0.3720

As for the enterprise combined under the same control, the net profit achieved by the merged party before combination is 0.00 yuan and the net profit achieved by the merged party in last period is 0.00 yuan.

Legal Representative: Hu Xianghai

Person in charge of accounting works: Lu Yuhe

Person in charge of accounting institute: Wen Jieyu

4. Profit Statement of Parent Company

Unit: RMB/CNY

Item	2022	2021
I. Operating income	204,080,212.91	152,755,423.01
Less: Operating cost	471,590.28	471,590.28
Taxes and surcharge	428,343.35	683,515.34
Sales expenses	0.00	0.00
Administration expenses	67,070,054.50	67,332,547.72
R&D expenses	0.00	0.00

Financial expenses	-8,044,509.56	3,532,095.48
Including: Interest expenses	1,827,115.61	4,179,277.98
Interest income	9,779,382.27	702,381.08
Add: Other income	308,389.79	194,374.00
Investment income (Loss is listed with “-”)	195,712,249.48	151,392,969.32
Including: Investment income on affiliated Company and joint venture	0.00	0.00
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)	0.00	0.00
Net exposure hedging income (Loss is listed with “-”)	0.00	0.00
Changing income of fair value (Loss is listed with “-”)	307,033.09	299,292.76
Loss of credit impairment (Loss is listed with “-”)	-664.43	-393,159.80
Losses of devaluation of asset (Loss is listed with “-”)	0.00	0.00
Income on disposal of assets (Loss is listed with “-”)	0.00	0.00
II. Operating profit (Loss is listed with “-”)	340,481,742.27	232,229,150.47
Add: Non-operating income	5,000.23	0.00
Less: Non-operating expense		150,000.00
III. Total Profit (Loss is listed with “-”)	340,486,742.50	232,079,150.47
Less: Income tax		
IV. Net profit (Net loss is listed with “-”)	340,486,742.50	232,079,150.47
(i) continuous operating net profit (net loss listed with “-”)	340,486,742.50	232,079,150.47
(ii) termination of net profit (net loss listed with “-”)	0.00	0.00

V. Net after-tax of other comprehensive income		
(i) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	340,486,742.50	232,079,150.47
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB/CNY

Item	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	8,510,329,807.95	10,872,515,643.46
Net increase of customer deposit and interbank deposit	0.00	0.00
Net increase of loan from central bank	0.00	0.00
Net increase of capital borrowed from other financial institution	0.00	0.00
Cash received from original insurance contract fee	0.00	0.00
Net cash received from reinsurance business	0.00	0.00
Net increase of insured savings and investment	0.00	0.00
Cash received from interest, commission charge and commission	0.00	0.00
Net increase of capital borrowed	0.00	0.00
Net increase of returned business capital	0.00	0.00
Net cash received by agents in sale and purchase of securities	0.00	0.00
Write-back of tax received	84,485,893.36	45,244,428.95
Other cash received concerning operating activities	400,125,909.72	479,459,925.25
Subtotal of cash inflow arising from operating activities	8,994,941,611.03	11,397,219,997.66
Cash paid for purchasing commodities and receiving labor service	7,446,476,870.32	9,852,107,611.52
Net increase of customer loans and advances	0.00	0.00
Net increase of deposits in	0.00	0.00

central bank and interbank		
Cash paid for original insurance contract compensation	0.00	0.00
Net increase of capital lent	0.00	0.00
Cash paid for interest, commission charge and commission	0.00	0.00
Cash paid for bonus of guarantee slip	0.00	0.00
Cash paid to/for staff and workers	342,665,847.76	300,172,388.98
Taxes paid	153,858,115.96	169,922,331.66
Other cash paid concerning operating activities	520,052,010.35	634,621,635.96
Subtotal of cash outflow arising from operating activities	8,463,052,844.39	10,956,823,968.12
Net cash flows arising from operating activities	531,888,766.64	440,396,029.54
II. Cash flows arising from investing activities:		
Cash received from recovering investment	1,281,460,000.00	470,050,000.00
Cash received from investment income	8,146,592.88	3,814,981.00
Net cash received from disposal of fixed, intangible and other long-term assets	276,799.46	43,950,678.81
Net cash received from disposal of subsidiaries and other units	0.00	0.00
Other cash received concerning investing activities	0.00	0.00
Subtotal of cash inflow from investing activities	1,289,883,392.34	517,815,659.81
Cash paid for purchasing fixed, intangible and other long-term assets	198,201,398.37	203,585,664.63
Cash paid for investment	1,106,460,000.00	841,680,000.00
Net increase of mortgaged loans	0.00	0.00
Net cash received from subsidiaries and other units obtained	0.00	16,512,205.96

Other cash paid concerning investing activities	404.68	0.00
Subtotal of cash outflow from investing activities	1,304,661,803.05	1,061,777,870.59
Net cash flows arising from investing activities	-14,778,410.71	-543,962,210.78
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	4,900,000.00	2,401,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	4,900,000.00	2,401,000.00
Cash received from loans	3,638,944,014.55	3,189,591,562.34
Other cash received concerning financing activities	0.00	0.00
Subtotal of cash inflow from financing activities	3,643,844,014.55	3,191,992,562.34
Cash paid for settling debts	3,790,121,597.82	2,907,274,264.53
Cash paid for dividend and profit distributing or interest paying	342,789,753.61	301,598,845.09
Including: Dividend and profit of minority shareholder paid by subsidiaries	676,800.00	3,811,557.09
Other cash paid concerning financing activities	24,485,154.67	20,527,342.78
Subtotal of cash outflow from financing activities	4,157,396,506.10	3,229,400,452.40
Net cash flows arising from financing activities	-513,552,491.55	-37,407,890.06
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	167,524.68	-150,074.44
V. Net increase of cash and cash equivalents	3,725,389.06	-141,124,145.74
Add: Balance of cash and cash equivalents at the period -begin	49,370,080.20	190,494,225.94
VI. Balance of cash and cash equivalents at the period -end	53,095,469.26	49,370,080.20

6. Cash Flow Statement of Parent Company

Unit: RMB/CNY

Item	2022	2021
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	176,686,787.63	137,263,979.66
Write-back of tax received	1,708,938.65	1,637,543.02
Other cash received concerning operating activities	3,680,998,303.08	1,956,978,556.11
Subtotal of cash inflow arising from operating activities	3,859,394,029.36	2,095,880,078.79
Cash paid for purchasing commodities and receiving labor service	0.00	45,095,000.00
Cash paid to/for staff and workers	57,765,938.12	54,555,323.35
Taxes paid	446,493.37	7,083,053.22
Other cash paid concerning operating activities	2,660,155,177.37	1,252,879,663.51
Subtotal of cash outflow arising from operating activities	2,718,367,608.86	1,359,613,040.08
Net cash flows arising from operating activities	1,141,026,420.50	736,267,038.71
II. Cash flows arising from investing activities:		
Cash received from recovering investment	718,000,000.00	122,550,000.00
Cash received from investment income	4,590,419.34	815,223.96
Net cash received from disposal of fixed, intangible and other long-term assets	0.00	0.00
Net cash received from disposal of subsidiaries and other units	0.00	0.00
Other cash received concerning investing activities	4,000,000.00	0.00

Subtotal of cash inflow from investing activities	726,590,419.34	123,365,223.96
Cash paid for purchasing fixed, intangible and other long-term assets	9,341,668.55	12,812,134.53
Cash paid for investment	583,000,000.00	643,355,000.00
Net cash received from subsidiaries and other units obtained	0.00	0.00
Other cash paid concerning investing activities	1,053,688,033.44	0.00
Subtotal of cash outflow from investing activities	1,646,029,701.99	656,167,134.53
Net cash flows arising from investing activities	-919,439,282.65	-532,801,910.57
III. Cash flows arising from financing activities:		
Cash received from absorbing investment	0.00	0.00
Cash received from loans	442,127,475.10	757,196,852.36
Other cash received concerning financing activities	0.00	0.00
Subtotal of cash inflow from financing activities	442,127,475.10	757,196,852.36
Cash paid for settling debts	370,299,684.12	729,024,633.14
Cash paid for dividend and profit distributing or interest paying	294,731,370.17	234,673,618.10
Other cash paid concerning financing activities	0.00	0.00
Subtotal of cash outflow from financing activities	665,031,054.29	963,698,251.24
Net cash flows arising from financing activities	-222,903,579.19	-206,501,398.88
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	13,362.62	-12,147.08
V. Net increase of cash and cash equivalents	-1,303,078.72	-3,048,417.82
Add: Balance of cash and cash equivalents at the period -begin	2,264,388.89	5,312,806.71

VI. Balance of cash and cash equivalents at the period -end	961,310.17	2,264,388.89
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7. Consolidated Statement of Changes in Owners' Equity

Current period

Unit: RMB/CNY

Item	2022														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company												Subtotal			
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other				
Preferred stock		Perpetual capital securities	Other													
I. The ending balance of the previous year	1,152,535,254.00	0.00	0.00	0.00	1,259,639,656.65	0.00	0.00	0.00	405,575,490.42	0.00	1,812,541,701.27		4,630,292,102.34	66,614,164.37	4,696,906,266.71	
Add: Changes of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Error correction of the last period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Enterprise combination under the same control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
II. The beginning balance of the current year	1,152,535,254.00	0.00	0.00	0.00	1,259,639,656.65	0.00	0.00	0.00	405,575,490.42	0.00	1,812,541,701.27		4,630,292,102.34	66,614,164.37	4,696,906,266.71	

III. Increase/ Decrease in the period (Decrease is listed with “-”)	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	220, 301. 70	34,0 48,6 74.2 5		98,4 12,3 83.5 2		132, 681, 359. 47	2,89 7,55 8.03	135, 578, 917. 50
(i) Total comprehensiv e income	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00			420, 594, 871. 27		420, 594, 871. 27	-2,2 96,0 03.0 5	418, 298, 868. 22
(ii) Owners’ devoted and decreased capital	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00		0.00				4,90 0,00 0.00	4,90 0,00 0.00
1.Common shares invested by shareholders	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00		0.00				4,90 0,00 0.00	4,90 0,00 0.00
2. Capital invested by holders of other equity instruments	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00		0.00					
3. Amount reckoned into owners equity with share-based payment	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00		0.00					
4. Other	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00		0.00					
(iii) Profit distribution	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00	34,0 48,6 74.2 5		-322 ,182, 487. 75		-288 ,133, 813. 50	-1,1 19,6 17.1 5	-289 ,253, 430. 65
1. Withdrawal of surplus reserves	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00	34,0 48,6 74.2 5		-34, 048, 674. 25				
2. Withdrawal of general risk provisions	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
3.	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00	0.00	0.00	-288 ,133,		-288 ,133,	-1,1 19,6	-289 ,253,

Distribution for owners (or shareholders)											813.50		813.50	17.15	430.65
4. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
(iv) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
1. Capital reserves converted to capital (share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
2. Surplus reserves converted to capital (share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
3. Remedying loss with surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
4. Carry-over retained earnings from the defined benefit plans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
5. Carry-over retained earnings from other comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
6. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00
(v) Reasonable reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	220,301.70	0.00	0.00	0.00		220,301.70	0.00	220,301.70
1. Withdrawal in the	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,748,440.14	0.00	0.00	0.00		1,748,440.14	0.00	1,748,440.14

reporting period															
2. Usage in the reporting period	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	1,52 8,13 8.44	0.00	0.00	0.00		1,52 8,13 8.44	0.00	1,52 8,13 8.44
(vi) Others	0.0 0	0.0 0	0.0 0	0.0 0	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	1,41 3,17 8.23	1,41 3,17 8.23
VI. Balance at the end of the period	1,1 52, 535 ,25 4.0 0	0.0 0	0.0 0	0.0 0	1,25 9,63 9,65 6.65	0.00	0.00	220, 301. 70	439, 624, 164. 67		1,91 0,95 4,08 4.79		4,76 2,97 3,46 1.81	69,5 11,7 22.4 0	4,83 2,48 5,18 4.21

Last period

Unit: RMB/CNY

Item	2021														Minority interests	Total owners' equity
	Owners' equity attributable to the parent Company															
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other	Subtotal			
		Preferred stock	Perpetual capital securities	Other												
I. The ending balance of the previous year	1,152,535,254.00				1,422,892,729.36				382,367,575.37		1,637,536,441.03		4,595,331,999.76	199,913,404.33	4,795,245,404.09	
Add: Changes of accounting policy																
Error correction of the last																

period														
Enterprise combine under the same control														
Other														
II. The beginning balance of the current year	1,152,535.25			1,422,892,729.36			382,367,575.37		1,637,536,441.03		4,595,331,999.76	199,913,404.33	4,795,245,404.09	
III. Increase/Decrease in the period (Decrease is listed with “-”)				-163,253,072.71			23,207,915.05		175,005,260.24		34,960,102.58	-133,299,239.96	-98,339,137.38	
(i) Total comprehensive income									428,720,226.09		428,720,226.09	7,590,415.74	436,310,641.83	
(ii) Owners’ devoted and decreased capital				-163,253,072.71							-163,253,072.71	-137,078,098.61	-300,331,171.32	
1. Common shares invested by shareholders												21,348,828.68	21,348,828.68	
2. Capital invested by holders of other equity instruments														
3. Amount reckoned into owners equity with share-based payment														
4. Other				-163,253,072.71							-163,253,072.71	-158,426,927.29	-321,680,000.00	

					71								.71		
(iii) Profit distribution								23,207,915.05		-253,714,965.85			-230,507,050.80	-3,811,557.09	-234,318,607.89
1. Withdrawal of surplus reserves							23,207,915.05			-23,207,915.05					
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)										-230,507,050.80			-230,507,050.80	-3,811,557.09	-234,318,607.89
4. Other															
(iv) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained															

earnings from the defined benefit plans														
5. Carry-over retained earnings from other comprehensive income														
6. Other														
(v) Reasonable reserve														
1. Withdrawal in the reporting period							1,283,502.97					1,283,502.97		1,283,502.97
2. Usage in the reporting period							1,283,502.97					1,283,502.97		1,283,502.97
(vi) Others														
IV. Balance at the end of the period	1,152,535.25			1,259.63			405,575.49		1,812.54		4,630.29	66,614.37		4,696,906.266.71

8. Statement of Changes in Owners' Equity (Parent Company)

Current period

Unit: RMB/CNY

Item	2022											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital secur	Other								

			ities									
I. Ending balance of the previous year	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	133,171,062.28	295,149,580.63		4,598,962,465.18
Add: Changes of accounting policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Error correction of the last period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
II. The beginning balance of the current year	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	133,171,062.28	295,149,580.63		4,598,962,465.18
III. Increase/Decrease in the period (Decrease is listed with “-”)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,048,674.25	18,304,254.75		52,352,929.00
(i) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		340,486,742.50		340,486,742.50
(ii) Owners’ devoted and decreased capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
1. Common shares invested by shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
2. Capital invested by holders of other equity instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
3. Amount reckoned into owners equity with	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00

share-based payment												
4. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				0.00
(iii) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,048,674.25	-322,182,487.75		-288,133,813.50
1. Withdrawal of surplus reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	34,048,674.25	-34,048,674.25		0.00
2. Distribution for owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-288,133,813.50		-288,133,813.50
3. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(iv) Carrying forward internal owners' equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Capital reserves converted to capital (share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Surplus reserves converted to capital (share capital)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
3. Remedying loss with surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
4. Carry-over retained earnings from the defined benefit plans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
5. Carry-over retained earnings from other comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00

6. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(v) Reasonable reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
1. Withdrawal in the reporting period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
2. Usage in the reporting period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
(vi) Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
IV. Balance at the end of the period	1,152,535,254.00	0.00	0.00	0.00	3,018,106,568.27	0.00	0.00	0.00	167,219,736.53	313,453,835.38		4,651,315,394.18

Last period

Unit: RMB/CNY

Item	2021											
	Share capital	Other equity instrument			Capital reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferrred stock	Perpetual capital securities	Other								
I. The ending balance of the previous year	1,152,535,254.00				3,018,106,568.27				109,963,147.23	316,785,396.01		4,597,390,365.51
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. The beginning	1,152,535,254.00				3,018,106,568.27				109,963,147.23	316,785,396.01		4,597,390,365.51

balance of the current year	4.00				68.27				7.23	1		
III. Increase/Decrease in the period (Decrease is listed with “-”)									23,207,915.05	-21,635,815.38		1,572,099.67
(i) Total comprehensive income										232,079,150.47		232,079,150.47
(ii) Owners’ devoted and decreased capital												
1. Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(iii) Profit distribution									23,207,915.05	-253,714,965.85		-230,507,050.80
1. Withdrawal of surplus reserves									23,207,915.05	-23,207,915.05		
2. Distribution for owners (or										-230,507,050.80		-230,507,050.80

shareholders)												
3. Other												
(iv) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remediating loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(v) Reasonable reserve												
1. Withdrawal in the reporting period												

2. Usage in the reporting period												
(vi) Others												
IV. Balance at the end of the period	1,152,525.40				3,018,106.568.27				133,171.062.28	295,149,580.63		4,598,962,465.18

III. Basic information of Company

1. Company profile

Shenzhen Cereals Holdings Co., Ltd. (formerly the Shenzhen Shenbao Industrial Co., Ltd., hereinafter referred to as “SZCH”, “Company” or “the Company”), formerly named Shenzhen Shenbao Canned Food Company, obtained approval (Document (1991) No.978) from Shenzhen Municipal People’s Government to change to the name as Shenzhen Shenbao Industrial Co., Ltd. on August 1991. Approved by the People’s Bank of China (Document (1991) No.126), the Company was listed on Shenzhen Stock Exchange. The Company belongs to the grain, oil, food and beverage industry.

As of December 31, 2022, the cumulative amount of shares issued by the Company was 1,152,535,254 shares with registered capital of 1,152,535,254.00 yuan. Registered address: Shenzhen, Guangdong Province; HQ of the Company: 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen.

Main business of the Company: general operating items: Purchase and sales of grain and oil, grain & oil reserves; operation and processing of grain & oil products; production of tea, tea products, tea and natural plant extract, canned foods, beverages and native products (business license of the production place shall be separately applied for); feed management and processing (outsourcing); investment, operation and development of grain & oil logistics, feed logistics and tea garden etc.; sales of feed and tea; warehousing services; food circulation services; modern food supply chain services; technology development and services of grain & oil, tea, plant products, soft drinks and foods; construction of E-commerce and information, IT development and supporting services; industrial investment (specific items will be declared separately); domestic trade; operating the import and export business; engaged in real estate development and operation on the lands where the right-to-use has been legally acquired; development, operation, leasing and management of the own property; property management; providing management services to hotels. (items mentioned above which are involved in approval from national laws, administrative regulations and decision of the state council, must be submitted for examination and approval before operation). Licensed business item: wholesale of prepackaged food (excluding reheating prepackaged food) (in non-physical way); information service (internet information service only); general freight, professional transportation (refrigeration and preservation).

The parent enterprise of the Company is Shenzhen Food Materials Group Co., Ltd and the actual controller of the Company is Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission

The financial statement has been approved by BOD of the company for reporting on April 24, 2023.

2. Consolidation scope of financial statement

For more details of change of the consolidation scope in the Period, please refer to "Note VIII. Change of consolidation scope"

For more details of subsidiaries of the company, please refer to "Note IX. Equity in other entities"

IV. Basis of preparation of financial statements

1. Basis of preparation

The financial statement are prepared in line with the Accounting Standards for Business Enterprise -Basic Standard issued by Ministry of Finance and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Accounting Standards for Business Enterprise), combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report of the CSRC

2. Going concern

The financial statement has been prepared on a going concern basis.

V. Major accounting policy and accounting estimate

Specific accounting policies and accounting estimate tips:

The following disclosure content has covered the specific accounting policies and estimates formulated by the company based on the actual production and operation characteristics. Please refer to "15. Inventory", "24. Fixed Assets", and "39. Revenue" in this note for details.

1. Statement for observation of Accounting Standard for Business Enterprise

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise issued by Ministry of Finance, which truly and completely reflect the financial status of the Company and parent company on December 31, 2022, as well as the consolidate and parent company's

operational results and cash flow for year of 2022.

2. Accounting period

Calendar year is the accounting period for the Company, that is falls to the range starting from 1 January to 31 December.

3. Operating cycle

Operating cycle of the Company is 12 months

4. Standard currency

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

5. Accounting treatment for business combinations under the same control and those not under the same control

Business combination under the same control: The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings .

Business combination not under the same control: Combination cost is the fair value of the assets paid, the liabilities incurred or assumed by the purchaser for the acquisition of the control of the purchaser and the equity securities issued on the purchase date. The difference between the fair value and book value is recognized in profit or loss. Goodwill is realized by the Company as for the difference between the combination cost and the fair value of the recognizable net assets of the acquiree acquired by acquirer in such business combination. In case that the above cost is less than the above fair value even with re-review, then the difference shall be recorded in current gains and losses. Each identifiable assets, liabilities and contingent liability of the acquiree acquired in a combination that qualifies for recognition is measured by fair value at the date of purchase.

The directed expenses incurred in the business combination are recorded into current gains/losses; the trading fees for issuing equity securities or debt securities for the business combination shall be recorded into the initial confirmation amount of equity securities or debt securities.

6. Methods for preparation of consolidated financial statements

6.1 Consolidation scope

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, which includes the Company and all subsidiaries. Control means that the Company has power over the investee, enjoys variable returns through its participation in the investee's related activities, and has the ability to influence the amount of returns by using the power over the investee.

6.2 Consolidation procedure

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial status, operating results and cash flow of the enterprise group. The influence of internal transactions between the company and its subsidiaries and among the subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, the partial losses shall be confirmed in full. If the accounting policy and accounting period adopted by the subsidiary are inconsistent with the Company, when preparing the consolidated financial statements, make necessary adjustments in accordance with the Company's accounting policy and accounting period.

Subsidiary's equity, current net profits or losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. Current loss minority shareholders of a subsidiary exceed the minority shareholders in the subsidiary's opening owners' equity share and the formation of balance, offset against minority interests.

1) Increase of subsidiary or business

During the reporting period, the merger of the enterprises under the same control results in additional subsidiaries or business, the operation results and cash flow of the subsidiaries or business from beginning to the end of the reporting shall be included in the consolidated profit statement; also adjust the opening figures of the consolidated financial statements and the related items in the comparative statements, the consolidated reporting body is considered to have existed since the point when the ultimate controller began to control it.

If additional investment and other reasons can lead investee to be controlled under the same control, equity investments made before obtaining controlling right, relevant gains and losses and other comprehensive income as well as other changes in net assets confirmed during the latter date between point obtaining original equity and combined party and combinee under the same control day to the combined day, shall be offset against the retained earnings or profit or loss of the comparative reporting period.

During the reporting period, if a subsidiary or business is added due to a business combination not under the same control, it shall be included in the consolidated financial statements on the basis of the fair value of various

identifiable assets, liabilities and contingent liabilities determined on the purchase date.

Equity held from investee before acquisition date shall be measured at fair value of acquisition date if additional investment and other reasons can lead investee to be controlled under the same control. Difference between the fair value and the book value is recognized as investment income. Other comprehensive income and other changes in owner's equity under the equity method of accounting that can be reclassified to profit or loss at a later date are transferred to investment income for the period to which they belong at the date of purchase.

2) Disposal of subsidiaries

① General approach

If losing controlling right to investee due to disposal of partial equity, the remaining equity after the disposal shall be re-measured at fair value at the date when control is lost. Price of equity disposal plus fair value of the remaining equity, then subtracting net assets held from the former subsidiary from the acquisition date or combination date initially measured in accordance with original stake and goodwill, the difference shall be included in investment income of the period losing controlling right. Other comprehensive income and other changes in owner's equity under the equity method of accounting related to equity investments in former subsidiaries that can be reclassified to profit or loss in the future are transferred to investment income in the current period when control is lost.

② Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates repeated transactions should be accounted for as a package deal:

- i. These transactions are made considering at the same time or in the case of mutual impact;
- ii. These transactions only reach a complete business results when as a whole;
- iii. A transaction occurs depending on the occurrence of at least one other transaction;
- iv. Single transaction is not economical, but considered together with other transactions it is economical.

If each transaction is a package transaction, each transaction is accounted for as a disposal of a subsidiary and loss of control; before the loss of control the difference between the disposal price and the corresponding net assets of the subsidiary, recognized as other comprehensive income in the consolidated financial statements, into current profit and loss at current period when losing controlling right.

If each transactions doesn't form a package deal, equity held from subsidiary shall be accounted in accordance with relevant rules before losing controlling right, while in accordance with general accounting treatment when losing controlling right.

3) Purchase of a minority stake in subsidiary

Long-term equity investment of the Company for the purchase of minority interests in accordance with the newly acquired stake in the new calculation shall be entitled to the difference between the net assets from the acquisition

date (or combination date) initially measured between the consolidated balance sheet adjustment capital balance of the share premium in the capital reserve share premium insufficient, any excess is adjusted to retained earnings.

4) Disposal of equity in subsidiary without losing control

Disposal price and disposal of long-term equity investment due to partial disposal of subsidiaries and long-term equity investment made between the relative net assets from the purchase date or the date of merger initially measured at the difference between the subsidiary shall enjoy, the consolidated balance sheet adjustment in the balance of the share premium, capital balance of the share premium insufficient, any excess is adjusted to retained earnings.

7. Classification of joint venture arrangement and accounting for joint operations

The joint venture arrangement are divided into joint operations and joint ventures.

The joint operation implies a joint venture arrangement in which the joint ventures enjoys the assets and bear the liabilities associated with the arrangement.

The Company recognized the following items related to its shares of interest in the joint operation:

- 1) Recognition of the assets held separately by the Company, and recognition of the jointly held assets based on the share of the Company;
- 2) Recognition of the liabilities born by the Company individually and liabilities born jointly in proportion to the shares;
- 3) Recognition of revenue from the sales of the shares of common operating output;
- 4) Recognition of the revenue from joint operation arising from the sale of the output at the shares;
- 5) Recognition of the separately incurred costs and recognition of the expenses incurred in joint operations based on the shares;

Investment in joint venture is measured with equity method. For more details, please refer to “Note V(22) Long-term equity investment”

8. Recognition standards for cash and cash equivalents

Cash refers to the cash on hand and cash equivalents of deposits that can be used for payment at any time. Cash equivalent refers to the investment held by the Company with short maturity and strong liquidity that are easy to be converted into known amounts with little risk of change in cash value.

9. Foreign currency business and conversion of foreign currency statement

9.1 Foreign currency business

The foreign currency business uses the spot exchange rate (or: using an exchange rate determined in accordance

with a systematic and reasonable method that approximates the spot rate on the date of the transaction. Tip: if the method is used, what method and what caliber should be specified) on the transaction date as the conversion rate to convert the foreign currency amount into RMB.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date. The resulting exchange differences, except that the balance of exchange generated from the foreign currency special borrowings related to the assets whose acquisition and construction are eligible for capitalization is disposed in accordance with the principle of borrowing costs capitalization, are included in the current profit and loss.

9.2 Conversion of foreign currency financial statements

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the “undistributed profit” item, other items of the owner's equity items are converted at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are converted at the spot exchange rate (or: using an exchange rate determined in accordance with a systematic and reasonable method that approximates the spot rate on the date of the transaction. Tip: if the method is used, what method and what caliber should be specified) on the transaction date.

When disposing an overseas operation, the translation difference of the foreign currency financial statements related to the overseas operation is transferred from the owner's equity items to the disposal of the current profit and loss.

10. Financial instruments

The Company recognizes a financial assets, financial liabilities or equity instrument when it becomes a party to a financial instrument contract.

10.1 Categories of financial instruments

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, at initial recognition, the Company classifies the financial assets into the financial assets measured at amortized cost, the financial assets(debt instrument) measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current gain or loss.

The Company classifies the financial assets that meet the following conditions and are not designated to be measured at fair value and whose changes are recorded into the current gain/losses as financial assets measured at amortized cost:

- the business mode is aimed at collecting contractual cash flows;
- contractual cash flows represent only payments of principal and interest based on the outstanding principal amount.

The Company classifies the financial assets (debt instruments) that meet the following conditions and are not specified as measured at fair value and whose changes are recorded into the current gain/losses as financial assets (debt instruments) measured at fair value and whose changes are recorded into other comprehensive income:

- the business model is aimed at both the collection of contractual cash flows and the sales of the financial assets;
- contractual cash flows represent only payments of principal and interest based on the outstanding principal amount.

For non-trading equity instrument investment, the Company determines whether it is designated as a financial asset (equity instrument) measured at fair value and whose changes are included in other comprehensive income at the initial recognition. The designation is made on a single investment basis and the related investment meet the definition of an equity instrument from an issuer's perspective.

Except for the above-mentioned financial assets measured at amortized cost and at fair value with changes included in other comprehensive income, the Company classifies all other financial assets as financial assets measured at fair value and with changes included in current profits and losses. At the time of initial recognition, if accounting mismatches can be eliminated or significantly reduced, the Company can irrevocably designate the financial assets that should be classified as financial assets measured at amortized cost or measured at fair value and whose changes are included in other comprehensive income as the financial assets measured at fair value and whose changes are included in the current profit and loss.

In the initial recognition, financial liabilities are classified as the financial liabilities measured at fair value and whose changes are included in current profit and loss and the financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in current profit and loss in the initial measurement:

- 1) The designation can eliminate or significantly reduce accounting mismatches.
- 2) According to the enterprise risk management or investment strategy specified in the official written document, manage and make performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio based on fair value, and report to the key management personnel based on this.
- 3) The financial liability includes embedded derivatives that need to be separately split.

10.2 Recognition and measurement for financial instrument

1) Financial assets measured by amortized cost

Financial assets measured by amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured by fair value, and related transaction costs are included in the initial recognition amount. The accounts receivable not including major financing components and the accounts receivable that the Company decides not to consider the financing component of not more than one

year are initially measured at the contract transaction price.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

2) Financial assets (debt instruments) measured by fair value and whose changes are included in other comprehensive income

Financial assets (debt instruments) measured by fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investment, etc., are initially measured by fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured by fair value, and the changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated by using the effective interest method.

When a financial asset is derecognized, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in current profit and loss.

3) Financial assets (equity instruments) measured by fair value and whose changes are included in other comprehensive income

Financial assets (equity instruments) measured by fair value and whose changes are included in other comprehensive income, including other equity instruments, etc., are initially measured by fair value, and related transaction expenses are included in the initially recognized amount. The financial assets are subsequently measured by fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

4) Financial assets measured by fair value and whose changes are included in current profit and loss

Financial assets measured by fair value and whose changes are included in current profit and loss, including tradable financial assets, derivative financial assets and other non-current financial assets, etc., are initially measured by fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured by fair value, and changes in fair value are recognized in current profit and loss.

5) Financial liabilities measured by fair value and whose changes are included in current profit and loss

Financial liabilities measured by fair value and whose changes are included in current profit and loss, including transaction financial liabilities, derivative financial liabilities, etc., are initially measured by fair value, and related transaction expenses are included in current profit and loss. The financial liabilities are subsequently measured by fair value, and changes in fair value are included in current profit and loss.

When a financial liability is terminated for recognition, the difference between book value and the consideration paid shall be recorded into the current profit and loss.

6) Financial liabilities measured by amortized cost

Financial liabilities measured by amortized cost, including short-term borrowings, bills payable, accounts payable, other payable, long-term borrowings, bonds payable, and long-term payable, are initially measured by fair value, and related transaction expenses are included in the initial recognition amount.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When a financial liability is terminated for recognition, the difference between the consideration paid and the book value of the financial liability is included in current profit and loss.

10.3 Termination of recognition and transfer of financial assets

If one of the following conditions is satisfied, the Company shall terminate the recognition of financial assets:

- the contractual rights to receive cash flows from financial assets terminates;
- the financial asset has been transferred and virtually all the risks and rewards of the ownership of the financial asset have been transferred to the transferee;
- the financial assets have been transferred. Although the company has neither transferred nor retained nearly all the risks and rewards of ownership of the financial assets, it has not retained control of the financial assets

When transfer of financial assets occurs, if substantially all the risks and rewards of ownership of the financial asset are retained, the recognition of the financial asset shall not be terminated.

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance over weighs format.

The Company divides such transfer into entire transfer and partial transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of financial assets in transfer;

- 2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable for the financial assets (debt instrument) measured by fair value and whose changes are recorded into other comprehensive income)

As for the partial transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of discontinued recognition part;
- 2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets (debt instrument) measured by fair value and whose changes are included in other comprehensive income).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

10.4 Terminating the recognition of financial liability

As for the financial liabilities with its whole or partial present obligations released, the company shall terminate the recognition for such financial liabilities or part of it. If the company enters into agreement with its creditor to substitute for the existing financial liabilities by means of assuming new financial liabilities, the company shall terminate the recognition for the existing financial liabilities and recognize the new financial liabilities provided that the contract clauses of the new and the existing financial liabilities are different in substance.

If the company makes substantial amendment to the whole or partial contract clauses of the existing financial liabilities, it shall terminate the recognition for the existing financial liabilities or part of it. Meanwhile, the financial liabilities with amendment to its clauses shall be realized as new financial liabilities.

In case of terminating the recognition of financial liabilities in whole or part, the difference between the carrying value of such financial liabilities and consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

In case that the company repurchases part of financial liabilities, based on the comparative fair value of the continuing recognition part and the derecognizing part, the company shall allocate the carrying value of the financial liabilities in whole on the repurchase date. Difference between the carrying value allocated to the derecognizing part and the consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

10.5 Recognition method for fair value of financial assets and financial liabilities

As for the financial instrument with an active market, the fair value is determined by the offer of the active market;

in case there is no active market for a financial instrument, the valuation techniques will be used to determine its fair value. At the time of valuation, the Company adopts applicable valuation techniques in the present case for which there is enough available data and other information technology to support valuation, chooses input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of related assets or liabilities, and prioritizes the use of relevant observable input values. Where relevant observable inputs can not get or do not get as far as practicable, the use of un-observable inputs.

10.6 Testing of the financial assets impairment and accounting treatment

The Company estimates the expected credit losses of financial assets measured by amortized cost, financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, and financial guarantee contracts in a single or combined way.

The Company considers reasonable and well-founded information about past events, current conditions, and forecasts of future economic conditions, and uses the risk of default as the weight to calculate the probability-weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received to confirm the expected credit loss.

If the credit risk of the financial instrument has risen significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses for the entire duration of the financial instrument; if the credit risk of the financial instrument has not risen significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses of the financial instrument in the next 12 months. The increase or reversal amount of the resulting loss provision is included in the current profit and loss as an impairment loss or gain.

The Company compares the risk of default on the balance sheet date of financial instruments with the risk of default on the date of initial recognition to determine the relative change in the risk of default during the expected life of the financial instrument so as to assess whether the credit risk of the financial instrument has increased significantly since the initial recognition. Usually, if it is overdue for more than 30 days, the Company shall believe that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the financial instrument's credit risk at the balance sheet date is low, the Company shall believe that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make provision for impairment of the financial asset on a single basis.

Regarding the accounts receivable and contract assets formed from transactions regulated by the "Accounting

Standards for Business Enterprises No. 14-Revenue” (2017), regardless of whether it contains a significant financing component, the Company always measure its loss reserves at the amount equivalent to the expected credit loss during the entire duration.

For lease receivables, the Company always chooses to measure its loss reserves at an amount equivalent to expected credit losses during the entire duration.

If the Company no longer reasonably expects whether the contractual cash flow of a financial asset can be recovered in whole or in part, it will directly write down the book balance of the financial asset.

11. Note receivable

12. Account receivable

13. Receivable financing

14. Other account receivable

15. Inventory

15.1 Classification and costs of inventory

Inventory includes raw materials, revolving material, goods in process, goods in transit and work in process-outsourced and so on.

Inventory is initially measured at cost, which includes the costs of purchase, processing costs and other expenditures incurred in bringing the inventories to their present location and condition.

15.2 Valuation methods for delivery of inventory

The weighted average or individual valuation method is used when the inventory is issued according to the nature of the business.

15.3 Recognition standards of the net realizable value for inventory

On the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. When the cost of inventories is higher than its net realizable value, make provisions for inventory write-down. The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost, estimated selling expenses and related taxes and fees at the time of completion in daily activities.

The net realizable value of inventory products and materials for sale, in normal business production, is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price; the net realizable value of an item of inventories subject to further processing,

in normal business production, is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the for-sale item. The net realizable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

After making provisions for inventory write-down, if the factors that previously affected the write-down of the inventory value have disappeared, causing the net realizable value of the inventory to be higher than its book value, it shall be reversed within the amount of the inventory write-down that has been withdrawn, and the reversed amount is included in the current profit and loss.

15.4 Inventory system

Inventory system is the perpetual inventory system.

15.5 Amortization of low-value consumables and packaging materials

1. Low-value consumables adopts the method of primary resale;
2. Wrappage adopts the method of primary resale.

16. Contract asset

16.1 Methods and criteria for recognition of a contract asset

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company lists the right (and the right depends on other factors other than the passage of time) to receive consideration for the transfer of goods or services to customers as contract assets. Contract assets and contract liabilities under the same contract are presented in net amount. The Company's unconditional (only depending on the passage of time) right to collect consideration from customers are separately listed as receivables.

16.2 Determination method and accounting treatment method of expected credit loss of contract assets

Found more in the 10.6 Testing of the financial assets impairment and accounting treatment carried under V(10) Financial instrument

17. Contract cost

18. Assets held for sale

If the book value of a non-current asset or disposal group is mainly recovered through sale (including the exchange of non monetary assets with commercial substance) rather than continuous use, it is classified as held

for sale.

The Company classifies non-current assets or disposal groups that meet the following conditions as held for sale categories:

- (1) According to the convention of selling such assets or disposal groups in similar transactions, they can be immediately sold under current conditions;
- (2) The sale is highly likely to occur, as the company has already made a decision on a sale plan and obtained a confirmed purchase commitment, and it is expected that the sale will be completed within one year. The relevant regulations require approval from the relevant authority or regulatory department of the company before sale, and approval has been obtained.

If the book value of non-current assets (excluding financial assets, deferred income tax assets, and assets formed by employee compensation) or disposal groups held for sale is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses. The written down amount shall be recognized as asset impairment loss and included in the current profit and loss, and a provision for impairment of held for sale assets shall be made.

19. Creditors' investment

20. Other creditors' investment

21. Long-term account receivable

22. Long-term equity investment

22.1 Criteria for judgment of the common control and significant influence

Common control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants sharing the control rights before making a decision. Where the Company and other joint venture parties jointly control the invested entity and have rights to the net assets of the invested entity, the invested entity is the joint venture of the Company.

Significant influence refers to the right to participate in making decisions relating to the financial and operational policies of an enterprise, while not able to control or jointly control (with others) establishment of these policies. If the Company has significant influence on the invested enterprises, than such invested enterprises shall be the joint venture of the Company.

22.2 Determination of initial investment cost

1. Long-term equity investment formed by business combination

For a long-term equity investment in a subsidiary formed by a business combination under the same control, the initial investment cost of the long-term equity investment is based on the share of the book value of the owner's

equity of the combined party obtained in the consolidated financial statements of the ultimate controlling party on the combining date. The difference between the initial investment cost of long-term equity investment and the book value of the consideration paid shall be used to adjust the equity premium in the capital reserve; when the equity premium in the capital reserve is insufficient to offset, adjust the retained earnings. If it is possible to exercise control over an investee under the same control due to additional investment, etc., adjust the equity premium based on the difference between the initial investment cost of the long-term equity investment confirmed in accordance with the above principles and the book value of the long-term equity investment before the combination plus the sum of the book value of the new valuable consideration for the shares obtained on the combining date, if the equity premium is not enough to offset, offset the retained earnings.

For long-term equity investment in a subsidiaries formed by business combination not under the same control, the initial investment cost is based on the cost of the combination determined at the date of purchase. If it is possible to exercise control over an investee not under the same control due to additional investment, the sum of book value of the equity investment originally held plus the cost of the additional investment is used as the initial investment cost.

2. Long-term equity investment required by means other than business combination

For long-term equity investments obtained through payment with cash, then the actual payment shall be viewed as initial investment cost.

For long-term equity investments obtained through issuance of equity securities, the fair value of such securities shall be viewed as initial investment cost

22.3 Subsequent measurement and recognition of gains and losses

1. Long-term equity investment measured by cost

The long-term equity investment in subsidiary shall be measured by cost, unless such investment satisfies conditions for held-for sale. Other than payment actually paid for obtaining investment or cash dividend or profit included in consideration which has been declared while not granted yet, the Company recognizes investment income according to its share in the cash dividend or profit declared for grant by the invested unit.

2. Long-term equity investment measured by equity

The Company calculates long term equity investment in associates and joint ventures under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period. And adjusted the costs of long-term equity investment at the same time.

Return on investments and other comprehensive income is recognized respectively by shares of net gains and losses realized by the invested company and other comprehensive income, and book value of such investment is adjusted accordingly. Profit or cash dividends pro rata distributed by the invested company are to minus book value of the relative long-term investment. Book value of long-term investment is adjusted when changes occur other than net gains and losses, other comprehensive income and profit distribution of the invested company (abbreviated as other changes of owners' equity), and is to report in owners' equity accordingly.

When confirming the share of the net profit and loss, other comprehensive income and other owner's equity changes that should be enjoyed by the investee, adjust the net profit and other comprehensive income of the investee based on the fair value of the investee's identifiable net assets at the time when the investment is obtained and in accordance with the company's accounting policies and accounting period before confirmation.

The un-realized transaction gains/losses attributable to investment enterprise, internally occurred between the Company, affiliated units and joint-ventures should calculated by proportion of shares-holding which should be offset, than recognized investment gains/losses(except where the assets invested or sold constitute a business). If the unrealized internal transaction losses with the investee are assets impairment losses, they will be fully recognized.

In addition to assuming obligations for additional losses, the company's net losses to joint ventures or associated enterprise are limited to the book value of long-term equity investments and other long-term equity that actually constitutes net investment in joint ventures or associates write down to zero. If a joint venture or an associated enterprise realizes net profits in the future, the company resumes recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

3. Disposal of long-term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity investment shall be included in current period gains and losses.

Long-term equity investment accounted for by equity method

For long-term equity investments accounted for by partial disposition equity method, the remaining equity is still accounted for by the equity method, the other comprehensive income recognized by the original equity method shall be carried forward in a corresponding proportion on the same basis as the direct disposal of related assets or liabilities by the investee, other changes in owner's equity are carried forward to the current profit and loss on a pro rata basis.

If the joint control or significant influence on the investee is lost due to the disposal of equity investment, for the other comprehensive income recognized by the original equity investment due to the adoption of the equity

method, use the same basis as the investee to directly dispose of related assets or liabilities for accounting treatment when terminating the adoption of the equity method, the same basis as the direct disposal of related assets or liabilities by the investee is used for accounting treatment, all other changes in owner's equity are transferred to the current profit and loss when terminating the adoption of the equity method.

If the control of the investee is lost due to the disposal of part of the equity investment, and the remaining equity can exercise joint control or exert significant influence on the investee when preparing individual financial statements, the equity method shall be used for accounting and the remaining equity shall be deemed to be accounted for by the equity method for adjustment since the acquisition, and the other comprehensive income recognized before obtaining the control of the investee is carried forward on the same basis as the direct disposal of related assets or liabilities by the investee in proportion, changes in other owners' equity confirmed by the equity method are carried forward to the current profit and loss on a pro rata basis; if the remaining equity cannot exercise joint control or exert significant influence on the investee, it shall be recognized as a financial asset, and the difference between its fair value and book value on the day when the control is lost is included in the current profit and loss, and all other comprehensive income and other owner's equity changes recognized before obtaining the control of the investee are carried forward.

If the equity investment in a subsidiary is disposed of through multiple transactions until it loses control, and it is a package transaction, each transaction shall be accounted for as a transaction that disposes of the equity investment of the subsidiary and loses control. The difference between the cost of each disposal before the loss of control and the book value of the long-term equity investment corresponding to the equity being disposed of is first recognized as other comprehensive income in individual financial statements, and then transferred to the current profit and loss of the loss of control when the control is lost. If it is not a package transaction, each transaction shall be accounted for separately.

23. Investment real estate

Measurement

Measured by cost

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings (including the buildings for rent after completion of self-construction or development activities and the buildings under construction or development for future lease).

Subsequent expenditures related to investment real estate are included in the cost of investment real estate when it is probable that the related economic benefits will flow and the cost can be measured; otherwise, charged to current gain/loss as incurred.

Current investment real estate of the Company are measured by cost. As for the investment real estate-rental building measured by cost, the depreciation policy is same as the fixed assets of the Company, the land use right for rental has the same amortization policy as intangible assets.

24. Fix assets

(1) Recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time:

- 1) It is probable that the economic benefits associated with the assets will flow into the Company;
- 2) The cost of the assets can be measured reliably.

Fixed assets are initially measured at cost (and considering the impact of expected abandonment cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when the related economic benefits are likely to flow in and their costs can be reliably measured; the book value of the replaced part is derecognized; all other subsequent expenditures are included in the current profit and loss when incurred.

(2) Depreciation methods

The depreciation of fixed assets is classified and withdrawn using the straight-line method, and the depreciation rate is determined based on the category of fixed assets, expected service life, and expected net residual value rate. For fixed assets with the provision for impairment, the depreciation amount will be determined in the future based on the carrying amount after deduction of the provision for impairment and remaining useful life. Where individual component parts of an item of fixed asset have different useful lives or provide benefits to the enterprise in different manners thus necessitating use of different depreciation rates or methods, the depreciation of the fixed asset is respectively provided.

Depreciation methods, periods, residual value rate and annual depreciation rates of fixes assets are as follows

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings	Straight-line depreciation			
Production buildings	Straight-line depreciation	20-35	5.00	2.71-4.75

Non-production buildings	Straight-line depreciation	20-40	5.00	2.38-4.75
Temporary dormitory and simple room etc.	Straight-line depreciation	5-15	5.00	6.33-19.00
Gas storage bin	Straight-line depreciation	20	5.00	4.75
Silo	Straight-line depreciation	50	5.00	1.90
Wharf and supporting facilities	Straight-line depreciation	50	5.00	1.90
Machinery equipment	Straight-line depreciation			
Other machinery equipment	Straight-line depreciation	10-20	5.00	4.75-9.50
Warehouse transmission equipment	Straight-line depreciation	20	5.00	4.75
Transport equipment	Straight-line depreciation	3-10	5.00	9.50-31.67
Electronic equipment and others	Straight-line depreciation	2-10	5.00	9.50-47.50

(3) Recognition, measurement and depreciation of fixed assets held under finance lease

25. Construction in progress

Construction in progress is measured at the actual cost incurred. The actual cost includes construction cost, installation cost, borrowing costs that meet the capitalization conditions, and other necessary expenditures incurred before the construction in progress reaches its intended usable state. When the construction in progress reaches the intended usable state, it will be transferred to fixed assets and depreciation will be accrued from the next month.

26. Borrowing expenses

26.1 Recognition of the borrowing expenses capitalization

The borrowing costs incurred by the company, which can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, shall be capitalized and included in the relevant asset costs; Other borrowing costs are recognized as expenses based on their amount at the time of occurrence and included in the current profit and loss. Assets satisfying the

conditions of capitalization refer to fixed assets, investment real estate inventories and other assets which take a long period of time to purchase, construct, or manufacturing before becoming usable.

26.2 Period of capitalization

The capitalization period refers to the period from the time when the capitalization of borrowing costs starts to the time when the capitalization stops, excluding the period when the capitalization of borrowing costs is suspended.

The borrowing expense shall be capitalized in case all the following conditions are satisfied at same time:

- (1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;
- (2) Borrowing expenses have occurred;
- (3) Necessary activities occurred for reaching predicted usable statues or sale-able status for assets purchased, constructed or manufactured.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization reached its predicted usable status or sale-able status, capitalization suspended for borrowing expenses.

26.3 Period of capitalization suspension

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfy the conditions of capitalization meet the necessary procedure of reaching predicted usable status or for-sale status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred during the period of capitalization suspension shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

26.4 Capitalization rate of the borrowing expense, measurement of the capitalized amount

As for the special loans borrowed for the purchase, construction or production of assets eligible for capitalization, the borrowing costs are capitalized by deducting the actual borrowing costs incurred in current period of special borrowing, the interest income earned by borrowing funds that have not ye been used, deposited in the bank or the investment income obtained from the temporary investment.

For the general borrowings used for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs that should be capitalized for general borrowings is calculated and determined according to the weighted average of the asset expenditures of accumulated asset expenditures over the special borrowings multiplying by the capitalization rate of the occupied general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

During the capitalization period, the exchange difference of the principal and interest of the specialized foreign

currency borrowing is capitalized and included in the cost of the assets that meet the capitalization conditions. Exchange differences arising from the principal and interest of foreign currency borrowings other than specialized foreign currency borrowing are included in the current profits and losses.

27. Biological assets

- (1) The Company's biological assets are productive biological assets, which are classified into productive biological assets, consumptive biological assets and biological assets for commonweal according to the purpose of holding and the way in which economic benefits are realized.
- (2) Biological assets are initially measured at cost.
- (3) The necessary expenditures incurred by productive biological assets before reaching the intended production and operation purposes constitute the cost of productive biological assets. Subsequent expenditures incurred after achieving the intended production purposes shall be included in the current profit and loss.
- (4) The necessary expenditures for consumptive biological assets before closure constitute the cost of consumptive biological assets, and subsequent expenditures incurred after closure are included in the current profit and loss. The consumptive biological assets are carried at cost when harvested using the proportional method of accumulation.
- (5) The Company's biological assets are mainly tea trees. The company's productive biological assets that achieve the intended production and operation purposes are depreciated according to the average service life method, and the service life is determined as the remaining period of land use after deducting the immature tea tree period (5 years), the residual value rate is 5%. At the end of each year, the company reviews the service life, expected net residual value and depreciation methods. If the service life and expected net output value are different from the original estimate, or there is a significant change in the realization of economic benefits, it will be used as an accounting estimate change to adjust the service life or estimated net output value or change the depreciation method.
- (6) Biological assets for commonweal refer to biological assets whose main purpose is protection and environmental protection, including wind-breaking and sand-fixing forests, soil and water conservation forests, and water conservation forests.

The cost of self-constructed biological assets for commonweal shall be determined in accordance with the necessary expenditures such as cost of planting, tending fees, forest protection fees, forest culture and management facility fees, improved seed experiment fees, survey design fees, and indirect costs that should be apportioned before the closure, including borrowing costs that meet the conditions for capitalization.

Biological assets for commonweal are subsequently measured at cost. There is no need to withdraw the asset

impairment reserve for biological assets for commonweal.

- (7) The balance of the disposal consideration from the sale, inventory loss, death or damage of biological assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

28. Oil and gas assets

29. Right-of-use assets

30. Intangible assets

(1) Measurement, use of life and impairment testing

Measurement

(1)Initial measurement is made at cost when the Company acquires intangible assets; For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should recognized as cost for this assets.

(2)Subsequent measurement

The service life of an intangible asset shall be analyzed and judged when they are acquired.

Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become usable to the end of expected useful life; Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life without amortization.

Estimation of the service life of intangible assets with limited service life

Item	Predicted useful life	Amortization method	Residual value rate	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Straight-line method	0.00%	Certificate of land use right
Forest tree use right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Trademark use right	10 years	Straight-line method	0.00%	Actual situation of the Company
Shop management right	Service life arranged	Straight-line method	0.00%	Protocol agreement
Software use right	5-8 years	Straight-line method	0.00%	Protocol agreement

Patents and others	20 years	Straight-line method	0.00%	Actual situation of the Company
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Judgment basis on intangible assets with uncertain service life and review procedures for the service life

Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life. Intangible assets with indefinite life are not amortized during the holding period, and useful life is re-reviewed at the end of each accounting period. In case that it is still determined as indefinite after such re-review, then impairment test will be conducted continuously in every accounting period.

(2)Accounting policy of the internal R&D expenditure

Specific criteria for dividing research and development stages

The expenditure for internal R&D is divided into research expenditure and development expenditure.

Research stage: The stage of creative and planned research activities to acquire and understand new scientific or technological knowledge, etc

Development stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

Specific conditions for capitalization of expenditure during the development phase

Expenditures in the research phase are included in the current profit and loss when they occur. Expenditures in the development phase that meet the following conditions at the same time are recognized as intangible assets, and expenditures in the development phase that cannot meet the following conditions are included in the current profit and loss:

- (1) Owes feasibility in technology and completed the intangible assets for useful or for sale;
- (2) Owes the intention for completed the intangible assets and for sale purpose;
- (3) Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use internally, than show evidence of useful-ness;
- (4) Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;
- (5)The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

If it is not possible to distinguish between research stage expenditures and development stage expenditures, all research and development expenditures incurred are charged to current gain/loss.

31. Impairment of long term assets

The long-term assets as long-term equity investments, investment real estate measured at cost, fixed assets,

construction in progress, right-of-use assets, intangible assets with certain service life and oil & gas assets are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, the provision for impairment and impairment loss shall be recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

For goodwill formed by business combination, intangible assets with uncertain service life, and intangible assets that have not yet reached the usable state, regardless of whether there are signs of impairment, impairment test shall be carried out at least at the end of each year.

When the Company conducts the goodwill impairment test, the book value of goodwill formed by business combination is apportioned to the relevant asset group according to reasonable methods from the date of purchase; if it is difficult to apportion it to the relevant asset group, apportion it to the relevant asset group portfolio. Relevant asset group or assets portfolio is the asset group or combination of assets group that can benefit from the synergies of the enterprise merger.

When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Then conduct an impairment test on the asset group or asset group portfolios containing goodwill, and compare their book value with the recoverable amount. If the recoverable amount is lower than the book value, the amount of impairment loss first deducts the book value of the goodwill allocated to the asset group or asset group portfolio, and then deducts the book value of the other assets in proportion according to the proportion of the book value of the other assets other than goodwill in the asset group or asset group portfolio. Once recognized, asset impairment loss would not be reversed in future accounting period.

32. Long term prepaid expense

Long term prepaid expense represents the expense which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long-term prepaid expenses of the Company includes expenditures on improvement of investment real estate, decoration fee and expenditure for fixed assets improvement etc. Long term prepaid expense is amortized during the beneficial period under straight line method.

33. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from customers is listed as contract liabilities. Contract assets and contract liabilities under the same contract are presented in net amount.

34. Staff remuneration

(1) Accounting treatment of short term remuneration

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss or relevant assets costs.

Regarding to the social insurance and housing funds that the Company pays for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities.

The employee welfare expenses incurred shall be recorded into the current gain/loss or the cost of relevant assets according to the actual amount when actually incurred, and the non-monetary welfare shall be measured at fair value.

(2) Accounting treatment for post employment benefits

1) Defined contribution plan

The Company pays basic endowment insurance and unemployment insurance for employees according to the relevant regulations of the local government. In the accounting period in which employees provide services for the Company, the amount to be paid is calculated according to the local payment base and proportion, and is recognized as a liability and included in current profit and loss or related asset cost. In addition, the Company also participates in the enterprise annuity plan/supplementary pension insurance fund approved by the relevant state departments. The Company pays a certain percentage of the total wages of employees to the annuity plan/local social insurance agency, and the corresponding expenditures are included in the current profit and loss or the cost of related asset.

2) Defined benefit plan

The Company assigns the benefit obligation arising from the defined benefit plan to the period during which the employee provides service according to the formula determined by the expected accumulated benefit unit method, and includes it in the current profit and loss or related asset cost.

The deficit or surplus formed by the present value of the defined benefit plan obligation minus the fair value of the defined benefit plan asset is recognized as a net benefit or net asset of the defined benefit plan. If there is a surplus in the defined benefit plan, the Company measures the net assets of the defined benefit plan by the lower of the surplus and the asset limit of the defined benefit plan.

All defined benefit plan obligations, including obligations expected to be paid within twelve months of the end of the annual reporting period in which the employee provides services, are discounted based on the market return of the national debt matching with the defined benefit plan obligations deadline and currency or the high quality corporation bonds in an active market on the balance sheet date.

The service cost generated by the defined benefit plan and the net liabilities or the net interest of the net assets of the defined benefit plan are included in the current profit and loss or the related assets cost; the changes generated by the remeasurement of net liabilities or net assets of the defined benefit plan are included in other comprehensive income, and will not be transferred back to profit or loss in the subsequent accounting period, when the original defined benefit plan is terminated, the part that was originally included in other comprehensive income will be carried forward to undistributed profit within the scope of equity.

When settling the defined benefit plan, the settlement gain or loss is confirmed by the difference between the present value of the defined benefit plan obligation and the settlement price determined on the settlement date.

(3)Accounting treatment for dismissal benefit

If the Company provides dismissal benefits to employees, the employee compensation liabilities arising from dismissal benefits shall be recognized on the earlier date of the following two, and shall be included in the current profit and loss: When the company cannot unilaterally withdraw the dismissal benefits provided by the dismissal plan or downsizing proposal; When the company confirms the costs or expenses related to the reorganization involving the payment of dismissal benefits.

(4)Accounting treatment for other long term staff benefits

35. Lease liability

36. Accrual liability

The Company will recognize the obligations related to contingencies as expected liabilities when they meet the following conditions:

- (1) The responsibility is a current responsibility undertaken by the Company;

- (2) Fulfilling of the responsibility may lead to financial benefit outflow;
- (3) The responsibility can be measured reliably for its value.

Accrual liabilities shall conduct initial measurement by best estimation of expenditures needed by fulfillment of current responsibilities.

While determining the best estimation, take the risks, uncertainty and periodic value of currency related to the contingent issues into consideration. For major influence from periodic value of currency, determine the best estimation after discount on future relevant cash outflow.

Where there is a continuous range of required expenditures, and the probability of occurrence of various results within this range is the same, the best estimation is determined according to the median value in the range; in other cases, the best estimate shall be treated as follows:

- If a contingency involves a single item, it shall be determined according to the amount most likely to occur.
- If a contingency involves multiple items, it shall be determined in accordance with various possible outcomes and related probability calculation.

If all or part of the expenditure required to pay off the estimated liabilities is expected to be compensated by a third party, the compensation amount shall be separately recognized as an asset when it is basically certain that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liability.

The Company reviews the book value of estimated liabilities on the balance sheet date. If there is conclusive evidence that the book value does not reflect the current best estimate, the book value will be adjusted according to the current best estimate.

37.Share-based payment

The Company's share-based payment is a transaction that grants equity instruments or assumes liabilities determined based on equity instruments in order to obtain services from employees or other parties. The Company's share-based payment is divided into equity-settled share-based payment and cash-settled share-based payment.

37.1 Equity-settled share-based payments and equity instruments

The equity-settled share-based payment in exchange for services provided by employees shall be measured at the fair value of equity instruments granted to employees. For share-based payment transactions that can be exercised immediately after the grant, the fair value of the equity instrument is included in the relevant cost or expenses on the grant date, and the capital reserve is increased accordingly. For share-based payment transactions that can be exercised only after completing the services during the waiting period or meeting the specified performance

conditions after the grant, on each balance sheet date during the waiting period, the Company shall include the services obtained in the current period in the relevant cost or expenses based on the best estimate of the number of viable equity instruments and the fair value on the grant date, and increase the capital reserve accordingly.

If the terms of the equity-settled share-based payment are modified, at least the services acquired are recognized as if the terms were not modified. In addition, any modification that increases the fair value of the granted equity instruments, or a change in favor of the employee on the modification date, is recognized as an increase in services received.

During the waiting period, if the granted equity instrument is canceled, the Company will treat the canceled granted equity instrument as an accelerated exercise, and immediately include the amount that should be recognized during the remaining waiting period in the current profit and loss, and recognize the capital reserve at the same time. However, if a new equity instrument is granted and it is determined that the new equity instrument granted is to replace the canceled equity instrument on the grant date of the new equity instrument, then in the same manner as the modification of the terms and conditions of the original equity instrument, the granted alternative equity instruments are processed.

37.2 Cash-settled share-based payments and equity instruments

The cash-settled share-based payment shall be measured at the fair value of the liabilities calculated and determined on the basis of shares or other equity instruments undertaken by the Company. For share-based payment transactions that can be exercised immediately after the grant, the Company shall include them in the relevant cost or expenses at the fair value of the liabilities on the grant date, and increase the liabilities accordingly. For share-based payment transactions that can be exercised only after completing the service during the waiting period or meeting the specified performance conditions, on each balance sheet date during the waiting period, the Company shall include the services obtained in the current period in the relevant cost or expenses based on the best estimate of the viable equity instruments and the fair value of the liabilities undertaken by the Company, and include in the liabilities accordingly. On each balance sheet date and settlement date before the settlement of relevant liabilities, the fair value of the liabilities is re-measured, and the changes are included in the current profit and loss.

38. Other financial instrument of preferred stocks and perpetual bond

The Company categorizes a financial instrument or its components as a financial asset, a financial liability or an equity instrument at the time of initial recognition based on the contractual terms of preferred stocks/perpetual bonds issued and the economic substance it reflects, not just in legal form.

When a financial instrument such as perpetual bonds/preferred stocks issued by the Company meet one of the following conditions, the entire financial instrument or its components shall be classified as a financial liability at the time of initial recognition.

(1) There are contractual obligations that the Company cannot unconditionally avoid fulfilling with the cash payment or other financial assets;

- (2) Contains contractual obligation to deliver variable amounts of own equity instruments for settlement;
- (3) Contains derivative instrument that is settled with its own equity (such as conversion of equity, etc.), and the derivative instrument is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There are contract clauses that indirectly form contract obligations;
- (5) The perpetual bonds are in the same repayment order as the ordinary bonds and other debts issued by the issuer at the time of liquidation by the issuer.

For financial instruments such as perpetual bonds/preferred stocks that do not meet any of the above conditions, classify the financial instruments as a whole or their components as equity instruments at the time of initial recognition.

39. Revenue

Accounting policy used for revenue recognition and measurement

39.1 Accounting policy used for revenue recognition and measurement

The Company fulfills the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. Obtaining control of related goods or services means being able to lead the use of the goods or services and obtain almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the starting date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties and payments expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and combined with its past customary practices. When determining the transaction price, it considers the influence of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when the customer obtains control of the goods or services, and uses the actual interest method to amortize the difference between the transaction price and the contract consideration during the contract period. (Tips: for the interval between the transfer of control and the payment of the price by the customer does not exceed one year, the enterprise may disregard the financing component thereof. Enterprise should make

disclosure according to the actual situation)

It belongs to the performance obligation fulfilled within a certain period of time when meeting one of the following conditions, otherwise it belongs to the performance obligation fulfilled at a certain point in time:

- The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance.
- Customers can control the products under construction in the Company's performance process.
- The products produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part of the contract during the entire contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue according to the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the progress of performance. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether a customer has obtained control of goods or services, the Company considers the following signs:

- The Company has the current right to collect payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.
- The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.
- The Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind.
- The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.
- The customer has accepted the goods or services, etc.

39.2 Specific principles

1. Revenue from sales of goods: The realization of sales revenue is recognized after the domestic sales of goods have been delivered and in compliance with the relevant terms of the contract; for export sales, the realization of sales revenue is recognized after the goods have been delivered and declared to the customs and meet the relevant terms of the contract.

2. Income from the provision of labor services: The Company provides the grain and oil dynamic reserve and its

rotation services for the Shenzhen Municipal Government, and the income is recognized when the relevant labor activities occur. Operating Regulations for Shenzhen Municipal Government Grain Reserve Cost Contracting and Shenzhen Edible Vegetable Oil Government Reserve Expenses All-inclusive Operational Regulations shall be used to calculate and confirm the service income of grain and oil reserves.

3. Other income:

1) The amount of income from royalties shall be calculated and determined according to the charging time and method stipulated in the relevant contracts or agreements.

2) Income from property leasing such as real estate, dock warehouses, and dock docking business shall be calculated and confirmed according to the charging time and method agreed in the contract or agreement.

Differences in accounting policies of revenue recognition resulted by the different operating models for the same type of business

40. Government subsidy

40.1 Types

Governments subsidy of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues.

Government subsidy related to assets refer to those obtained by the Company and used for purchase or construction of or otherwise to form long-term assets. Government subsidies related to revenue refer to those other than government subsidies related to assets.

Specific criteria for classifying the government subsidy as asset-related by the Company are:

Specific criteria for classifying the government subsidy as income-related by the Company are:

For those government subsidies without object specified in government documents, the Company classifies government subsidies as asset-related or income-related based on the following judgment:

Disclosure requirement: disclose specific criteria for distinguishing between asset-related government subsidies and income-related. If the government document does not specify the object of the subsidy, it must also state the basis of judgment for classifying the government subsidy as asset-related or income-related

40.2 Recognition time point

If there is evidence at the end of the period that the company can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds, the government subsidy shall be recognized according to the amount receivable. In addition, government subsidies are recognized when they are actually received.

If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured at its fair value; if the fair value cannot be obtained reliably, it shall be measured at its nominal amount (RMB 1). Government subsidies measured at the nominal amount are directly included in the current profit and loss.

40.3 Accounting treatment

Based on the essence of economic business, the company determines whether a certain type of government

subsidy business should be accounted for using the gross method or the net method. Normally, the company only selects one method for the same or similar government subsidy business, and uses that method consistently for that business.

Category	Accounting content
Types of government subsidies accounted for using the gross method	All government subsidies

Government subsidy related to assets is used to offset the book value of related assets or be recognized as deferred income. If it is confirmed as deferred income, it shall be included in the current profit and loss in a reasonable and systematic way by stages within the useful life of the relevant assets (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income);

Government subsidy related to income that is used to compensate the Company's related costs or losses in subsequent periods is recognized as deferred income, and is included in the current profit and loss during the period when the related costs or losses are recognized (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income) or used to offset related costs or losses; those used to compensate the Company's related costs, expenses or losses are directly included in the current profit and loss (those related to the Company's daily activities are included in other income; those unrelated to the Company's daily activities are included in the non-operating income) or used to offset related costs or losses.

The policy-related preferential loan interest discounts obtained by the Company shall be accounted for separately in the following two situations:

- 1) The finance allocates interest discount funds to the lending bank. If the lending bank provides loans to the Company at a policy-based preferential interest rate, the Company will use the actually received loan amount as the entry value of the loan, and calculate related borrowing costs according to the loan principal and the policy-based preferential interest rate.
- 2) If the finance directly allocates interest discount funds to the Company, the Company will write down the relevant borrowing costs with the corresponding interest discount.

41. Deferred income tax assets and deferred income tax liabilities

Income tax includes current income tax and deferred income tax. Except for income tax arising from business mergers and transactions or events that are directly included in owner's equity (including other comprehensive income), the Company include current income tax and deferred income tax in current profit and loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax base of assets and liabilities and their book value.

Deductible temporary differences recognized by deferred income tax assets is limited to the taxable income that is likely to be obtained in the future to deduct deductible temporary differences. For the deductible losses and tax deductions that can be carried forward for subsequent years are limited to the future taxable income that is likely to be obtained to deduct deductible and tax deductions.

For taxable temporary differences, except for special circumstances, deferred income tax liabilities are recognized. Special circumstances that do not recognize deferred income tax assets or deferred income tax liabilities include:

- Initial recognition of goodwill;
- Transactions or events that neither are a business combination nor affect accounting profits and taxable income (or deductible losses) when occur.

For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, deferred income tax liabilities are recognized, unless the Company can control the timing of the reversal of the temporary differences and the temporary differences are not likely to be reversed in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, when the temporary differences are likely to be reversed in the foreseeable future and are likely to be used to deduct the taxable income of deductible temporary differences in the future, recognize deferred income tax assets.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the provisions of the tax law.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is possible to obtain sufficient taxable income, the write-down amount shall be reversed.

When there is a statutory right to settle on a net basis, and an intention to settle on a net basis or acquire assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities are presented at the net amount after offsetting.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be listed as the net amount after offset when the following conditions are met at the same time:

- The tax subject has the statutory right to settle current income tax assets and current income tax liabilities on

a net basis;

- Income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration department on the same taxation subject or related to different taxation subjects, however, in the period during which each important deferred income tax asset and liability are reversed in the future, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and settle liabilities at the same time.

42. Lease

(1) Accounting treatment of operating leases

Lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time in order to obtain consideration. On the start date of the contract, the company evaluates whether the contract is a lease contract or the contract includes a lease. In case one party of the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, such contract is considered a lease contract or such contract includes a lease.

If multiple separate leases are included in the contract, the company will split the contract and perform accounting for each separate lease separately. If the contract includes both the leased and non-leased parts, the lessee and lessor shall split the leased and non-leased parts. However, the company, in case serving as the lessee, choose not to split the contract and combine the leasing parts and their related non-leasing parts into a lease.

For rent reduction, deferred payment and other rent concession in respect of the existing lease contract which are directly caused by implementation of Finance and Accounting [2022] No. 13, if the following conditions are met at the same time, the Company will adopt a simplified method for all leases, and will not evaluate whether there is any change in lease or re-evaluate the lease classification:

- The lease consideration after concession is reduced or basically unchanged compared with that before concession, where the lease consideration is not discounted or is discounted at the discount rate before concession;
- After considering both qualitative and quantitative factors, it is determined that there are no significant changes in the other terms and conditions of the lease.

42.1 the Company serves as lessor

1. Right-of-use assets

On the commencement date of the lease period, the Company recognizes right-of-use assets for leases other than short-term leases and leases of low-value assets. Right-of-use assets are initially measured at cost. This cost includes:

- The initial measurement amount of the lease liability;
- The lease payment amount paid on or before the start date of the lease period, if there is a lease incentive, deduct the relevant amount of the lease incentive already enjoyed;
- Initial direct expenses incurred by the company;

- The estimated costs incurred by the Company for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed upon in the lease terms, but do not include the costs incurred for the production of inventories.

The Company subsequently adopts the straight-line method to depreciate the right-of-use assets. If it can be reasonably determined that the ownership of the leased asset will be obtained at the expiration of the lease term, the company shall accrue depreciation within the remaining useful life of the leased asset; otherwise, the leased asset shall be depreciated within the shorter of the lease term and the remaining useful life of the leased asset. .

The company determines whether the right-of-use asset has been impaired in accordance with the principles described in Note V. (31) Impairment of long-term assets, and performs accounting treatment on the identified impairment losses.

2. Lease liabilities

On the commencement date of the lease term, the Company recognizes lease liabilities for leases other than short-term leases and leases of low-value assets. The lease liability is initially measured at the present value of outstanding lease payments. Lease payments include:

- Fixed payments (including actual fixed payments), deduct the relevant amount of the lease incentive if any;
- Variable lease payments that depend on an index or rate;
- The expected payment according to the residual value of the guarantee provided by the company;
- The exercise price of the purchase option, provided that the company is reasonably certain that the option will be exercised;
- Payments for exercising the option to terminate the lease, provided that the lease term reflects that the company will exercise the option to terminate the lease.

The company uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the company's incremental borrowing rate is used as the discount rate.

The company calculates the interest expense of the lease liability in each period of the lease term according to the fixed periodic interest rate, and includes it into the current profit and loss or the cost of related 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.

After the commencement date of the lease term, the Company shall re-measure the lease liabilities and adjust the corresponding right-of-use assets under the following circumstances. 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 The difference is included in the current profit and loss:

- When there is a change in the evaluation results of the purchase option, lease renewal option or termination option, or the actual exercise of the aforementioned options is inconsistent with the original evaluation result, the company will calculate the lease payment after the change and the revised discount. Remeasure the lease liability at the present value of the rate calculation;
- When the actual fixed payment changes, the estimated payable amount of the residual value guarantee changes, or the index or ratio used to determine the lease payment changes, the company calculates the

present value based on the changed lease payment and the original discount rate Remeasure the lease liability. However, where changes in lease payments result from changes in floating interest rates, a revised discount rate is used to calculate the present value.

3.Short-term leases and low-value asset leases

The company doesn't recognize right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and includes the relevant lease payments in the current profit and loss or related asset costs on a straight-line basis over each period of the lease term. Short-term leases refer to leases with a lease term of not more than 12 months and excluding purchase options on the commencement date of the lease term. A low-value asset lease refers to a lease with a lower value when a single leased asset is a brand-new asset. If the company subleases or expects to sublease the leased assets, the original lease is not a low-value asset lease.

4.Lease change

If the lease changes and the following conditions are met at the same time, the company will account for the lease change as a separate lease:

- The lease modification expands the scope of the lease by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the amount adjusted by the individual price of the expanded part of the lease scope according to the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the company re-allocates the consideration of the contract after the change, re-determines the lease term, and calculates the current value based on the lease payment after the change and the revised discount rate to remeasure the lease liability.

If the lease change leads to the narrowing of the lease scope or the shortening of the lease term, the company will reduce the book value of the right-of-use asset accordingly, and include the relevant gains or losses on partial or complete termination of the lease into the current profit and loss. If other lease changes result in re-measurement of lease liabilities, the Company adjusts the book value of the right-of-use asset accordingly.

42.2 The Company serves as the lessee

On the commencement date of the lease, the company divides the lease into financing lease and operating lease. Finance lease refers to a lease that, regardless of whether ownership is ultimately transferred or not, essentially transfers almost all the risks and rewards related to the ownership of the leased asset. Operating leases refer to leases other than financing leases. When the company serves as a sublease lessor, the sublease is classified based on the use rights assets generated from the original lease.

1. Accounting treatment for operating leases

The lease receipts from operating leases are recognized as rental income on a straight-line basis during each period of the lease term. The company capitalizes the initial direct expenses related to operating leases and books them to the current profit and loss on the same basis as rental income recognition during the lease term. The variable lease payments that are not included in the lease receipts are recognized in the current profit and loss at

the time of actual occurrence. If there is a change in the operating lease, the company will treat it as a new lease for accounting treatment from the effective date of the change, and the advance or receivable lease receipts related to the lease before the change are considered as the new lease receipts.

2. Financial leasing accounting treatment

On the lease commencement date, the company recognizes the receivable financing lease payments for financing leases and derecognize financing lease assets. When the company initially measures the receivable financing lease payments, the net lease investment is recognized as the booked value of the receivable financing lease payments. The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the start date of the lease term discounted at the implicit interest rate of the lease.

Our company calculates and recognizes interest income for each period of the lease term at a fixed periodic interest rate. The derecognition and impairment of financing lease receivables shall be accounted for in accordance with “V. (10) Financial Instruments” in this note.

Variable lease payments that are not included in the measurement of net lease investment are recognized in the current profit and loss at the time of actual occurrence.

If there is a change in the financing lease and the following conditions are met simultaneously, the company will treat this change as a separate lease for accounting purposes:

- The change expands the lease scope by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the individual price for most of the expansion of the lease scope adjusted according to the contract status.

If the change in financing lease is not treated as a separate lease for accounting purposes, the company will handle the changed lease in the following situations:

- If the change takes effect on the lease commencement date and the lease will be classified as an operating lease, the company will treat it as a new lease for accounting purposes starting from the effective date of the lease change, and use the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, and the lease will be classified as a financing lease, the company will conduct accounting treatment in accordance with the policy on modifying or renegotiating contracts in “V. (10) Financial Instruments” of this note.

4.2.3 Leaseback transactions

The company evaluates and determines whether the asset transfer in the leaseback transaction are sales in accordance with the principles stated in “Note V. (39) Revenue”.

1. The company acts as lessee

In case the transfer of assets in leaseback transaction is sales, the company, as the lessee, measures the right-of-use assets formed by leaseback based on the portion of the original asset book value related to the

leaseback obtained in the book value of original assets, and only recognizes the relevant gains or losses based on the rights transferred to the lessor; If the asset transfer in leaseback transaction does is not sales, the company, as the lessee, continues to recognize the transferred asset and recognizes a financial liability equal to the transfer income. The accounting treatment of financial liabilities is detailed in “Note V. (10) Financial Instruments” .

2. The Company serves as lessor

In case the transfer of assets in leaseback transaction is sales, the company, as the lessor, conducts accounting treatment for the purchase of assets, and conducts accounting treatment for asset leasing in accordance with the aforementioned policy of “2. The company as the lessor”; In case the transfer of assets in leaseback transaction does not belong to sales, the company, as the lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. The accounting treatment of financial assets is detailed in “Note V. (10) Financial Instruments”.

(2) Accounting treatment method of financial leasing

43. Other important accounting policy and estimation

44. Changes of important accounting policy and estimation

(1) Changes of important accounting policies

Applicable Not applicable

Content & reasons	Approval procedure	Note
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(1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 15

The Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 15 (CK (2021) No.35) on December 30, 2021 (hereinafter referred to as “Interpretation No. 15”).

Accounting for trial operation sales

Interpretation No. 15 stipulates the accounting treatment and presentation of sales of products or by-products produced by the enterprise before the fixed assets reach the expected usable state or during the research and development, and stipulates that the net amount from relevant income of trial operation sales used to offset the cost shall not be used to write down fixed asset costs or the research and development expenditure. This provision came into force on January 1, 2022, and retroactive adjustments shall be made for trial operation sales that occurred between the beginning of the earliest period of financial statement presentation and January 1, 2022. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

Judgment on onerous contract

Interpretation No. 15 clarifies that the “cost of contract performance” considered by the enterprise when judging whether the contract constitutes an onerous contract shall include both the incremental cost of contract performance and the shared amount of other costs directly related to the contract performance. This provisions came into effect on January 1, 2022. Enterprises shall implement this provisions for the contracts that have not fulfilled all the obligations on January 1, 2022. The early comparative financial statement data shall not be adjusted for the retained earnings and other related financial statement items at the beginning of the year when adjustment of cumulative affected amount is mad. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

(2) Implementation of Finance and Accounting [2022] No. 13

The company has adopted simplified methods for all lease contracts that met the conditions before the adjustment of application scope and all similar lease contracts that met the conditions after the adjustment of application scope, and retroactively adjusted relevant lease contracts that have adopted lease change for accounting treatment before the issue of the Notice without adjusting the early comparative financial statement data; the implementation of this provision from January 1, 2022 to the implementation date of this Notice has not had a major impact on the financial condition and operating results of the company.

(3) Implementation of Accounting Standards for Business Enterprises Interpretation No. 15

The Ministry of Finance issued Accounting Standards for Business Enterprises Interpretation No. 16 (CK (2022) No.31) on November 30, 2022 (hereinafter referred to as “Interpretation No. 16”).

Accounting for the income tax impact of dividends related to financial instruments classified by the issuer as equity instruments

Interpretation No.16 stipulates that for financial instruments classified by the enterprise as equity instruments, where relevant dividend expenditures are deducted before enterprise income tax according to relevant provisions of tax policies, the income tax impact related to dividends shall be recognized when dividends payable are recognized, and the income tax impact of dividends shall be included into current profit and loss or owner’s equity items (including other comprehensive income item) in the way consistent with the accounting treatment adopted for previous transactions or matters that generate profits available for distribution.

This provision came into force as of the date of promulgation. If relevant dividends payable occur from January 1, 2022 to the date of implementation, it shall be adjusted according to this provision; if relevant dividends payable occur before January 1, 2022 and the recognition of relevant financial instruments is not terminated on January 1, 2022, retroactive adjustment shall be made. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

Accounting treatment in which the enterprise modifies the share payment settled by cash to share payment settled by equity

Interpretation No. 16 clarifies that if the enterprise modifies the terms and conditions in the agreement of share payment settled by cash to make it share payment settled by equity, on the modification date (whether within or after the waiting period), it shall calculate the share payment settled by equity according to the fair value on the date of modifying the granted equity instruments, and include the acquired services into capital reserve. At the same time, it shall terminate the recognition of liabilities of the share payment settled by cash recognized on the modification date, and include the difference into current profit and loss.

This provision came into force as of the date of promulgation, and relevant new transactions from January 1, 2022 to the date of implementation shall be adjusted according to this provision; if relevant transactions occurring before January 1, 2022 are not treated according to this provision, retroactive adjustment shall be made, and the cumulative affected amount shall be adjusted to retained earnings and other related items as of January 1, 2022, without adjusting the early comparative financial statement data. The implementation of this provision has not had a major impact on the financial condition and operating results of the company.

(2) Changes of important accounting estimate

Applicable Not applicable

45. Other

VI. Taxes

1. Type of tax and rate for main applicable tax

Taxes	Basis	Rate
VAT	The output tax is calculated on the basis of the sales of goods and the taxable service income calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference part is the value-added tax payable.	13.00%, 9.00%, 6.00%, 5.00%, 3.00%
Urban maintenance and construction tax	Calculated according to the actual value-added tax and consumption tax	7.00%, 5.0%
Enterprise income tax	Calculated according to taxable income	25.00%, 20.00%, 15.00%
Property tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 20% of the original value of the property; 12 percent of the rental income if levy by rents.	1.20%, 12.00%
Deed tax	When the property right of the real property is transferred, the contract price shall be paid to the owner of the property right in one lump sum	3.00%-5.00%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Cereals Holdings Co., Ltd.	25.00%
Shenzhen Cereals Group Co., Ltd.(hereinafter referred to as “SZCG”)	25.00% , some businesses are tax-free
Shenzhen Hualian Grain and Oil Trading Co., Ltd.(hereinafter referred to as “Hualian Cereals and Oil”)	25.00%
Dongguan Shenliang Hualian Cereals and Oil Trading Co., Ltd(hereinafter referred to as “Dongguan Hualian”)	25.00%

Shenzhen Shenliang Hongjun Catering Management Co., Ltd.(hereinafter referred to as “Shenliang Hongjun”)	25.00%
Shenzhen Flour Co., Ltd(hereinafter referred to as “Shenzhen Flour”)	25.00% , some businesses are tax-free
Shenliang Quality Inspection Co., Ltd. (hereinafter referred to as “Shenliang Quality Inspection”)	20.00%
Hainan Shenliang Oil & Food Co., Ltd. (hereinafter referred to as “Hainan Oil & Food”)	20.00%
Shenzhen Shenliang Doximi Business Co., Ltd. (hereinafter referred to as “Doximi”)	25.00%
Zhenpin Market Operation Technology Co., Ltd. (hereinafter referred to “Zhenpin Market”)	25.00%
Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd(hereinafter referred to as “Big Kitchen”)	25.00%
Shenzhen Shenliang Storage (Yingkou) Co., Ltd(hereinafter referred to as “Yingkou Storage”)	25.00%
Shenzhen Shenliang Cold Chain Logistics Co., Ltd.(hereinafter referred to as “Cold Chain Logistics”)	15.00%
Shenzhen Shenliang Property Development Co., Ltd.(hereinafter referred to as “Shenliang Property Development”)	25.00%
Shenzhen Shenliang Property Management Co., Ltd. (hereinafter referred to as “Shenliang Property Management”)	20.00%
Dongguan Shenliang Logistics Co., Ltd.(hereinafter referred to as “Dongguan Logistics”)	25.00%
Dongguan International Food Industrial Park Development Co., Ltd.(hereinafter referred to as “International Food”)	25.00%
Dongguan Shenliang Oil & Food Trade Co., Ltd.(hereinafter referred to as “Dongguan Oil & Food”)	25.00%
Shuangyashan Shenliang Cereals Base Co., Ltd. (hereinafter referred to as “Shuangyashan”)	25.00%
Shenzhen Shenbao Huacheng Technology Co., Ltd. (hereinafter referred to as “Shenbao Huacheng”)	15.00%
Wuyuan Ju Fang Yong Tea Industry Co., Ltd(hereinafter referred to as “Wuyuan Ju Fang Yong”)	15.00%
Shenzhen Shenshenbao Investment Co., Ltd(hereinafter referred to as “Shenshenbao Investment”)	25.00%
Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd.(hereinafter referred to as “Shenbao Tea Culture”)	25.00%
Hangzhou Ju Fang Yong Holding Co., Ltd(hereinafter referred to as “Ju Fang Yong Holding”)	25.00%
Hangzhou Fuhaitang Catering Management Chain Co., Ltd. (hereinafter referred to as “Fuhaitang Catering”)	25.00%
Hangzhou Fuhaitang Tea Ecology Technology Co., Ltd(hereinafter referred to as “Fuhaitang Tea Ecology”)	25%
Mount Wuyi Shenbao Rock Tea Co., Ltd.(hereinafter referred to as “Shenbao Rock Tea”)	25.00%
Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd. (hereinafter referred to as “Pu'er Tea Supply Chain”)	25.00%
Shenzhen Shenliang Food Co., Ltd. (hereinafter referred to as “Shenzhen Shenliang Food”)	25.00%

Yunnan Pu'er Tea Trading Center Co., Ltd. (hereinafter referred to as "Pu'er Tea Trading Center")	25.00%
Huizhou Shenliang Food Co., Ltd. (hereinafter referred to as "Huizhou Shenliang Food")	25.00%
Huizhou Shenbao Technology Co., Ltd.(hereinafter referred to as "Huizhou Shenbao")	25.00%
Shenliang Hongli Grain and Oil (Shenzhen) Co., Ltd (hereinafter referred to as "Shenliang Hongli")	25.00%
Shenzhen Shenbao Industrial & Trading Co., Ltd (hereinafter referred to as "Shenbao Industrial & Trading")	25.00%
Wuhan Jiacheng Biotechnology Co., Ltd (hereinafter referred to as "Wuhan Jiacheng")	15.00%
Hubei Jiacheng Biotechnology Co., Ltd (hereinafter referred to as "Hubei Jiacheng")	25.00%
Wuhan Hongqu Health Biology Co., Ltd (hereinafter referred to as "Wuhan Hongqu")	25.00%
Macheng Jintian Camellia Oil Co., Ltd.(hereinafter referred to as "Macheng Jintian")	25.00%

2. Preferential taxation

1. VAT discounts and approval

According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Issues Concerning the VAT Collection and Exemption of Grain Enterprises (CSZ [1999] No. 198)" and "Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau SGSF (SCF [1999] No.428)", confirming that SZCG, the Company's subsidiary, and its subsidiaries, are state-owned grain purchase and sale enterprises that undertake grain collection and storage tasks for Shenzhen, the grain sold is subject to tax-free declaration by rule and enjoys the exemption from VAT. In addition, according to the stipulation of the "Announcement of State Administration of Taxation on Relevant Management Matters After Clarifying the Cancellation of the Approval of Some VAT Preferential Policies" (SAT Announcement 2015 No. 38), the approval for exemption from VAT and the involved tax review and approval procedures for the state-owned grain enterprises that undertake grain collection and storage tasks, other grain enterprises that operate tax-free projects and enterprises that have edible vegetable oil sales business for government reserves are canceled and changed to record management. The taxpayer does not change the content of the record materials during the period of tax exemption can be put on a one-time record. In December 2013, SZCG obtained the notice of the VAT preferential record (SGSFJBM [2013] No.2956) from Shenzhen Futian State Administration of Taxation. In the case of no change in policy, this limited filing period started on January 1st, 2014. The VAT input tax amount of the preferential item was separately accounted for, and the input VAT calculation method cannot be changed within 36 months after the selection. As of December 31, 2022, the tax exemption policy has been in effect since its filing in 2014, and the company's VAT input tax has not changed since it was accounted for separately in 2014, so the company continues to enjoy the tax preference.

2. Stamp duty, house property tax, and urban land use tax preferences

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Continuing the Implementation of Tax Preferential Policies for Some National Reserve Commodity Reserves

(Announcement No. 8 of 2022) confirming that the fund account book of SZCG, the Company's subsidiary, and its direct depots is exempt from stamp duty, confirming that the written purchase and sale contracts of SZCG in the process of undertaking the commodity reserve business are exempt from stamp duty, and confirming that SZCG's house property and land used for the commodity reserve business are exempt from house property tax and urban land use tax. The execution period is from January 1, 2022 to December 31, 2023.

3. Enterprise income tax

(1) On May 27, 2021, the General Administration of Taxation, Ministry of Finance issued the Notice on the Extension of Preferential Policies of Enterprise Income Tax of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen, the enterprise income tax of qualified enterprises located in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone is levied at the rate of 15.00%, and the Notice to be implemented from January 1, 2021 to December 31, 2025. The Company's subsidiary cold chain logistics is registered in Shenzhen Qianhai Cooperation Zone, which is eligible for preferential tax conditions. According to relevant policies of the cooperation zone, its income tax will enjoy a preferential tax of 15.00%

(2) On December 23, 2021, Shenbao Huacheng, a subsidiary of the Company, obtained the High-tech Enterprise Certificate (Certificate No.: GR202144205394) jointly issued by the Shenzhen Science and Technology Bureau, the Shenzhen Finance Bureau, and the Shenzhen Tax Service, State Taxation Administration, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, the qualified high-tech enterprises will pay corporate income tax at a reduced income tax rate of 15.00% within three years from the year of identification. Shenbao Huacheng will enjoy the preferential tax policy from 2021 to 2024.

(3) On November 3, 2021, Wuyuan Ju Fang Yong, a subsidiary of the Company, obtained the High-tech Enterprise Certificate (Certificate No.: GR202136000731) jointly issued by the Science and Technology Department of Jiangxi Province, the Finance Department of Jiangxi Province, and the Jiangxi Provincial Tax Service, State Taxation Administration, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, qualified high-tech enterprises will pay corporate income tax at a reduced income tax rate of 15.00% within three years from the year of identification. Wuyuan Ju Fang Yong will enjoy the preferential tax policy from 2021 to 2024.

(4) On Oct. 12, 2022, Wuhan Jiacheng, a subsidiary of the Company, obtained the High-tech Enterprise Certificate (Certificate No.:GR202242000734) jointly issued by the Department of Science and Technology of Hubei Province, the Hubei Provincial Department of Finance of Hubei Province, and the Hubei Provincial Tax Service, State Taxation Administration, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, qualified high-tech enterprises will pay corporate income tax at a reduced income tax rate of 15.00% within three years from the year of identification. Wuhan Jiacheng enjoys the preferential tax policy from 2022 to 2025.

(5) According to the Notice of the Ministry of Finance and the State Taxation Administration on the Treatment of Corporate Income Tax Treatment of Fiscal Funds for Special Purposes (CS[2009]No.87), the governmental service incomes obtained by SZCG, the Company's subsidiary, and its subordinate companies by carrying out

government grain reserves business are fiscal funds for special purposes, those that meet the requirements can be regarded as non-taxable incomes and deducted from the total income when calculating the taxable income. Expenses arising from the use of the above non-taxable income for expenditure shall not be deducted from the calculation of taxable income; for assets formed from expenditure, the calculated depreciation and amortization shall not be deducted from the calculation of taxable income.

(6) Shenzhen Flour, a subsidiary of the Company, is a flour primary processing enterprise, according to the stipulations of the “Notice on Issuing the Scope (Trial) of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy (CS[2008]No.149)” and the “Supplementary Notice on the Scope of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy of the Ministry of Finance and the State Administration of Taxation” (CS[2011]No.26), the wheat primary processing is exempt from income tax.

(7) According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (GG[2021]No. 12) and the Announcement of State Taxation Administration on Matters Related to the Implementation of Preferential Income Tax Policies for the Development of Small and Micro-profit Enterprises and Individual Business (GG[2021]No. 8), from January 1, 2021 to December 31, 2022, the part of the annual taxable income of small and low-profit enterprises not exceeding 1 million yuan shall be included in the taxable income at a reduced rate of 12.50%, and the enterprise income tax shall be paid at a tax rate of 20.00%. According to the Announcement of the Ministry of Finance and the State Administration of Taxation on the Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises (GG[2022]No. 13), from January 1, 2022 to December 31, 2024, the annual taxable income of small and micro profit enterprises exceeds 1 million yuan but does not exceed 3 million yuan. Deduct 25.00% as taxable income and pay corporate income tax at the rate of 20.00%. The company’s subsidiary Hainan Grain and Oil, Shenliang Property and Shenliang Quality Inspection are small profit enterprises and in line with the preferential tax conditions.

3. Other

VII. Notes to main items of consolidated financial statements

1. Monetary funds

Unit: RMB/CNY

Item	Ending balance	Opening balance
Cash on hand	69,686.00	29,370.19
Cash in bank	52,837,770.89	49,173,812.84
Other monetary fund	1,196,314.11	1,206,740.62
Total	54,103,771.00	50,409,923.65

Total amount of funds with restrictions on use due to mortgage, pledge, or freezing	1,008,301.74	1,039,843.45
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Other explanation

2. Tradable financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	46,676,652.91	211,060,770.50
Including:		
Equity investment instrument	1,228,132.36	921,099.27
Structured financial products	45,448,520.55	210,139,671.23
Including:		
Total	46,676,652.91	211,060,770.50

Other explanation:

3. Derivative financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance

Other explanation:

4. Note receivable

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
Bank acceptance bill	270,109.00	687,242.00
Total	270,109.00	687,242.00

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										

Including:										
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If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including major amount bad debt provision that collected or reversal in the period:

Applicable Not applicable

(3) Note receivable pledged at period-end

Unit: RMB/CNY

Item	Amount pledged at period-end
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(4) Notes endorsement or discount and undue on balance sheet date

Unit: RMB/CNY

Item	Amount derecognition at period-end	Amount not derecognition at period-end
Bank acceptance bill	17,404,836.43	
Total	17,404,836.43	

(5) Notes transfer to account receivable due for failure implementation by drawer at period-end

Unit: RMB/CNY

Item	Amount transfer to account receivable at period-end
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Other explanation

(6) Note receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
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Including important note receivable that written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on note receivable written-off:

5. Account receivable

(1) By category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	96,298,242.86	28.65%	95,725,038.89	99.40%	573,203.97	95,231,065.86	25.05%	92,862,561.98	97.51%	2,368,503.88
Including:										
Account receivable with bad debt provision accrual on portfolio	239,772,846.96	71.35%	3,516,949.98	1.47%	236,255.896.98	284,943,025.46	74.95%	4,264,187.72	1.50%	280,678,837.74
Including:										
Including: portfolio of sales receivable	142,291,769.29	42.34%	3,516,949.98	2.47%	138,774,819.31	143,007,108.06	37.62%	4,264,187.72	2.98%	138,742,920.34
Object-specific portfolio	97,481,077.67	29.01%			97,481,077.67	141,935,917.40	37.33%			141,935,917.40
Total	336,071,089.82	100.00%	99,241,988.87		236,829,100.95	380,174,091.32	100.00%	97,126,749.70		283,047,341.62

Bad debt provision accrual on single basis:95,725,038.89 yuan.

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangzhou Jinhe Feed Co., Ltd	10,455,627.54	10,455,627.54	100.00%	Extreme low possibility of recovery
Shenzhen Faqun Industry Co., Ltd.	4,582,156.00	4,582,156.00	100.00%	Extreme low possibility of recovery
Li Shaoyu owes for	2,929,128.53	2,929,128.53	100.00%	Extreme low possibility of recovery

goods				
Zhuhai Doumen Huabi Feed Co., Ltd.	2,396,327.14	2,396,327.14	100.00%	Extreme low possibility of recovery
Chongqing Zhongxing Food Industry Co., Ltd.	2,354,783.30	2,354,783.30	100.00%	Extreme low possibility of recovery
Hengyang Feed Factory	2,591,566.65	2,591,566.65	100.00%	Extreme low possibility of recovery
Sichuan Zhongxing Food Industry Co., Ltd.	1,698,103.22	1,698,103.22	100.00%	Extreme low possibility of recovery
Shenzhen Buji Agricultural Products Wholesale Center Market Xingmin Commercial Bank	1,534,512.45	1,534,512.45	100.00%	Extreme low possibility of recovery
Cao Shengyun	1,429,745.00	1,429,745.00	100.00%	Extreme low possibility of recovery
Huaxing Feed Factory, Shunde District, Foshan City	1,290,274.22	1,290,274.22	100.00%	Extreme low possibility of recovery
Shanghai office	1,059,295.90	1,059,295.90	100.00%	Extreme low possibility of recovery
Shenzhen Dihuan Investment Development Company	1,045,356.50	1,045,356.50	100.00%	Extreme low possibility of recovery
Other single provision	62,931,366.41	62,358,162.44	99.09%	Extreme low possibility of recovery
Total	96,298,242.86	95,725,038.89		

Bad debt provision accrual on portfolio:3,516,949.98

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Including: Portfolio of sales receivable	142,291,769.29	3,516,949.98	2.47%
Object-specific portfolio	97,481,077.67		
Total	239,772,846.96	3,516,949.98	

Explanation on the basis for determining portfolio:

Bad debt provision accrual on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on the basis for determining portfolio:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including 1-year)	238,932,228.39
1-2 years	1,392,647.25
2-3 years	2,237,506.92
Over 3 years	93,508,707.26
3-4 years	405,778.29
4-5 years	720,664.43
Over 5 years	92,382,264.54
Total	336,071,089.82

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Bad debt provision accrual on single basis	92,862,561.98	3,744,463.00	881,986.09			95,725,038.89
Sale receivable portfolio	4,264,187.72	-135,312.29			-611,925.45	3,516,949.98
Total	97,126,749.70	3,609,150.71	881,986.09		-611,925.45	99,241,988.87

Including major amount bad debt provision collected or reversed in the period:

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
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(3) Account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
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Including major account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on account receivable written-off:

(4) Top 5 account receivables at ending balance by arrears party

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	87,139,685.27	25.93%	
Second	10,455,627.54	3.11%	10,455,627.54
Third	8,644,008.16	2.57%	86,440.08
Fourth	8,512,636.04	2.53%	
Fifth	8,050,890.00	2.40%	80,508.90
Total	122,802,847.01	36.54%	

(5) Assets and liabilities formed by account receivable transfer and continuing to be involved

Other explanation:

(6) Account receivable derecognition due to the transfer of financial assets

6. Account receivable financing

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Changes of account receivable financing and change of fair value in the period

Applicable Not applicable

If the impairment provision of account receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about impairment provision:

Applicable Not applicable

Other explanation:

7. Accounts paid in advance

(1) By account age

Unit: RMB/CNY

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within one year	64,831,898.58	99.00%	115,518,972.22	99.68%
1-2 years	361,081.54	0.55%	193,952.41	0.17%
2-3 years	175,520.68	0.27%	46,662.00	0.04%
Over 3 years	118,890.08	0.18%	135,187.98	0.11%
Total	65,487,390.88		115,894,774.61	

Explanation on reasons for not timely settling important account paid in advance with age over one year:

(2) Top 5 accounts paid in advance at ending balance by prepayment object

Prepaid objects	Ending balance	Proportion in total prepayment balance at the end of period (%)
First	55,204,054.08	84.30
Second	2,912,954.65	4.45
Third	1,002,903.00	1.53
Fourth	930,000.00	1.42
Fifth	745,609.92	1.14
Total	60,795,521.65	92.84

Other explanation:

8. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other account receivable	32,910,189.14	32,377,838.35
Total	32,910,189.14	32,377,838.35

(1) Interest receivable

1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
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2) Significant overdue interest

Unit: RMB/CNY

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
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Other explanation:

3) Accrual of bad debt provision

Applicable Not applicable

(2) Dividend receivable

1) By category

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Opening balance
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2) Important dividend receivable with account age over one year

Unit: RMB/CNY

Item (or invested enterprise)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
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3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	14,170,451.49	12,323,696.08
Other intercourse funds	122,723,170.61	119,880,221.09
Total	136,893,622.10	132,203,917.17

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2022	3,185,683.43		96,640,395.39	99,826,078.82
Balance on Jan. 1, 2022 in the period				
—— Transfer into Phase III	-990,392.89		990,392.89	
Current accrual	654,902.59		3,506,848.52	4,161,751.11
Other changes	-4,396.97			-4,396.97
Balance on Dec. 31, 2022	2,845,796.16		101,137,636.80	103,983,432.96

Change in the book balance of loss provision whose amount changed greatly in the period

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Ending balance
Within one year (including 1 year)	13,369,415.17
1-2 years	15,602,452.42
2-3 years	4,109,695.16
Over 3 years	103,812,059.35
3-4 years	1,819,777.03
4-5 years	1,778,322.12
Over 5 years	100,213,960.20
Total	136,893,622.10

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	

Bad debt provision accrual on single basis	96,640,395.39	3,506,848.52			990,392.89	101,137,636.80
Bad debt provision accrual on portfolio	3,185,683.43	654,902.59			-994,789.86	2,845,796.16
Total	99,826,078.82	4,161,751.11			-4,396.97	103,983,432.96

Including major amount with bad debt provision reverse or collected in the period:

Unit: RMB/CNY

Enterprise	Amount reversal or collected	Collection way
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4) Other account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
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Including important other account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on other account receivable written-off:

5) Top 5 other receivables at ending balance by arrears party

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Other intercourse funds	24,608,742.46	Within 1 year, over 5 years	17.98%	22,187,644.18
Second	Other intercourse funds	8,326,202.63	Over 5 years	6.08%	8,326,202.63
Third	Other intercourse funds	8,285,803.57	Over 5 years	6.05%	8,285,803.57
Fourth	Other intercourse funds	8,257,311.80	Over 5 years	6.03%	8,257,311.80
Fifth	Other intercourse funds	6,397,067.59	Over 5 years	4.67%	6,397,067.59
Total		55,875,128.05	--	40.81%	53,454,029.77

6) Other account receivables related to government grants

Unit: RMB/CNY

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted
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7) Other accounts receivable derecognized due to the transfer of financial assets

8) The amount of assets and liabilities formed by transferring other receivables and continuing to be involved

Other explanation:

9. Inventory

Does the Company need to comply with the disclosure requirements of the real estate industry?

No

(1) By category

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	70,633,688.83	13,324,174.78	57,309,514.05	71,483,882.02	14,841,005.00	56,642,877.02
Goods in process	25,496,450.76		25,496,450.76	23,932,099.23		23,932,099.23
Finished goods	3,574,759,554.65	80,193,872.72	3,494,565,681.93	3,463,256,518.48	98,441,505.32	3,364,815,013.16
Revolving material	9,977,936.24	998,163.23	8,979,773.01	9,964,103.51	966,891.96	8,997,211.55
Goods in transit	11,981,893.90		11,981,893.90	5,362,274.64		5,362,274.64
Work in process-outsourced	5,999,159.19	5,290,502.32	708,656.87	6,159,701.53	5,290,502.32	869,199.21
Total	3,698,848,683.57	99,806,713.05	3,599,041,970.52	3,580,158,579.41	119,539,904.60	3,460,618,674.81

(2) Inventories fall provision or provision for impairment of contract performance costs

Unit: RMB/CNY

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	14,841,005.00	-1,014,293.62		502,536.60		13,324,174.78

Finished goods	98,441,505.32	139,012,269.92		157,259,902.52		80,193,872.72
Revolving material	966,891.96	31,271.27				998,163.23
Work in process-outsourced	5,290,502.32					5,290,502.32
Total	119,539,904.60	138,029,247.57		157,762,439.12		99,806,713.05

(3) Explanation on inventories with capitalization of borrowing costs included at ending balance

(4) Assets unsettled formed by construction contract which has completed at period-end

10. Contract assets

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Total			0.00			0.00

Amount and reasons for the major changes of book value of contract assets in the period:

Unit: RMB/CNY

Item	Amount changed	Cause of change

If the bad debt provision of accrual contract is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad debt provision:

Applicable Not applicable

Impairment provision of contract assets in the period

Unit: RMB/CNY

Item	Current accrual	Current reversal	Charge off/Written-off	Causes

Other explanation:

11. Assets held for sale

Unit: RMB/CNY

Item	Ending book balance	Impairment provision	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time

Other explanation:

12. Non-current asset due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance

Important creditors' investment/ other creditors' investment

Unit: RMB/CNY

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Other explanation:

13. Other current assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financing product		10,000,000.00
Prepayment of taxes	1,152,463.71	1,403,832.26
Input tax to be deducted	31,248,541.96	77,054,152.64
Other	196,415.59	
Total	32,597,421.26	88,457,984.90

Other explanation:

14. Creditors' investment

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Important creditors' investment

Unit: RMB/CNY

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Accrual of impairment provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2022 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

Applicable Not applicable

Other explanation:

15. Other creditors' investment

Unit: RMB/CNY

Item	Opening balance	Accrual interest	Change of fair value in the period	Ending balance	Cost	Accumulated change of fair value	Loss impairment accumulated recognized in other comprehensive income	Note

Important other creditors' investment

Unit: RMB/CNY

Other creditor item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Accrual of impairment provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2022 in the period	—	—	—	—

Change in book balance of loss provision whose amount changed greatly in the period

Applicable Not applicable

Other explanation:

16. Long-term account receivable

(1) Long-term account receivable

Unit: RMB/CNY

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Impairment of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total

	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2022 in the period	—	—	—	—

Change in book balance of loss provision whose amount changed greatly in the period

Applicable Not applicable

(2) Long-term account receivable derecognition due to the transfer of financial assets

(3) Assets and liabilities formed by long-term account receivable transfer and continuing to be involved

Other explanation

17. Long-term equity investment

Unit: RMB/CNY

The invested entity	Opening balance (book value)	Current changes (+,-)								Ending balance (book value)	Ending balance of impairment provision	
		Addition investment	Capital reduction	Investment gains recognized under equity	Other comprehensive income adjustment	Other equity change	Cash dividend or profit announced to issued	Accrual of impairment provision	Other			
I. Joint venture												
II. Associated enterprise												
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	2,782,691.30			-611,899.19							2,170,792.11	
Zhuhai Hengxing Feed Industrial Co., Ltd.	31,534,652.77			-1,221,383.40						-98,523.08	30,214,746.29	
Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen)	28,006,043.15			-843,554.30						-279.00	26,883,128.82	

Partnership Enterprise (Limited)									3 6 0 . 0 3		
Shenzhen Shenyuan Data Tech. Co., Ltd	11,167,056.27			240,811.14						11,407,867.41	
Shenbao Liaoyuan Investment Company											57,628.53
Shenzhen Shenbao (Xinmin) Foods Co., Ltd.											2,870,000.00
Changzhou Shenbao Chacang E-business Co., Ltd.											
Shenzhen Shichumingmen Catering Management Co., Ltd.											
Subtotal	73,490,443.49			-2,436,025.75					-377,883.11	70,676,534.63	2,927,628.53
Total	73,490,443.49			-2,436,025.75					-377,883.11	70,676,534.63	2,927,628.53

Other explanation

18. Other equity instrument investment

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Total	0.00	0.00
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Itemized the non-tradable equity instrument investment in the period

Unit: RMB/CNY

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income

Other explanation:

19. Other non-current financial assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Financial assets measured by fair value and whose changes are included in the current profit and loss	57,500.00	57,500.00
Total	57,500.00	57,500.00

Other explanation:

20. Investment real estate

(1) Measured by cost

Applicable Not applicable

Unit: RMB/CNY

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	583,090,328.15			583,090,328.15
2. Current amount increased				
(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				

(3) Increased by combination				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	583,090,328.15			583,090,328.15
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	349,993,629.66			349,993,629.66
2.Current amount increased	15,959,236.73			15,959,236.73
(1) Accrual or amortization	15,959,236.73			15,959,236.73
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	365,952,866.39			365,952,866.39
III. Impairment provision				
1.Opening balance				
2.Current amount increased				
(1) Accrual				
3. Current amount decreased				
(1) Disposal				
(2) Other transfer-out				

4. Ending balance				
IV. Book value				
1. Ending book value	217,137,461.76			217,137,461.76
2. Opening book value	233,096,698.49			233,096,698.49

(2) Measured by fair value

Applicable Not applicable

(3) Investment real estate without property certificate completed

Unit: RMB/CNY

Item	Book value	Reasons
Real estate	4,757,264.25	

Other explanation

21. Fixed assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Fixed assets	2,138,124,994.69	2,124,725,043.92
Fixed assets liquidation	3,211,544.17	3,106,105.27
Total	2,141,336,538.86	2,127,831,149.19

(1) Fixed assets

Unit: RMB/CNY

Item	House and buildings	Machinery equipment	Transport equipment	Electronic and other equipment	Total
I. Original book value:					
1. Opening balance	1,865,763,990.05	727,276,785.70	20,575,716.47	93,892,840.29	2,707,509,332.51
2. Current amount increased	45,409,166.04	58,013,325.45	13,541.29	8,675,516.84	112,111,549.62
(1) Purchase		19,246,699.41	13,541.29	5,536,242.85	24,796,483.55
(2) Construction in progress transfer-in	45,409,166.04	38,766,626.04		3,139,273.99	87,315,066.07

(3) Increased by combination					
3.Current amount decreased	1,969,232.80	4,309,627.04	537,196.49	2,969,961.52	9,786,017.85
(1) Disposal or scrap		4,309,627.04	537,196.49	2,718,545.19	7,565,368.72
Other	1,969,232.80			251,416.33	2,220,649.13
4.Ending balance	1,909,203,923.29	780,980,484.11	20,052,061.27	99,598,395.61	2,809,834,864.28
II. Accumulated depreciation					
1.Opening balance	252,952,615.07	257,603,342.45	15,577,950.37	53,827,426.99	579,961,334.88
2.Current amount increased	44,851,007.87	35,687,638.90	1,126,836.03	11,486,528.82	93,152,011.62
(1) Accrual	44,851,007.87	35,687,638.90	1,126,836.03	11,486,528.82	93,152,011.62
3.Current amount decreased	1,368,434.57	3,520,135.27	417,507.24	2,734,758.64	8,040,835.72
(1) Disposal or scrap		3,520,135.27	417,507.24	2,520,702.11	6,458,344.62
Other	1,368,434.57			214,056.53	1,582,491.10
4.Ending balance	296,435,188.37	289,770,846.08	16,287,279.16	62,579,197.17	665,072,510.78
III. Impairment provision					
1.Opening balance		2,813,063.84		9,889.87	2,822,953.71
2.Current amount increased		4,478,118.30			4,478,118.30
(1) Accrual		4,478,118.30			4,478,118.30
3.Current amount decreased		663,713.20			663,713.20
(1) Disposal or scrap		663,713.20			663,713.20
4.Ending balance		6,627,468.94		9,889.87	6,637,358.81
IV. Book value					

1. Ending book value	1,612,768,734.92	484,582,169.09	3,764,782.11	37,009,308.57	2,138,124,994.69
2. Opening book value	1,612,811,374.98	466,860,379.41	4,997,766.10	40,055,523.43	2,124,725,043.92

(2) Temporarily idle fixed assets

Unit: RMB/CNY

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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(3) Fixed assets leased out by operation

Unit: RMB/CNY

Item	Ending book value
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(4) Fix assets without property certification held

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
House buildings	692,448,149.00	Still under processing
House buildings	84,978,708.24	Still under processing
House buildings	14,715,770.60	Remaining issues, ongoing follow-up

Other explanation

(5) Fixed assets liquidation

Unit: RMB/CNY

Item	Ending balance	Opening balance
Machinery equipment	3,211,360.41	3,106,105.27
Electronic equipment and others	183.76	
Total	3,211,544.17	3,106,105.27

Other explanation

22. Construction in progress

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Construction in progress	186,884,912.13	207,946,539.97
Total	186,884,912.13	207,946,539.97

(1) Construction in progress

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Dongguan grain storage and wharf matching project	127,376,376.09		127,376,376.09	138,980,117.20		138,980,117.20
Jiangxia Base Project	31,317,609.78		31,317,609.78	27,039,711.44		27,039,711.44
Installation Project/Phase I Project (Shuangya Mountain)				11,405,601.69		11,405,601.69
Pinghu Grain Depot Phase III Low Temperature Rice Warehouse Expansion and Reconstruction Project-L2				8,584,169.91		8,584,169.91
Pinghu Grain Depot Phase III Low Temperature Rice Warehouse Expansion and Reconstruction Project-L4				7,637,139.21		7,637,139.21
Cold chain intelligent system				3,645,282.94		3,645,282.94
CDE storage of Dongguan Food Industrial Park and wharf mating projects	4,152,832.01		4,152,832.01	1,953,288.69		1,953,288.69
Shenyuan data technology smart logistics park management platform project	2,777,600.00		2,777,600.00	1,587,200.00		1,587,200.00
Warehouse No. 6 Smart				1,175,982.45		1,175,982.45

Warehouse Renovation Project						
Deep processing of Dongguan Industry and Trading Food	513,729.78		513,729.78	824,660.05		824,660.05
Shenbao Plaza project	3,842,333.64	3,842,333.64		3,842,333.64	3,842,333.64	
Small packaging production line	8,250,772.32		8,250,772.32			
Shenyuan Data Phase V Digital Construction Software Development Project						
Other	13,399,181.89	903,189.74	12,495,992.15	6,016,576.13	903,189.74	5,113,386.39
Total	191,630,435.51	4,745,523.38	186,884,912.13	212,692,063.35	4,745,523.38	207,946,539.97

(2) Changes of major construction in progress

Unit: RMB/CNY

Item	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decreased in the Period	Ending balance	Proportion of project investment in budget	Progress	Accumulated capitalization of interest	Including: amount of capitalization of interest in Period	Interest capitalization rate in Period	Capital resources
Dongguan grain storage and wharf matching project	1,242,000,000.00	138,980,117.20	48,338,629.87	59,942,370.98		127,376,376.09	80.66%	80.66%	36,218,238.26	1,323,304.06	3.00%	Financial Institution Loans
CDE storage of Dongguan	1,087,300,000.00	1,953,288.69	2,516,844.22	317,300.90		4,152,832.01	98.68%	98.68%	86,730,568.74			Financial Institution Loans

Food Industrial Park and wharf mating projects												
Total	2,329,300.00	140,933,405.89	50,855,474.09	60,259,671.88	0.00	131,529,208.10			122,948,807.00	1,323,304.06		--

(3) Provision for impairment of construction in progress

Unit: RMB/CNY

Item	Amount accrual in the period	Reasons of accrual
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Other explanation

(4) Engineering material

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Other explanation:

23. Productive biological asset

(1) Measured at cost

Applicable Not applicable

Unit: RMB/CNY

Item	Plant	Livestock	Forestry	Fisheries	Total
I. Original book value					
1. Opening balance	416,771.28				416,771.28
2. Current amount increased					
(1) Outsourcing					

(2)self-cultivate					
3.Current amount decreased					
(1)Disposal					
(2)Other					
4.Ending balance	416,771.28				416,771.28
II. Accumulated depreciation					
1.Opening balance	38,769.48				38,769.48
2.Current amount increased	9,692.40				9,692.40
(1)Accrual	9,692.40				9,692.40
3.Current amount decreased					
(1)Disposal					
(2)Other					
4.Ending balance	48,461.88				48,461.88
III. Impairment provision					
1.Opening balance					
2.Current amount increased					
(1)Accrual					
3.Current amount decreased					
(1)Disposal					
(2)Other					
4.Ending balance					
IV. Book value					

1. Ending book value	368,309.40				368,309.40
2. Opening book value	378,001.80				378,001.80

(2) Measured at fair value

Applicable Not applicable

24. Oil and gas asset

Applicable Not applicable

25. Right-of-use asset

Unit: RMB/CNY

Item	House building	Land use rights	Total
I. Original book value			
1. Opening balance	114,263,346.96	1,903,312.71	116,166,659.67
2. Current amount increased	2,495,073.86		2,495,073.86
New leasing	2,495,073.86		2,495,073.86
3. Current amount decreased		79,643.49	79,643.49
4. Ending balance	116,758,420.82	1,823,669.22	118,582,090.04
II. Accumulated depreciation			
1. Opening balance	18,280,071.52	237,914.09	18,517,985.61
2. Current amount increased	21,525,543.86	233,722.29	21,759,266.15
(1) Accrual	21,525,543.86	233,722.29	21,759,266.15
3. Current amount decreased			
(1) Disposal			
4. Ending balance	39,805,615.38	471,636.38	40,277,251.76
III. Impairment provision			

1. Opening balance			
2. Current amount increased			
(1) Accrual			
3. Current amount decreased			
(1) Disposal			
4. Ending balance			
IV. Book value			
1. Ending book value	76,952,805.44	1,352,032.84	78,304,838.28
2. Opening book value	95,983,275.44	1,665,398.62	97,648,674.06

Other explanation:

26. Intangible assets

(1) Intangible assets

Unit: RMB/CNY

Item	Land use right	Patent	Non-patent technology	Trademark rights	Software usage rights	Forest use rights	Other	Shop use rights	Total
I. Original book value									
1. Opening balance	639,497,282.33	47,245,918.89		184,073.32	54,841,231.99	22,859,104.98	3,610,487.37	21,221,422.64	789,459,521.52
2. Current amount increased		3,714,520.22			11,242,620.29				14,957,140.51
(1) Purchase					5,735,498.24				5,735,498.24
(2) Internal R&D									
(3) Increased by									

combinati on									
Constructi on in progress transfere d-in		3,714,520. 22			5,507,122. 05				9,221,642.2 7
3.Current amount decreased									
(1) Disposal									
4.Ending balance	639,497,28 2.33	50,960,43 9.11		184,073 .32	66,083,85 2.28	22,859,10 4.98	3,610,487 .37	21,221,42 2.64	804,416,66 2.03
II. Accumula ted depreciati on									
1.Opening balance	111,897,16 0.87	29,421,16 8.19		134,532 .76	15,904,70 5.80	6,944,583. 32	1,525,322 .61	7,543,227. 73	173,370,70 1.28
2.Current amount increased	15,922,467. 36	1,284,837. 58		11,653.0 7	8,069,184. 16	772,863.0 5	54,002.70	3,819,275. 86	29,934,283. 78
(1) Accrual	15,922,467. 36	1,284,837. 58		11,653.0 7	8,069,184. 16	772,863.0 5	54,002.70	3,819,275. 86	29,934,283. 78
3.Current amount decreased									
(1) Disposal									
4.Ending balance	127,819,62 8.23	30,706,00 5.77		146,185 .83	23,973,88 9.96	7,717,446. 37	1,579,325 .31	11,362,50 3.59	203,304,98 5.06
III. Impairme nt provision									

1. Opening balance		5,553,283.54			1,130,341.88				6,683,625.42
2. Current amount increased									
(1) Accrual									
3. Current amount decreased									
(1) Disposal									
4. Ending balance		5,553,283.54			1,130,341.88				6,683,625.42
IV. Book value									
1. Ending book value	511,677,654.10	14,701,149.80		37,887.49	40,979,620.44	15,141,658.61	2,031,162.06	9,858,919.05	594,428,051.55
2. Opening book value	527,600,121.46	12,271,467.16		49,540.56	37,806,184.31	15,914,521.66	2,085,164.76	13,678,194.91	609,405,194.82

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end

(2) Land use rights without certificate of ownership

Unit: RMB/CNY

Item	Book value	Reasons for without the property certification
Land use rights	7,849,990.00	Still in process

Other explanation:

27. Expense on research and development

Unit: RMB/CNY

Item	Opening	Current amount increased	Current amount decreased	Ending
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	balance	Internal development expenditure	Other		Confirmed as intangible assets	Transfer to current profit and loss		balance
Total								

Other explanation

28. Goodwill

(1) Goodwill original book value

Unit: RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination		Disposal		
Wuhan Jiacheng Biotechnology Co., Ltd	1,953,790.56					1,953,790.56
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	2,627,730.88					2,627,730.88

(2) Goodwill impairment provision

Unit: RMB/CNY

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Accrual		Dispose		
Wuhan Jiacheng Biotechnology Co., Ltd						
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

Relevant information about the assets group or portfolio goodwill included

In May 2016, Ju Fang Yong Holdings, a sub-subsidiary of the Company, acquired 15.00% equity in Pu'er Tea Trading Center held by Yunnan Hengfengxiang Investment Co., Ltd. After the completion of the acquisition, the

Company has control over the Pu'er Tea Trading Center. The difference between the combined cost and the fair value of net identifiable assets on the combination date formed goodwill of 673,940.32 yuan. As of December 31, 2022, the full provision for impairment had been made.

The Company invested in the purchase of 51.00% equity in Wuhan Jiacheng in August 2021. After the completion of the purchase, the Company has control over Wuhan Jiacheng. The difference between the combined cost and the fair value of the net identifiable assets on the combination date formed goodwill of 1,953,790.56 yuan. The Company engaged Yinxin Appraisal Co., Ltd. to issue an appraisal report. The appraisal method was to conduct impairment test on the asset portfolio including goodwill, and calculate the recoverable amount of such asset portfolio with the present value of estimated future cash flow of such asset portfolio. After testing, there was no impairment in the goodwill formed by the company's acquisition of Wuhan Jiacheng at the end of the period.

Instructions for goodwill impairments test process and key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, and forecast period when estimating the present value of the future cash flow), and the method of confirming the impairment loss of goodwill:

Impact of goodwill impairment test

Other explanation

29. Long-term expenses to be apportioned

Unit: RMB/CNY

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Improve expenditure for fix assets	14,283,062.63	9,114,462.10	5,765,573.05		17,631,951.68
Decoration fee	9,235,428.02	4,227,681.97	2,857,309.09	2,429.78	10,603,371.12
Improve expenditure for investment real estate	283,138.77		38,175.96		244,962.81
Affiliated project of resident area in Wuyuan Ju Fang Yong	70,356.31		26,383.56		43,972.75
Other	4,923,220.72	1,127,906.80	1,499,135.98		4,551,991.54
Total	28,795,206.45	14,470,050.87	10,186,577.64	2,429.78	33,076,249.90

Other explanation

30. Deferred income tax asset /Deferred income tax liabilities

(1) Deferred income tax assets not offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Impairment provision for assets	61,591,107.94	14,415,444.33	62,056,367.05	15,139,642.20
Unrealized profits in internal transactions	3,044,122.07	456,618.31	2,250,127.31	337,519.10
Right-of-use asset	3,305,416.87	495,812.53	2,383,937.40	357,590.61
Credit impairment loss	101,461,154.87	24,872,591.18	99,371,735.40	24,694,673.56
Total	169,401,801.75	40,240,466.35	166,062,167.16	40,529,425.47

(2) Deferred income tax liability not offset

Unit: RMB/CNY

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of enterprise combine under different control	59,019,394.01	13,381,949.47	61,157,763.69	13,868,191.82
Total	59,019,394.01	13,381,949.47	61,157,763.69	13,868,191.82

(3) Deferred income tax assets and deferred income tax liabilities listed after off-set

Unit: RMB/CNY

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		40,240,466.35		40,529,425.47
Deferred income tax liabilities		13,381,949.47		13,868,191.82

(4) Details of uncertain deferred income tax assets

Unit: RMB/CNY

Item	Ending balance	Opening balance
Deductible temporary differences	139,979,872.07	155,064,630.67

Deductible loss	205,772,485.05	254,117,581.76
Total	345,752,357.12	409,182,212.43

(5) Deductible losses of un-recognized deferred income tax assets expiring in following years

Unit: RMB/CNY

Year	Ending amount	Opening amount	Note
2022		33,523,647.10	
2023	43,533,321.78	51,197,266.16	
2024	26,558,015.85	31,190,814.78	
2025	22,735,816.79	89,693,860.31	
2026	38,812,670.46	48,511,993.41	
2027	74,132,660.17		
Total	205,772,485.05	254,117,581.76	--

Other explanation:

31. Other non-current asset

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid for equipment	122,351.00		122,351.00	1,329,101.00		1,329,101.00
Prepaid for system	8,831,064.90		8,831,064.90	4,602,630.58		4,602,630.58
Total	8,953,415.90		8,953,415.90	5,931,731.58		5,931,731.58

Other explanation:

32. Short-term loans

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
Guaranteed Loan	10,015,277.78	1,500,000.00
Loan in credit	1,182,195,809.59	503,266,782.25
Total	1,192,211,087.37	504,766,782.25

Explanation on category of short-term loans:

(2) Overdue and unpaid short-term loans

The overdue and unpaid short-term loans was 0.00 yuan at period-end, including follow major amount:

Unit: RMB/CNY

Borrower	Ending balance	Loan rate	Overdue time	Overdue interest
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Other explanation:

33. Tradable financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Tradable financial liability	288,486.18	
Including:		
Including:		
Total	288,486.18	0.00

Other explanation:

34. Derivative financial liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Total	0.00	0.00

Other explanation:

35. Note payable

Unit: RMB/CNY

Category	Ending balance	Opening balance
Total	0.00	0.00

Notes expiring at year-end not repaid was 0.00 yuan.

36. Account payable

(1) Account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Trade accounts payable	193,989,937.97	154,756,781.25
Account payable for engineering	196,037,079.96	271,692,014.89
Other	122,000.20	457,873.57
Total	390,149,018.13	426,906,669.71

(2) Major accounts payable with age over one year

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
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Other explanation:

37. Accounts received in advance

(1) Accounts received in advance

Unit: RMB/CNY

Item	Ending balance	Opening balance
Other	1,355,802.01	2,379,891.67
Total	1,355,802.01	2,379,891.67

(2) Important account received in advance with account age over one year

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
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38. Contractual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Sales price	110,177,908.96	182,972,314.85
Total	110,177,908.96	182,972,314.85

Amount and reasons for important changes in book value in the period

Unit: RMB/CNY

Item	Amount changed	Reasons of changes
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39. Wage payable

(1) Wage payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	302,581,812.37	350,021,242.84	328,200,407.88	324,402,647.33
II. After-service welfare-defined contribution plans	17,397,568.50	28,486,749.23	31,929,133.23	13,955,184.50
III. Dismissed welfare	726,674.60	1,598,044.72	1,448,044.72	876,674.60
Total	320,706,055.47	380,106,036.79	361,577,585.83	339,234,506.43

(2) Short-term compensation

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	295,270,793.56	308,151,725.05	287,776,547.07	315,645,971.54
2. Employees' welfare	396,756.42	13,145,506.23	12,744,002.49	798,260.16
3. Social insurance charges	349,682.30	6,408,556.32	6,384,908.06	373,330.56
Including: medical insurance premium	314,270.80	5,822,925.63	5,806,233.24	330,963.19
Industrial injury insurance premiums	6,181.14	229,862.11	227,613.69	8,429.56
Maternity insurance premiums	29,230.36	355,768.58	351,061.13	33,937.81
4. Housing public reserve		16,385,189.68	16,334,382.48	50,807.20
5. Trade union fee and education fee	6,564,580.09	5,930,265.56	4,960,567.78	7,534,277.87
Total	302,581,812.37	350,021,242.84	328,200,407.88	324,402,647.33

(3) Defined contribution plans

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums		17,513,731.56	17,163,373.42	350,358.14
2. Unemployment insurance premiums	8,702.95	201,745.18	200,191.41	10,256.72
3. Enterprise annuity	17,388,865.55	10,771,272.49	14,565,568.40	13,594,569.64
Total	17,397,568.50	28,486,749.23	31,929,133.23	13,955,184.50

Other explanation:

40. Taxes payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
VAT	4,549,095.77	5,394,516.81
Enterprise income tax	59,136,130.15	75,860,781.94
Personal income tax	3,246,378.11	2,264,416.73
Urban maintenance and construction tax	254,333.53	247,110.08
Property tax	1,333,445.64	1,310,817.90
Stamp tax	1,175,093.10	648,290.86
Deed tax	664,227.84	664,227.84
Use tax of land	190,127.68	214,536.03
Educational surtax	185,644.26	203,981.23
Other	4,908.73	4,908.73
Total	70,739,384.81	86,813,588.15

Other explanation:

41. Other account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Dividend payable	2,933,690.04	2,933,690.04
Other account payable	296,860,258.44	373,673,508.95
Total	299,793,948.48	376,607,198.99

(1) Interest payable

Unit: RMB/CNY

Item	Ending balance	Opening balance

Major overdue interest:

Unit: RMB/CNY

Borrower	Overdue amount	Overdue causes

Other explanation:

(2) Dividend payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Common stock dividend	2,933,690.04	2,933,690.04
Total	2,933,690.04	2,933,690.04

Other explanation, including important dividend payable which hasn't been paid over one year, disclose reasons for not paying.

(3) Other account payable

1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
Engineering quality retention money and fund of tail	1,360,325.16	1,436,175.56
Deposit and margin	73,717,653.72	134,841,365.60
Intercourse funds and other	212,410,539.40	201,486,678.66
Drawing expenses in advance	9,371,740.16	35,909,289.13
Total	296,860,258.44	373,673,508.95

2) Significant other account payable with over one year age

Unit: RMB/CNY

Item	Ending balance	Reasons of outstanding or carry-over
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Other explanation

Nil

42. Liability held for sale

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

43. Non-current liabilities due within one year

Unit: RMB/CNY

Item	Ending balance	Opening balance
Long-term loans due within one year		108,955,105.34

Lease liabilities due within one year	21,770,690.45	19,777,369.82
Total	21,770,690.45	128,732,475.16

Other explanation:

44. Other current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Payable refund payment	33,600.00	
VAT payable	1,078,519.07	4,367,576.91
Total	1,112,119.07	4,367,576.91

Change of short-term bonds payable:

Unit: RMB/CNY

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--	--	--								

Other explanation:

45. Long-term loans

(1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
Mortgage + guarantee		730,521,692.22
Total	0.00	730,521,692.22

Explanation on category of long-term loans:

Other explanation, including interest rate range:

46. Bonds payable

(1) Bonds payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Total	0.00	0.00
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(2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

Unit: RMB/CNY

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--										

(3) Convertible conditions and time for shares transfer for the convertible bonds

(4) Other financial instruments classified as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Changes of outstanding preferred stock and perpetual capital securities at period-end

Unit: RMB/CNY

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Explanation on the basis for classifying other financial instrument into financial liability

Other explanation

47. Lease liability

Unit: RMB/CNY

Item	Ending balance	Opening balance
Lease payments	88,673,874.53	110,058,216.03
Unrecognized financing charges	-6,466,304.42	-10,107,102.46
Lease liabilities due within one year	-21,770,690.45	-19,777,369.82
Total	60,436,879.66	80,173,743.75

Other explanation

48. Long-term account payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Special account payable	17,620,572.48	17,266,921.98
Total	17,620,572.48	17,266,921.98

(1) By nature

Unit: RMB/CNY

Item	Ending balance	Opening balance
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Other explanation:

(2) Special account payable

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Depreciation fund for grain deposits	16,277,275.98	57,081.50	5,600.00	16,328,757.48	
Shenzhen Hospital Phase III Housing Expropriation Property Rights Exchange	989,646.00	302,169.00		1,291,815.00	
Total	17,266,921.98	359,250.50	5,600.00	17,620,572.48	

Other explanation:

49. Long-term wage payable

(1) Long-term wage payable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Total	0.00	0.00

(2) Changes of defined benefit plans

Present value of the defined benefit plans:

Unit: RMB/CNY

Item	Current Period	Last Period
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Scheme assets:

Unit: RMB/CNY

Item	Current Period	Last Period
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Net liability (assets) of the defined benefit plans

Unit: RMB/CNY

Item	Current Period	Last Period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

50. Accrual liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance	Causes
External guarantee	3,500,000.00	3,500,000.00	
Total	3,500,000.00	3,500,000.00	--

Other explanation, including relevant important assumptions and estimation:

According to the civil judgment made by the Shenzhen Intermediate People's Court, in the disputes over loan contract between Changzhou Shenbao Chacang E-business Co.,Ltd. and Shenzhen Agricultural Products Financing Guarantee Co., Ltd., the Company shall assume joint and several liabilities for repayment of the debts of Changzhou Shenbao Chacang E-business Co., ltd. within the scope of 3.5 million yuan.

51. Deferred income

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government grant	93,129,536.68		6,052,399.41	87,077,137.27	
Total	93,129,536.68		6,052,399.41	87,077,137.27	--

Item involved with government grants:

Unit: RMB/CNY

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income related
Intelligent management of grain depot based on mobile internet	266,666.52			200,000.04			66,666.48	Assets-related

Special funds for intelligent upgrading and transformation of grain warehouse “Grain Safety Project”	6,287,083.39			954,999.96			5,332,083.43	Assets-related
Government central financial funds	6,219,714.58			1,511,930.59			4,707,783.99	Assets-related
Base of further processing for tea and nature plants	274,999.96			274,999.96				Assets-related
Special fund for the development of strategic emerging industries in Shenzhen	2,485,265.75			351,209.04			2,134,056.71	Assets-related
Industrialization of instant tea powder	1,494,799.03			196,445.88			1,298,353.15	Assets-related
Subsidies for industrial technological advancement to the enterprise whose technology center is a municipal R&D center	1,375,227.49			204,024.48			1,171,203.01	Assets-related
Grant for key technology research and industrialization of instant tea powder	110,276.21			14,244.96			96,031.25	Assets-related
Construction amount for 50 tons for clearly processing for famous tea	124,999.90			124,999.90				Assets-related
Subsidy for supply system construction of	150,000.00			150,000.00				Assets-related

agricultural products								
Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	1,679,875.08			34,547.06			1,645,328.02	Assets-related
Industrialization of Doximi E-commerce platform	241,860.58			241,860.58				Assets-related
Grain storage project of Dongguan Shenliang Logistics Co., Ltd. - Storage A	7,455,646.47			262,257.12			7,193,389.35	Assets-related
Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	29,874,797.96			1,031,300.52			28,843,497.44	Assets-related
Grain, oil and food headquarters and innovative public service platform of Dongguan Shenliang Logistics Co., Ltd.	18,000,000.00						18,000,000.00	Assets-related
Construction of 450,000 ton silos and 60,000 ton film silos -CDE warehouse. Gas storage bin	17,088,323.76			499,579.32			16,588,744.44	Assets-related

Other explanation:

52. Other non-current liabilities

Unit: RMB/CNY

Item	Ending balance	Opening balance
Total	0.00	0.00

Other explanation:

53. Share capital

Unit: RMB/CNY

	Opening balance	Increased (decreased) in this year +,-					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	1,152,535,254.00						1,152,535,254.00

Other explanation:

54. Other equity instrument

(1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

(2) Changes of outstanding preferred stock and perpetual capital securities at period-end

Unit: RMB/CNY

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Total		0.00						0.00

Explanation on changes in other equity instrument, reasons for changes and relevant accounting treatment basis:

Other explanation:

55. Capital reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Capital premium (Share capital premium)	1,250,743,274.79			1,250,743,274.79
Other capital reserve	8,896,381.86			8,896,381.86
Total	1,259,639,656.65			1,259,639,656.65

Other instructions, including changes in the current period, reasons for changes:

56. Treasury stock

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Total	0.00			0.00

Other explanation, including changes and reason for changes:

57. Other comprehensive income

Unit: RMB/CNY

Item	Opening balance	Current Period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less : income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Total of other comprehensive income	0.00							0.00

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

58. Reasonable reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Work safety fee		1,748,440.14	1,528,138.44	220,301.70
Total	0.00	1,748,440.14	1,528,138.44	220,301.70

Other explanation, including changes in current period and reason for changes:

59. Surplus public reserve

Unit: RMB/CNY

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	405,575,490.42	34,048,674.25		439,624,164.67
Total	405,575,490.42	34,048,674.25		439,624,164.67

Other explanation, including changes in current period and reasons for changes:

60. Retained profit

Unit: RMB/CNY

Item	Current period	Last period
Retained profit at the end of the previous year before adjustment	1,812,541,701.27	1,637,536,441.03
Retained profit at the beginning of the year after adjustment	1,812,541,701.27	1,637,536,441.03
Add: net profit attributable to shareholder of parent company	420,594,871.27	428,720,226.09
Less: withdrawal of legal surplus reserve	34,048,674.25	23,207,915.05
Common stock dividends payable	288,133,813.50	230,507,050.80
Retained profit at period-end	1,910,954,084.79	1,812,541,701.27

Details about adjusting the retained profits at the beginning of the period:

- 1) Due to the retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 2) Due to changes in accounting policies, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 3) Due to major accounting error correction, the retained profit at the beginning of the period was affected by 0.00 yuan.
- 4) Due to changes in merge scope caused by the same control, the retained profits at the beginning of the period was affected by 0.00 yuan.
- 5) Due to other adjustments, the retained profits at the beginning of the period was affected by 0.00 yuan.

61. Operating income and operating cost

Unit: RMB/CNY

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	8,310,797,045.00	7,169,707,326.38	10,131,502,397.87	8,852,377,867.94
Other business	1,926,013.19	3,151,108.47	8,061,312.24	6,907,441.49
Total	8,312,723,058.19	7,172,858,434.85	10,139,563,710.11	8,859,285,309.43

Is the lower of the audited net profit before and after deduction of non-recurring gains and losses is negative?

Yes No

Information relating to revenue:

Unit: RMB/CNY

Category	Branch 1	Branch 2		Total
Product types				
Including:				

Classification by business area				
Including:				
Market or customer type				
Including:				
Contract types				
Including:				
Classification by time of goods transfer				
Including:				
Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total				

Information relating to performance obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet begun or have not been completed is 110,177,908.96 yuan, among them, 110,177,908.96 yuan of revenue is expected to be recognized in one year.

Other explanation

62. Tax and surcharges

Unit: RMB/CNY

Item	Current period	Last period
Consumption tax	1,881,093.08	1,211,971.88

Urban maintenance and construction tax	983,830.68	948,922.05
Property tax	9,907,629.09	9,323,401.45
Use tax of land	2,237,912.97	2,211,825.47
Vehicle and vessel use tax	25,735.60	13,661.76
Stamp duty	2,871,200.49	2,926,117.62
Other	29,074.09	73,180.88
Total	17,936,476.00	16,709,081.11

Other explanation:

63. Sales expenses

Unit: RMB/CNY

Item	Current period	Last period
Labor and social security benefits	105,464,733.79	94,568,349.97
Depreciation and amortization of long-term assets	13,019,789.92	31,076,514.02
Utilities and office expenses	10,615,703.94	8,357,718.26
After-sale services	8,920,055.76	5,522,682.72
Warehousing, loading and unloading fees	8,426,439.83	33,509,528.43
Equivalent loss for low value perishable goods	6,199,952.31	11,129,938.10
Port terminal fee	4,914,370.42	44,060,197.04
Travel expenses	1,371,204.88	2,154,287.30
Business hospitality expenses	1,364,065.19	1,685,748.60
Advertisement charge	1,158,015.36	2,164,753.84
Rental fee	1,113,437.27	5,099,681.66
Property insurance premium	770,044.57	978,519.97
Logistics transportation fee	587,885.79	666,951.32
Sales commission	328,322.18	556,125.11
Automobile expenses	268,962.67	466,576.87
Other	11,237,632.82	8,218,900.46
Total	175,760,616.70	250,216,473.67

Other explanation:

64. Administration expenses

Unit: RMB/CNY

Item	Current period	Last period
Labor and social security benefits	199,977,753.70	229,304,676.04
Depreciation and amortization of long-term assets	42,215,859.45	38,977,012.47
Office expenses	10,899,484.39	9,301,150.76
Intermediary agency fee	5,321,856.45	6,175,091.19
Communication fee	1,656,208.69	1,443,744.11
Vehicle usage fee	1,194,282.41	1,269,178.88
Travel expenses	1,153,576.40	1,580,964.19
Business hospitality	654,449.12	1,381,214.23
Relocation and shutdown costs	535,740.91	1,018,858.86
Repair cost	310,474.85	496,196.40
Low-value consumables	74,796.32	110,748.00
Rental	88,776.37	2,339,027.66
Other	16,474,381.06	7,337,722.55
Total	280,557,640.12	300,735,585.34

Other explanation:

65. R&D expenses

Unit: RMB/CNY

Item	Current period	Last period
Labor and social security benefits	12,682,987.40	12,072,003.58
Depreciation cost	2,581,188.36	3,817,723.52
Office expenses	92,438.24	108,480.49
Maintenance and inspection fee	673,414.26	496,210.10
Travel expenses	365,098.43	835,159.10
Materials consumption	97,815.85	1,230,299.67
Intermediary fees	113,250.95	65,949.62
Automobile expenses	26,429.50	38,651.46
Other	1,916,430.05	2,025,016.59
Total	18,549,053.04	20,689,494.13

Other explanation:

66. Financial expenses

Unit: RMB/CNY

Item	Current period	Last period
Interest expenses	52,421,870.87	57,185,980.70
Including: interest expenses of lease liability	3,791,745.45	4,186,156.64
Less: Interest income	895,316.44	2,369,604.37
Exchange gains or loss	-971,444.48	264,807.96
Handling fee	801,938.60	1,287,402.39
Total	51,357,048.55	56,368,586.68

Other explanation:

67. Other income

Unit: RMB/CNY

Sources	Current Period	Last Period
Government grant	8,775,672.58	15,739,392.31
Input tax deduction	723,361.58	
Handling fees for withholding personal income tax	296,808.43	
Direct reduction of value-added tax	37,024.53	
Other	6,917.25	
Total	9,839,784.37	15,739,392.31

68. Investment income

Unit: RMB/CNY

Item	Current period	Last period
Long-term equity investment income measured by equity	-2,813,908.86	275,295.65
Investment income from disposal of long-term equity investment	-3,412,304.80	
Other	8,455,442.20	4,014,308.85
Total	2,229,228.54	4,289,604.50

Other explanation:

69. Net exposure hedge gains

Unit: RMB/CNY

Item	Current period	Last period
Total	0.00	0.00

Other explanation:

70. Income of fair value changes

Unit: RMB/CNY

Sources	Current Period	Last Period
Tradable financial assets	307,033.09	299,292.76
Tradable financial liabilities	-288,486.18	
Total	18,546.91	299,292.76

Other explanation:

71. Credit impairment loss

Unit: RMB/CNY

Item	Current period	Last period
Loss of bad debt of other account receivable	-1,572,712.37	-836,446.94
Loss of bad debt of account receivable	215,868.78	2,991,334.49
Total	-1,356,843.59	2,154,887.55

Other explanation:

72. Assets impairment loss

Unit: RMB/CNY

Item	Current period	Last period
II. Inventory price drop loss and contract performance cost impairment loss	-138,029,247.57	-184,486,526.84
V. Impairment losses on fixed assets	-4,478,118.30	
Total	-142,507,365.87	-184,486,526.84

Other explanation:

73. Income from assets disposal

Unit: RMB/CNY

Sources	Current Period	Last Period
Profit and loss on disposal of non-current assets	-25,417.69	29,437,150.82

74. Non-operating income

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government grants		132,228.97	
Liquidated damages compensation income	5,636,491.91	1,028,555.00	5,636,491.91
Government demolition compensation	1,100,000.00	11,277,891.00	1,100,000.00
Profit from inventory surplus	27,924.91		27,924.91
Other	1,230,595.15	2,201,990.56	1,230,595.15
Total	7,995,011.97	14,640,665.53	7,995,011.97

Government grants reckoned into current gains/losses:

Unit: RMB/CNY

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related

Other explanation:

75. Non-operating expenditure

Unit: RMB/CNY

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
External donations	4,777.87	151,077.90	4,777.87
Penalty expenses (and liquidated damages)	39,883.09	65,275.00	39,883.09
Inventory loss	40,474.63		40,474.63
Loss of scrap from non-current assets	33,127.57	85,970.25	33,127.57
Compensation	503,125.60	126,800.00	503,125.60

Other	364,482.72	1,076,240.78	364,482.72
Total	985,871.48	1,505,363.93	985,871.48

Other explanation:

76. Income tax expense

(1) Income tax expense

Unit: RMB/CNY

Item	Current period	Last period
Current income tax expenses	52,809,277.10	79,091,857.01
Deferred income tax expenses	-197,283.23	725,783.61
Total	52,611,993.87	79,817,640.62

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB/CNY

Item	Current Period
Total profit	470,910,862.09
Income tax expenses calculated by statutory/applicable tax rate	117,727,715.52
Impact from different tax rate applicable with subsidiaries	-1,219,801.13
Effect of adjusting income tax in the previous period	-12,734,280.11
Impact of non taxable income	-268,850,659.48
Impact of cost, expenses and losses unable to be deducted	202,448,410.38
Impact of the use of a previously unrecognized deferred income tax asset on deductible losses	-6,065,543.95
Impact of unrecognized deferred income tax assets in current period on deductible temporary differences or deductible losses	23,742,099.61
Other	-2,435,946.97
Income tax expenses	52,611,993.87

Other explanation

77. Other comprehensive income

For more details, refer to notes.

78. Items of cash flow statement

(1) Cash received with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Intercourse funds and deposit	384,721,628.52	468,799,201.24
Government grants	2,723,273.17	8,291,119.64
Interest income	895,316.44	2,369,604.37
Other	11,785,691.59	
Total	400,125,909.72	479,459,925.25

Note of cash paid with other operating activities concerned:

(2) Cash paid with other operating activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Intercourse funds and deposit	421,829,887.01	491,065,095.21
Operating daily expenses	97,426,875.34	143,556,540.75
Other	795,248.00	
Total	520,052,010.35	634,621,635.96

Note of cash paid with other operating activities concerned:

(3) Cash received with other investment activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Total	0.00	0.00

Note of cash received with other investment activities concerned:

(4) Cash paid related with investment activities

Unit: RMB/CNY

Item	Current period	Last period
Loss of control of subsidiaries	404.68	
Total	404.68	0.00

Note of cash paid related with investment activities:

(5) Cash received with other financing activities concerned

Unit: RMB/CNY

Item	Current period	Last period
Total	0.00	0.00

Note of cash received with other financing activities concerned:

(6) Other cash paid related with financing activities

Unit: RMB/CNY

Item	Current period	Last period
Operating lease rent paid	24,121,307.93	20,527,342.78
Other	363,846.74	
Total	24,485,154.67	20,527,342.78

Note of other cash paid related with financing activities:

79. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Unit: RMB/CNY

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	418,298,868.22	436,310,641.83
Add: Impairment provision for assets	143,864,209.46	182,331,639.29
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	109,120,940.75	91,236,937.27
Depreciation of right-of-use assets	21,759,266.15	18,517,985.61
Amortization of intangible assets	29,934,283.78	28,924,251.69
Amortization of long-term pending expenses	10,186,577.64	8,233,329.55
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with “-”)	25,417.69	-29,437,150.82
Losses on scrapping of fixed assets (income is listed with “-”)	33,127.57	85,970.25

Loss from change of fair value (income is listed with “-”)	-18,546.91	-299,292.76
Financial expenses (income is listed with “-”)	51,450,426.39	57,450,788.66
Investment loss (income is listed with “-”)	-2,229,228.54	-4,289,604.50
Decrease of deferred income tax assets (increase is listed with “-”)	288,959.12	1,043,335.56
Increase of deferred income tax asset((increase is listed with “-”)	-486,242.35	-317,551.95
Decrease of inventory (increase is listed with “-”)	-276,452,543.28	-227,050,518.73
Decrease of operating receivable accounts (increase is listed with “-”)	136,294,792.53	-149,494,290.67
Increase of operating payable accounts (decrease is listed with “-”)	-110,181,541.58	27,149,559.26
Other		
Net cash flow arising from operating activities	531,888,766.64	440,396,029.54
2. Material investment and financing not involved in cash flow		
Conversion of debt into capital		
Convertible company bonds due within one year		
Financing lease of fixed assets		
3. Net change of cash and cash equivalents:		
Ending balance of cash	53,095,469.26	49,370,080.20
Less: beginning balance of cash	49,370,080.20	190,494,225.94
Add: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increasing of cash and cash equivalents	3,725,389.06	-141,124,145.74

(2) Net cash paid for obtaining subsidiary in the Period

Unit: RMB/CNY

	Amount
--	--------

Including:	
Including	
Including:	

Other explanation:

(3) Net cash received by disposing subsidiary in the Period

Unit: RMB/CNY

	Amount
Including:	
Minus: Cash and cash equivalents held by the company on the day of loss of control	404.68
Including:	
Including: Hangzhou Ju Fang Yong Trading Co., Ltd.	404.68
Including:	
Net cash received from disposal of subsidiaries	-404.68

Other explanation:

(4) Component of cash and cash equivalent

Unit: RMB/CNY

Item	Ending balance	Opening balance
I. Cash	53,095,469.26	49,370,080.20
Including: Cash on hand	69,686.00	29,370.19
Bank deposit available for payment at any time	52,829,469.15	49,133,969.39
Other monetary fund available for payment at any time	196,314.11	206,740.62
III. Ending balance of cash and cash equivalent	53,095,469.26	49,370,080.20

Other explanation:

80. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" items that have been adjusted to the ending balance of the previous year

81. Assets with ownership or use right restricted

Unit: RMB/CNY

Item	Ending book value	Reasons for restriction
Money funds	1,008,301.74	Guarantee deposit and credit deposit, etc.
Total	1,008,301.74	--

Other explanation:

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB/CNY

Item	Ending foreign currency balance	Convert rate	Ending RMB balance converted
Monetary fund			1,461,219.72
Including: USD	177,782.42	6.9646	1,238,183.44
EURO	5,843.85	7.4229	43,378.31
HKD	201,117.17	0.8933	179,657.97
Account receivable			4,741,014.36
Including: USD	640,158.59	6.9646	4,458,448.52
EURO			
HKD	316,316.85	0.8933	282,565.84
Long-term loans			
Including: USD			
EURO			
HKD			

Other explanation:

(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency is changed, explain reasons

Applicable Not applicable

83. Hedging

Disclose hedging items and relevant hedging instrument, qualitative and quantitative information for the arbitrage risks on the basis of hedging category:

84. Government grant

(1) Government grant

Unit: RMB/CNY

Category	Amount	Item	Amount reckoned into current gains/losses
Government subsidies related to assets	87,077,137.27	Deferred income	6,052,399.41
Government subsidies related to income	2,723,273.17	Other income	2,723,273.17

(2) Return of government grant

Applicable Not applicable

Other explanation:

85. Other

VIII. Changes in consolidation range

1. Enterprise merger not under the same control

(1) Enterprise merger not under the same control

Unit: RMB/CNY

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end

Other explanation:

(2) Combination cost and goodwill

Unit: RMB/CNY

Consolidation cost	
--Cash	
--Fair value of non-cash assets	
--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
-- Fair value of contingent consideration	
--Fair value of the equity prior to the purchasing date	

--Other	
Total combination cost	
Less: shares of fair value of identifiable net assets acquired	
Portion of goodwill/merger cost less than the shares of fair value of identifiable net assets acquired	

Explanation of the method for determining the fair value of merger costs, contingent considerations, and their changes:

Main reasons for the formation of large goodwill

Other explanation:

(3) Identifiable assets and liabilities on purchasing date under the acquiree

Unit: RMB/CNY

	Fair value on purchasing date	Book value on purchasing date
Assets:		
Monetary funds		
Account receivable		
Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Deferred tax liabilities		
Net assets		
Less: Minority interests		
Net assets acquired		

Determination method for fair value of the identifiable assets and liabilities:

Contingent liabilities assumed by the acquiree in a business merger:

Other explanation:

(4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Is there any transaction that achieves business merger through multiple transactions and obtains control during the reporting period?

Yes No

(5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are unable to confirm rationally

(6) Other explanation

2. Business combination under the same control

(1) Business combination under the same control in the Period

Unit: RMB/CNY

Acquiree	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period

Other explanation:

(2)Combination cost

Unit: RMB/CNY

Consolidation cost	
--Cash	
-- Book value of non-cash assets	
-- Book value of debts issued or assumed	
-- Face value of equity securities issued	
--Contingent consideration	

Explanation on contingent consideration and its changes:

Other explanation:

(3) Book value of the assets and liabilities of the combined party on combination date

Unit: RMB/CNY

	Consolidation date	Ending balance of last period
Assets:		

Monetary funds		
Account receivable		
Inventory		
Fixed assets		
Intangible assets		
Liability:		
Loan		
Account payable		
Net assets		
Less: Minority interests		
Net assets acquired		

Contingent liability of the combined party assumed by the Company during combination:

Other explanation:

3. Reverse purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction:

4. Disposal of subsidiary

Is there any situation where a single disposal of investment in a subsidiary results in loss of control?

Yes No

Is there any situation where investments in subsidiaries are disposed by steps through multiple transactions and control is lost in the current period?

Yes No

5. Other reasons for changes in consolidation range

Consolidation scope changes caused by other reasons (eg, establish new subsidiaries, liquidate subsidiaries, etc.) and the related circumstances:

Dongguan Shenliang Hualian Grain & Oil Trading Co., Ltd newly established in the Period, the Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., Ltd and Shenzhen Shenbao Property Management Co., Ltd were deregister.

In this period, Zhenpin Market Operation Technology Co., Ltd. and Shenliang Hongli Grain and Oil (Shenzhen) Co., Ltd. were newly established. The company lost its control on Hangzhou Ju Fang Yong Trading Co., Ltd. as Hangzhou Ju Fang Yong Trading Co., Ltd. was transferred to the designated administrator of the court due to bankruptcy liquidation. Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as “Shenbao Technology”) was absorbed and merged by Shenbao Huacheng before being cancelled.

6. Other

IX. Equity in other entities

1. Equity in subsidiaries

(1) Membership of enterprise group

Subsidiary	Main place of operation	Registration place	Business nature	shareholding ratio ratio		Acquisition way
				Directly	Indirectly	
SZCG	Shenzhen City	Shenzhen City	Grain & oil trading	100.00%		Combine under the same control
Hualian Grain & Oil	Shenzhen City	Shenzhen City	Grain & oil trading		100.00%	Combine under the same control
Shenzhen Flour	Shenzhen City	Shenzhen City	Flour processing		100.00%	Combine under the same control
Shenliang Quality Inspection	Shenzhen City	Shenzhen City	Inspection		100.00%	Combine under the same control
Hainan Grain and Oil	Haikou City	Haikou City	Feed production		100.00%	Combine under the same control
Doximi	Shenzhen City	Shenzhen City	E-commerce		100.00%	Combine under the same control
Big Kitchen	Shenzhen City	Shenzhen City	Sales and processing of grain,oil and relevant products		70.00%	Combine under the same control
Yingkou Storage	Yingkou City	Yingkou City	Storage		100.00%	Combine under the same control
Cold Chain Logistic	Shenzhen City	Shenzhen City	On-line operation of fresh food		100.00%	Combine under the same control
Shenliang Property	Shenzhen City	Shenzhen City	Property development and		100.00%	Combine under the same control

			management			
International Food	Dongguan City	Dongguan City	Port operation, food production		100.00%	Combine under the same control
Dongguan Grain and Oil	Dongguan City	Dongguan City	Food production		100.00%	Combine under the same control
Dongguan Logistics	Dongguan City	Dongguan City	Storage, logistics	49.00%	51.00%	Combine under the same control
Shuangyashan	Shuangyashan City	Shuangyashan City	Construction of food base and development of related complementary facilities		51.00%	Combine under the same control
Shenliang Hongjun	Shenzhen City	Shenzhen City	Catering		51.00%	Establishment
Dongguan Hualian	Dongguan City	Dongguan City	Grain and oil trade		100.00%	Establishment
Shenliang Property Management	Shenzhen City	Shenzhen City	Property management		100.00%	Establishment
Shenbao Huacheng	Shenzhen City	Shenzhen City	Manufacturing	100.00%		Establishment
Wuyuan Ju Fang Yong	Shangrao City	Shangrao City	Manufacturing		100.00%	Establishment
Huizhou Shenbao	Huizhou City	Huizhou City	Comprehensive	100.00%		Establishment
Shenbao Investment	Shenzhen City	Shenzhen City	Investment management	100.00%		Establishment
Shenbao Tea Culture	Shenzhen City	Shenzhen City	Commercial trade		100.00%	Establishment
Shenliang Hongli	Shenzhen City	Shenzhen City	Grain and oil wholesale	100.00%		Establishment
Ju Fang Yong Holding	Hangzhou City	Hangzhou City	Comprehensive		100.00%	Establishment
Fuhaitang Catering	Hangzhou City	Hangzhou City	Catering industry		100.00%	Establishment
Fuhaitang	Hangzhou City	Hangzhou City	Tea planting,		100.00%	Business

Ecology Technology			production and sales			combination not under the same control
Shenbao Rock Tea	Wuyishan City	Wuyishan City	Manufacturing		100.00%	Establishment
Pu'er Tea Supply Chain	Pu'er City	Pu'er City	Wholesale business		100.00%	Establishment
Pu'er Tea Trading Center	Pu'er City	Pu'er City	Service industry		55.00%	Establishment
Shenliang Food	Huizhou City	Shenzhen City	Manufacturing	100.00%		Establishment
Huizhou Shenliang Food	Huizhou City	Huizhou City	Wholesale business		100.00%	Establishment
Zhenpin Market	Shenzhen City	Shenzhen City	Platform construction, promotion, and operation		51.00%	Establishment
Shenbao Industry & Trade	Huizhou City	Shenzhen City	Wholesale business	100.00%		Establishment
Wuhan Jiacheng	Wuhan City	Wuhan City	Food production	51.00%		Combine not under the same control
Hubei Jiacheng	Wuhan City	Wuhan City	Food production		51.00%	Combine not under the same control
Wuhan Hongqu	Wuhan City	Wuhan City	Food production		51.00%	Combine not under the same control
Macheng Jingtian	Macheng City	Macheng City	Food production		51.00%	Combine not under the same control

Explanation on shareholding ratio ratio in subsidiary different from ratio of voting right:

Explanation on basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights:

Explanation on the basis for control the important structured entities included in the consolidation scope:

Basis for determining whether the company is an agent or consignor:

Other explanation:

(2) Important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	shareholding ratio ratio	Gains/losses	Dividend announced to	Ending equity of
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	of minority shareholders	attributable to minority in the Period	distribute for minority in the Period	minority
Big Kitchen	30.00%	379,455.65	676,800.00	4,030,653.99

Explanation on the situation where the shareholding ratio of minority shareholders is different from the voting right ratio of minority shareholders:

Other explanation:

(3) Main financial information of the important non-wholly-owned subsidiary

Unit: RMB/CNY

Subsidiary	Ending balance						Opening balance					
	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities
Big Kitchen	150,577,065.52	4,403,442.68	154,980,508.20	140,798,611.66	746,383,233	141,544,994.89	159,526,005.38	5,490,342.50	165,016,347.88	149,310,334.72	1,279,252.02	150,589,586.74

Unit: RMB/CNY

Subsidiary	Current Period				Last Period			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity	Operating revenue	Net profit	Total comprehensive income	Cash flow from operation activity
Big Kitchen	328,783,289.53	1,264,852.17	1,264,852.17	643,989.24	323,458,605.38	2,039,819.28	2,039,819.28	358,869.31

Other explanation:

(4) Significant restrictions on the use of enterprise group assets and the repayment of debts of the enterprise group

(5) Financial or other support offered to the structured entities included in consolidated financial statements

Other explanation:

2. Transactions where the share of owner's equity in a subsidiary changes while the subsidiary is still controlled

(1) Explanation on changes in owner's equity shares in subsidiary

(2) Impact of such transaction on equity of minority interests and owners' equity attributable to parent company

Unit: RMB/CNY

Purchase cost/disposal consideration	
--Cash	
--Fair value of non-cash assets	
Purchase cost/total disposal consideration	
Less: Subsidiary's share of net assets calculated based on the proportion of acquired/disposed equity	
Difference	
Including: Adjust capital reserve	
Adjust surplus reserve	
Adjust undistributed profit	

Other explanation

3. Equity in joint venture and associated enterprise

(1) Important joint venture or associated enterprise

Joint venture/Associated enterprise	Main place of operation	Registration place	Business nature	Shareholding ratio		Accounting treatment on investment in joint venture and associated enterprise
				Directly	Indirectly	
Zhuhai Hengxing Feed Industrial Co., Ltd.	Zhuhai	Zhuhai	Aquatic fee and animal fee		40.00%	Equity method
Shenliang Intelligent Wulian Equity	Shenzhen	Shenzhen	Equity investment; investment		49.02%	Equity method

Investment Fund (Shenzhen) Partnership Enterprise (Limited)			consultant			
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Description on situation where the shareholding ratio in joint ventures or associated enterprises is different from the ratio of voting rights:

Description on the basis for holding less than 20% of voting rights but having significant influence, or holding 20% or more of voting rights but having no significant influence.

(2) Main financial information of important joint venture

Unit: RMB/CNY

	Ending balance/Current period		Opening balance/Last period	
Current assets				
Including: cash and cash equivalent				
Non-current assets				
Total assets				
Current liabilities				
Non-current liabilities				
Total liabilities				
Minority interests				
Shareholders' equity attributable to parent company				
Share of net assets calculated by shareholding ratio				
Adjustment items				
--Goodwill				
--Unrealized profit of internal trading				
-- Other				
Book value of equity investment in joint venture				
Fair value of the equity				

investment in joint ventures with public offers concerned				
Operating income				
Financial expenses				
Income tax expenses				
Net profit				
Net profit of discontinuing operation				
Other comprehensive income				
Total comprehensive income				
Dividends received from joint venture in the year				

Other explanation

(3) Main financial information of important associated enterprises

Unit: RMB/CNY

	Ending balance/Current period		Opening balance/Last period	
	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)
Current assets	156,635,317.42	20,190,370.67	109,747,137.54	20,142,644.00
Non-current assets	22,985,162.27	34,651,129.30	26,046,337.28	36,989,582.89
Total assets	179,620,479.69	54,841,499.97	135,793,474.82	57,132,226.89
Current liabilities	104,136,525.08		56,918,240.71	
Non-current liabilities	353,858.37		445,371.69	
Total liabilities	104,490,383.45		57,363,612.40	
Minority interests				
Equity attributable to shareholder of parent company	75,130,096.24	54,841,499.97	78,429,862.42	57,132,226.89
Share of net assets measured by	30,052,038.50	26,883,303.29	31,371,944.97	28,006,217.62

shareholding				
Adjustment	162,707.79	-174.47	162,707.80	-174.47
--Goodwill				
--Unrealized profit of internal trading				
-- Other	162,707.79	-174.47	162,707.80	-174.47
Book value of equity investment in associated enterprise	30,214,746.29	26,883,128.82	31,534,652.77	28,006,043.15
Fair value of the equity investment of associated enterprise with public offers concerned				
Operating income	648,380,399.95		764,877,371.22	
Net profit	-3,053,458.49	-1,720,837.01	-978,023.06	3,570,736.78
Net profit of discontinuing operation				
Other comprehensive income				
Total comprehensive income	-3,053,458.49	-1,720,837.01	-978,023.06	3,570,736.78
Dividends received from associated enterprise in the year				

Other explanation

(4) Summary of financial information of unimportant joint venture and associated enterprises

Unit: RMB/CNY

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:		
Amount based on shareholding ratio ratio		
Associated enterprise:		
Total book value of investment	13,578,659.52	13,949,747.57
Total amount calculated in terms of shareholding ratio ratio		
--Net profit	-371,088.05	-7,692.67

--Total comprehensive income	-371,088.05	-7,692.67
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Other explanation

(5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

(6) Excess loss occurred in joint venture or associated enterprise

Unit: RMB/CNY

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Changzhou Shenbao Chacang E-business Co., ltd.	9,515,140.28	156,475.89	9,671,616.17
Shenzhen Shichumingmen Catering Management Co., Ltd.	4,815,325.70		4,815,325.70

Other explanation

(7) Unconfirmed commitment related to joint venture investment

(8) Intangible liabilities related to joint venture or associated enterprise investment

4. Major joint operation

Name	Main place of operation	Registration place	Business nature	Shareholding ratio/ shares enjoyed	
				Directly	In-directly

Explanation on situation where shareholding ratio or shares enjoyed in joint operation is different from voting right ratio in joint operation:

Explanation on the classification basis of joint operation in case the entity of joint operation is the separate entity:

Other explanation

5. Equity in structured entities not included in the scope of consolidated financial statements

Explanation:

6. Other

X. Risks relating to financial instruments

Our business operation makes the Company exposed to various financial risks, such as credit risk, liquidity risk and market risk (Including exchange rate risk, interest rate risk and other price risk).

The Company disperses the risk of financial instruments through appropriate diversified investment and business portfolio, and reduces the risk concentrating on a single industry, specific region or specific counterparty by formulating corresponding risk management policies.

1. Credit risk

Credit risk refers to the risk of a financial loss caused by the counter party's failure to fulfill its contractual obligations.

Credit risks of the Company arises mainly from monetary funds, note receivable, account receivable, other receivable, debt investments, financial guarantee contracts, the debt instrument investments measured at fair value and with its variation reckoned in current gain/loss that are not included in the scope of impairment assessment and derivative financial assets, etc. As of the balance sheet date, the carrying value of the financial assets represented its maximum exposure to credit risk;

Monetary funds of the Company are mainly the bank deposits in reputable state-owned banks and other larger and medium-sized listed banks with high credit ratings, and the company believes that it is not exposed to significant credit risks and will hardly incur significant losses due to the bank defaults.

Furthermore, for bill receivable, account receivables and other account receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

As of December 31, 2022, the account receivable from top five clients accounted for 36.54% of the Company's total account receivable.

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk except for the financial guarantee carried in Note "X. Related party and related transaction"

2. Liquidity risk

Liquidity risk refers to the risk that a company will run short of funds to meet its obligations settled by delivering cash or other financial assets.

It is the Company's policy to ensure that sufficient cash is available to meet debt obligations as they fall due. Liquidity risk is centrally controlled by the Company's finance department. By monitoring cash balances, readily realizable marketable securities, and rolling forecasts of cash flows for the next 12 months, the finance department

ensures that the company has sufficient funds to service its debts under all reasonable forecasts. In addition, it continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

The financial liabilities of the company are presented as undiscounted contract cash flows at maturity as follows:

Item	Ending balance			
	Within one year	1-3 year	Over three years	Total
Short-term loan	1,192,211,087.37			1,192,211,087.37
Tradable financial liabilities	288,486.18			288,486.18
Account payable	390,149,018.13			390,149,018.13
Other parables	299,793,948.48			299,793,948.48
Non-current liability maturing within one year	21,770,690.45			21,770,690.45
Lease liability		44,136,463.26	19,937,649.10	64,074,112.36
Subtotal	1,904,213,230.61	44,136,463.26	19,937,649.10	1,968,287,342.97

Item	Ending balance of last period			
	Within one year	1-3 year	Over three years	Total
Short-term loan	504,766,782.25			504,766,782.25
Account payable	426,906,669.71			426,906,669.71
Other parables	376,607,198.99			376,607,198.99
Non-current liability maturing within one year	128,732,475.16			128,732,475.16
Long-term loan		254,994,058.99	475,527,633.23	730,521,692.22
Leasing liability		47,220,622.42	39,287,832.16	86,508,454.58
Subtotal	1,437,013,126.11	302,214,681.41	514,815,465.39	2,254,043,272.91

3. Market risk

The market risk of financial instruments refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

3.1 Interest risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments with fixed rates and floating rates expose the Company to fair value interest rate risk and cash flow interest rate risk, respectively. The Company determines the ratio of fixed interest rate instruments to floating interest rate instruments according to the market environment, and maintains an appropriate portfolio of fixed and floating interest rate instruments through regular review and monitoring. When necessary, the Company will use interest rate swap instruments to hedge interest rate risk.

3.2 Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The Company continuously monitors the foreign currency transactions and the scale of foreign currency assets and liabilities to minimize foreign exchange risks. In addition, the company may also sign forward foreign exchange contracts or currency swap contracts to avoid exchange rate risks. During the current period and the previous period, the Company did not sign any forward foreign exchange contracts or currency swap contracts.

3.3 Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

Other price risk of the Company arises mainly from investment in various types of equity instruments and is exposed to the risks of changes in the prices of equity instruments.

XI. Disclosure of fair value

1. Ending fair value of the assets and liabilities measured by fair value

Unit: RMB/CNY

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
(i) Tradable financial assets	1,228,132.36		45,448,520.55	46,676,652.91
1. Financial assets measured by fair value and with variation reckoned into current gains/losses	1,228,132.36		45,448,520.55	46,676,652.91
(2) Equity instrument investment	1,228,132.36			1,228,132.36

(3)Other			45,448,520.55	45,448,520.55
(iii) Investment in other equity instruments			57,500.00	57,500.00
Total assets continuously measured at fair value	1,228,132.36		45,506,020.55	46,734,152.91
(vi) Tradable financial liabilities	288,486.18			288,486.18
Other	288,486.18			288,486.18
Total liabilities sustaining measured by fair value	288,486.18			288,486.18
II. Non-sustaining measured by fair value	--	--	--	--

2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order

4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order

5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order

6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point

7. Changes of valuation technique in the Period

8. Financial assets and liabilities not measured by fair value

9. Other

XII. Related party and related transactions

1. Parent company

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the	Ratio of voting right on the Company
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				Company	
Shenzhen Food Materials Group Co., Ltd	Shenzhen	Investing in industry, development, operation and management of the own property	5,000 million yuan	63.79%	72.02%

Explanation on parent company of the Company

The ultimate controller of the Company is Shenzhen Municipal People’s Government State-owned Assets Supervision & Administration Commission

Other explanation:

2. Subsidiaries of the Company

For more details of subsidiaries of the Company, please refer to “Note IX-Equity in other entities”.

3. Joint venture and associated enterprise of the Company

For more details of important joint venture and associated enterprise of the Company, please refer to “Note VII (17)-Long-term equity investment”.

Other joint venture and associated enterprise that have related transaction with the Company in the Period or that have balance with the Company arising from transaction in last period are described as follows:

Joint venture/Associated enterprise	Relationship with the enterprise
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Other explanation

4. Other related party

Other related party	Relationship with the Enterprise
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Wholly-owned subsidiary of parent company
Shenzhen Agricultural Products Group Co., Ltd	Holding subsidiary of parent company
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Holding subsidiary of parent company
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Holding subsidiary of parent company
Changsha Mawangdui Agricultural Products Co., Ltd.	Holding subsidiary of parent company
Xi’an Moore Agricultural Products Co., Ltd.	Holding subsidiary of parent company
Shenzhen Chinese Cabbage Technology Co., Ltd.	Holding subsidiary of parent company
Shenzhen Qianhai Agricultural Products Exchange Co., Ltd.	Holding subsidiary of parent company
Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	Holding subsidiary of parent company

Chengdu Agricultural Products Center Wholesale Market Co., Ltd.	Holding subsidiary of parent company
Guangxi Higrreen Agricultural Products International Logistics Co., Ltd.	Holding subsidiary of parent company
Shenzhen Zhenchu Supply Chain Co., Ltd.	Holding subsidiary of parent company
Shenzhen Medical Materials Co., Ltd.	Holding subsidiary of parent company
Shenzhen Shennong Land Co., Ltd.	Holding subsidiary of parent company
Shenzhen Investment Holdings Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Shenzhen Investment Management Co., Ltd.	Former shareholder of the Company, Controlled by the same ultimate controlling party
Zhanjiang Haitian Aquatic Feed Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Shennong Kitchen Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Agricultural Products E-commerce Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Higrreen Real Estate Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Southern Agricultural Products Logistics Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Agricultural Products Small Loan Co., Ltd	Subsidiaries of the Company's shareholders, controlled by the ultimate controlling party
Shenzhen Shenliang Cold Transport Co., Ltd.	Holding subsidiaries of the Company's associated enterprise
Yao Jicheng	Minority shareholder of controlling subsidiary

Other explanation

5. Related transaction

(1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

Unit: RMB/CNY

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
Shenzhen Shenliang Cold Transport Co., Ltd.	Warehousing services/Transportati	1,954,385.49	1,954,385.49	N	1,931,243.32

	on services				
Shenzhen Shenyuan Data Tech. Co., Ltd	Information software development	16,158,003.35	16,158,003.35	N	18,568,969.37
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Cleaning services fee				22,641.51
Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	Warehousing service	72,665,398.00	72,665,398.00	N	
Shenzhen Shennong Kitchen Co., Ltd	Procurement of goods	2,306,054.19	2,306,054.19	N	5,239.90
Shenzhen Food Materials Group Co., Ltd	Management service fee				142,533.62
Shenzhen Zhenchu Supply Chain Co., Ltd.	Procurement of goods	36,411.30	36,411.30	N	
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Management service fee				360,647.10

Goods sold/labor service providing

Unit: RMB/CNY

Related party	Content of related transaction content	Current period	Last period
Guangxi Higreen Agricultural Products International Logistics Co., Ltd.	Grain and oil sales		39,143.36
Shenzhen Higreen Real Estate Co., Ltd	Grain and oil sales	5,061.14	
Shenzhen Qianhai Nongmai World E-Commerce Co., Ltd	Grain and oil sales		33,175.84
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Tea sales	38,534.00	4,120.35
Shenzhen Southern Agricultural Products Logistics Co., Ltd	Grain and oil sales	10,300.88	
Shenzhen Agricultural	Grain and oil sales	4,120.35	

Products Small Loan Co., Ltd			
Shenzhen Shenliang Cold Transport Co., Ltd.	Grain and oil sales, warehousing services and tea sales	73,053.97	245,944.66
Shenzhen Shennong Kitchen Co., Ltd	Grain and oil sales, and tea sales	1,227,568.04	801,338.84
Shenzhen Agricultural Products E-commerce Co., Ltd	Tea sales	261,147.54	
Shenzhen Investment Holdings Co., Ltd.	Grain and oil sales	357,798.17	10,300.88
Shenzhen Shenyan Data Tech. Co., Ltd	Grain and oil sales	56,532.51	30,697.17
Shenzhen Agricultural Products Group Co., Ltd	Tea sales and grain oil sales	43,610.35	36,654.85
Shenzhen Food Materials Group Co., Ltd	Grain and oil sales, asset management, tea sales	3,429,685.58	1,248,334.58
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Property management service	183,595.18	
Chengdu Agricultural Products Center Wholesale Market Co., Ltd.	Grain and oil sales	24,722.12	103,008.85
Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	Grain and oil sales	118,229.69	72,106.20
Shenzhen Qianhai Agricultural Products Exchange Co., Ltd.	Grain and oil sales		8,240.72
Shenzhen Chinese Cabbage Technology Co., Ltd.	Grain and oil sales		8,453.09
Shenzhen Medical Materials Co., Ltd.	Grain and oil sales	4,120.35	2,060.18
Shenzhen Zhenchu Supply Chain Co., Ltd.	Grain and oil sales, transportation service	22,644,698.63	6,770,130.60
Xi'an Moore Agricultural Products Co., Ltd.	Grain and oil sales		20,601.77
Changsha Mawangdui Agricultural Products Co.,	Grain and oil sales		20,644.25

Ltd.			
Shenzhen Shennong Land Co., Ltd.	Grain and oil sales	3,933.46	17,168.15

Explanation on goods purchasing, labor service providing and receiving

(2) Related trusteeship management/contract & entrust management/outsourcing

Trusteeship management/contract:

Unit: RMB/CNY

Client/Contract-out party	Entrusting party/Contract or	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
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Related managed/contract:

Entrusted management/outsourcing:

Unit: RMB/CNY

Client/Contract-out party	Entrusting party/Contract or	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
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Related management/ outsourcing:

(3) Related lease

The company acts as the lessor:

Unit: RMB/CNY

Lessee	Assets type	Lease income recognized in the Period	Lease income recognized last Period
Shenzhen Shenyuan Data Technology Co., Ltd.	Operating site	523,988.52	505,162.86
Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	Office space	259,040.04	251,497.14

The company acts as the lessee:

Unit: RMB/CNY

Lessor	Assets type	Simplified rental fees for short-term leases and low value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense on lease liabilities assumed		Increased right-of-use assets	
		Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period	Current period	Last period
Shenzh	Office	6,000.0	358,057			6,000.0	358,057				

en Food Materia ls Group Co., Ltd	space	0	.14			0	.14				
Shenzh en Higreen Internat ional Agricul tural Product s Logisti c Manage ment Co., Ltd	Office space	31,542. 00				31,542. 00					

Explanation on related lease

(4) Related guarantee

The Company acts as the guarantor

Unit: RMB/CNY

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Changzhou Shenbao Chacang E-business Co., Ltd.	5,000,000.00	2011-12-20		N

The Company acts as the secured party

Unit: RMB/CNY

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled

Explanation on related guarantee:

(5) Related party's borrowed funds

Unit: RMB/CNY

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Yao Jicheng	1,990,000.00	2021-11-25	2022-11-24	
Yao Jicheng	4,010,000.00	2021-12-30	2022-12-29	

Lending

Interest expense on related party fund borrowing and lending

Related party	Current period	Last period
Yao Jicheng	254,221.16	9,625.58

(6) Assets transfer and debt reorganization of related party

Unit: RMB/CNY

Related party	Content of related transaction	Current Period	Last Period
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(7) Remuneration of key executives

Unit: RMB/CNY

Item	Current Period	Last Period
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(8) Other related transaction

6. Receivable and payable of related party

(1) Receivable item

Unit: RMB/CNY

Item	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	9,434.00	94.34	116,476.25	1,149.36
	Shenzhen Shennong Kitchen Co., Ltd	43,151.00	431.51	115,208.00	1,152.08
	Shenzhen Food Materials Group Co., Ltd	21,764.00	217.64	28,632.00	286.32
	Shenzhen Duoxi Equity Investment	1,123.20			

	Fund Management Co., Ltd.				
	Guangxi Higreen Agricultural Products International Logistics Co., Ltd.			18,624.00	186.24
	Huizhou Higreen Agricultural Products International Logistics Co., Ltd.	30,264.00	302.64	37,248.00	372.48
	Shenzhen Shennong Land Co., Ltd.			14,744.00	147.44
	Shenzhen Medical Materials Co., Ltd.			2,328.00	23.28
	Shenzhen Zhenchu Supply Chain Co., Ltd.	2,502,691.02	25,026.91	5,874,880.36	58,748.80
	Shenzhen Shenyuan Data Tech. Co., Ltd			5,940.00	59.40
Other account receivable					
	Shenzhen Shenliang Cold Transport Co., Ltd.	10,000.00			
	Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	50,000.00		50,000.00	
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	5,520.00	5,520.00	5,520.00	5,520.00
	Shenzhen	27,000.00	270.00	30,000.00	300.00

	Shenyuan Data Tech. Co., Ltd				
	Changzhou Shenbao Chacang E-business Co., Ltd.	24,608,742.46	22,187,644.18	24,608,742.46	22,187,644.18
	Shenzhen Shichumingmen Catering Management Co., Ltd.	1,908,202.67	1,908,202.67	2,092,477.67	990,192.72
	Shenzhen Investment Holdings Co., Ltd.	415,644.52		415,644.52	
	Shenzhen Food Materials Group Co., Ltd	1,104,355.28		1,000.00	
	Shenzhen Zhenchu Supply Chain Co., Ltd.	1,000,000.00			
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	4,000.00			
	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	30,132.00			
	Yao Jicheng	463,085.35	1,702.29	48,000.00	480.00

(2) Payable item

Unit: RMB/CNY

Item	Related party	Ending book balance	Opening book balance
Dividend payable			
	Shenzhen Investment Management Co., Ltd	2,690,970.14	2,690,970.14
Account payable			

	Shenzhen Shenyuan Data Tech. Co., Ltd	485,080.53	
	Shenzhen Shenliang Cold Transport Co., Ltd.	2,033.96	94,375.88
	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission	39,633,221.00	
Other account payable			
	Shenzhen Shenliang Cold Transport Co., Ltd.	280,000.00	102,790.00
	Shenzhen Food Materials Group Co., Ltd	146,162,941.72	146,162,941.72
	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	8,051,954.17	8,030,954.17
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	453,294.60	41,486.00
	Shenzhen Shichumingmen Catering Management Co., Ltd.		209,275.00
	Shenzhen Investment Management Co., Ltd	3,510,297.20	3,510,297.20
	Shenzhen Shenyuan Data Tech. Co., Ltd	3,564,200.00	2,000,330.53
	Zhanjiang Haitian Aquatic Feed Co., Ltd	20,000.00	
	Shenzhen Shennong Kitchen Co., Ltd	200,000.00	332,898.50
	Yao Jicheng	10,650,837.33	10,603,513.51
Contract liability			
	Shenzhen Food Materials Group Co., Ltd	280.00	280.00
	Shenzhen Zhenchu Supply Chain Co., Ltd.	3,760.00	
	Shenzhen Investment Holdings Co., Ltd.	39,640.00	
	Shenzhen Shenliang Cold Transport Co., Ltd.	2,160.00	

	Shenzhen Shenyuan Data Tech. Co., Ltd	2,696.00	
	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	1,123.20	

7. Related party commitment

8. Other

XIII. Share-based payment

1. Overall situation of share-based payment

Applicable Not applicable

2. Share-based payment settled by equity

Applicable Not applicable

3. Share-based payment settled by cash

Applicable Not applicable

4. Modification and termination of share-based payment

Nil

5. Other

Nil

XIV. Commitment or contingency

1. Important commitments

Important commitments on balance sheet date

The Company has no important commitments that need to disclosed as of Dec. 31, 2022.

2. Contingency

(1) Contingency on balance sheet date

Lawsuits

(1)The sales and purchase contract dispute between Hualian Company and Zhuhai Doumen Huabi Trading

Co., Ltd (hereinafter referred to as “Zhuhai Huabi”)

Hualian Company (plaintiff) brought a suit against Zhuhai Huabi (defendant), and the People’s Court of Shenzhen Luohu District has made the first instance effective judgment in 2007: 1. The defendant should repay the plaintiff payment for goods of 2,396,300 yuan; 2. The defendant should pay the plaintiff liquidated damages of 239,600 yuan; 3. Court acceptance fee of 33,200 yuan should be borne by the defendant.

In 2005, Zhuhai Huabi stopped production and its legal representative was arrested by the public security organs. It was found that Zhuhai Huabi had been canceled.

As of Dec. 31, 2022, Hualian Company has withdrawn 100.00% of bad debt reserves for the receivables of 2,396,300 yuan from Zhuhai Huabi.

(2) Disputes over import agency contract among SZCG, Hualian Company and Guangzhou Jinhe Feed Co., Ltd.(hereinafter referred to as Guangzhou Jinhe), Huang Xianning

In the case of the plaintiff SZCG and Hualian Company versus the defendant Guangzhou Jinhe and Huang Xianning over the import and export agency contract disputes, the Futian District People’s Court made the first-instance judgment in 2015: 1. The defendant Guangzhou Jinhe should pay a total of 10,237,400 yuan to SZCG and Hualian Company within ten(10) days from the effective date of the judgment; 2. If it fails to perform its pecuniary obligations within the period specified by the judgment, it shall pay double of the interest on the debt for the delayed in performance in accordance with Article 253 of the Civil Procedure Law of the People’s Republic of China; 3. The case acceptance fee of 83,200 yuan shall be born by Guangzhou Jinhe.

As Guangzhou Jinhe dissatisfied with the above-mentioned first-instance judgment, it appealed to the Shenzhen Intermediate People’s Court. On March 30, 2017, Shenzhen Intermediate People’s Court issued a second-instance judgment, which rejected the appeal of Guangzhou Jinhe and upheld the original judgment. Subsequently, SZCG and Hualian Company applied to the Court of first instance for the enforcement.

As of Dec. 31, 2022, the case is currently still being executed, and the other party has not paid any money. SZCG has made a provision for bad debts at a rate of 100.00% for the receivable payment of 10,455,600 yuan from Guangzhou Jinhe.

According to the “Letter of Commitment from Shenzhen Fude State Capital Operation Co., Ltd. on the Pending Litigation of Shenzhen Cereals Group Co., Ltd.”, Shenzhen Fude State Capital Operation Co., Ltd. (now renamed into Shenzhen Food Materials Group Co., Ltd.) will bear the compensation or losses caused by the lawsuit on its behalf for any claims, compensation, losses or expenditures caused by the disputes over import agency contract among SZCG and its holding subsidiaries with Guangzhou Jinhe and Huang Xianning.

(3) Contract disputes between Hualian Company and Foshan Shunde Huaxing Feed Factory (hereinafter referred to as “Huaxing Feed Factory”)

In August and October 2007, Hualian Company sold products to Huaxing Feed Factory and received commercial acceptance bills totaling 2,958,600 yuan. Due to the company’s failure to repay the overdue payment, Hualian

Company filed a lawsuit with the Shunde District People’s Court of Foshan City on October 29, 2007, requesting Huaxing Feed Factory to repay the payment and pay the corresponding interest. From June to July 2011, a total of 1,638,900 yuan of the company’s bankruptcy assets was recovered. The company received 29,400 yuan in Oct. 2020. As of Dec. 31, 2022, Hualian Company had a receivable payment of 1,290,300 yuan from Huaxing Feed Factory. This amount has been withdrawn bad debt reserves by 100.00%.

(4) Mung bean business disputes between SZCG and Jilin Tongyu County Shengda Company (hereinafter referred to as “Shengda Company”)

On August 26, 2010, the Shenzhen Futian District People’s Court accepted the case of the plaintiff SZCG versus the defendant Shengda Company over an entrustment contract dispute. Upon mediation, both parties reached a mediation agreement voluntarily: 1. It’s confirmed that the defendant Shengda Company still owes the plaintiff SZCG the repurchase payment of 7.492 million yuan and the repurchase payment interest of 2.8 million yuan before September 3, 2009. 2. The defendant Shengda Company should pay the first installment of 1 million yuan to the plaintiff SZCG before October 30, 2010, and should pay 1 million yuan at the end of each month from November 2010 to March 2011, and should pay 492,000 yuan before the end of April. 2011, totaling 6,492,000 yuan. 3. If the defendant Shengda Company can pay the above amount in full and on schedule, it does not need to pay the remaining principal of 1 million yuan and the interest of 2.8 million yuan. If any of the above sums are not paid in full and on schedule, the plaintiff may apply to the court for enforcement of all the claims set out in the first item above.

After the mediation agreement came into effect, Shengda Company did not fully fulfill its repayment obligations, and SZCG has applied for compulsory execution. As of the date of Dec. 31, 2022, the book receivables amounted to 5,602,500 yuan, the execution of the remaining amounts was highly uncertain, and the Company has fully made provisions for bad debts of 5,602,500 yuan for this payment.

(5) Contract disputes of the Company’s subsidiaries, Shenbao Rock Tea, Ju Fang Yong Holdings, Wuyishan Jiuxing Tea Co., Ltd. (hereinafter referred to as “Jiuxing Company”), Fujian Wuyishan Yuxing Tea Co., Ltd. (hereinafter referred to as “Yuxing Company”), Xingjiu Tea Co., Ltd., and Chen Yuxing, Chen Guopeng

On December 3, 2018, due to the separation contract dispute, based on the arbitration clause in the original Formal Agreement Regarding the Separation of Fujian Wuyishan Shenbao Yuxing Tea Co., Ltd., the arbitration applicants Shenbao Rock Tea and Ju Fang Yong Holdings filed an arbitration with the Shenzhen Court of International Arbitration with Jiuxing Company, Yuxing Company, Xingjiu Tea Co., Ltd., Chen Yuxing, and Chen Guopeng as the respondents, requesting: 1. To rule that the respondent Jiuxing Company should pay 5,272,900 yuan and liquidated damages of 1,581,900 yuan to the applicant Shenbao Rock Tea, totaling 6,854,800 yuan; 2. To rule that the respondents Yuxing Company, Xingjiu Company, Chen Yuxing, and Chen Guopeng shall be jointly and severally liable for the above-mentioned receivables and liquidated damages to the applicant Rock Tea; 3. To rule that the respondent Yijiu Company shall pledge 19 designated trademarks to the applicant Ju Fang Yong Holdings, and cooperate with the corresponding registration procedures for trademark pledge; 4. To rule that all

the respondents shall bear the attorney's fee of 190,000 yuan paid by the applicant for this case, the preservation fee and other expenses incurred in this arbitration (the applicant reserves the right to pursue the remaining attorney's fees); 5. To rule that the respondents shall bear all arbitration fees in this case.

On April 18, 2019, the Shenzhen Court of International Arbitration held a hearing for the arbitration case. On May 20, 2021, the Shenzhen Court of International Arbitration issued a ruling that: 1. Jiuxing Company should compensate Ju Fang Yong Company and Shenbao Rock Tea Company for losses of receivables and liquidated damages of 4,798,340.00 yuan; 2. Yuxing Company, Xingjiu Company, Chen Yuxing, and Chen Guopeng shall be jointly and severally liable for the above payment obligations of Jiuxing Company; 3. The arbitration fee in this case of 1,050,000 yuan shall be paid by the five respondents to the two applicants; 4. Two arbitrators' expenses of 4,000 yuan shall be paid directly by the five respondents to the two applicants. After the arbitration award came into effect, because the respondents refused to repay, the applicants applied to the court for enforcement. On August 5, 2021, the two parties signed an enforcement of settlement agreement. The respondents should pay receivables, liquidated damages, attorney's fees, and arbitration fees to the applicants, totaling 5,097,300 yuan, payment shall be made in 18 installments, with the respondents paying 1.6 million yuan in the first installment and paying 200,000 yuan per month thereafter, and the final payment is 297,300 yuan (i.e., the payment will be completed before January 31, 2023). As of the date of the audit report, the applicants received total funds.

(6) Sales contract disputes between Hualian Company and Dalian Liangshuntong Supply Chain Management Co., Ltd. (hereinafter referred to as “Liangshuntong Company”)

1) In the case of the plaintiff Liangshuntong Company versus the defendant Hualian Company over a sales contract dispute ([2019] Y0304 MChNo.49562), the Futian District People's Court made a first-instance civil judgment on July 3, 2020 that: 1. The plaintiff Liangshun Tongtong Company shall pay Hualian Company 595,800 yuan within ten days from the effective date of this judgment; 2. Reject the claims of Liangshuntong Company; 3. Reject other counterclaims of Hualian Company; 4. The plaintiff Liangshuntong Company shall prepay the litigation fee of 208,900 yuan, which shall be borne by the plaintiff, and the defendant Hualian Company shall prepay the counterclaim acceptance fee of 113,000 yuan, of which 1,800 yuan shall be borne by the plaintiff and 111,200 yuan shall be borne by the defendant. After receiving the judgment, the plaintiff Liangshuntong refused to accept it and appealed to the Shenzhen Intermediate People's Court. The Shenzhen Intermediate People's Court made a final ruling on October 29, 2021, and the ruling is as follows: rejecting the appeal and upholding the original judgment. The Futian District People's Court has accepted the enforcement application submitted by Hualian Company. Hualian Company applied for execution to the Futian District People's Court of Shenzhen in December 2021. In May 2022, the Futian District People's Court issued the “Execution Order”([2021] Y0304ZhNo.37136), ruling that the execution procedure should be terminated due to the fact that the person being executed currently has no property available for execution; If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, it may apply for enforcement again

2) In the case of the plaintiff Hualian Company versus the defendant Liangshuntong Company over a contract dispute ([2020]Y 0304 MChNo. 2824), the Futian District People's Court delivered the Civil Judgment of the first

instance on December 31, 2020, ruling that 1. The defendant Liangshuntong Company shall pay Hualian Company advance fees of 461,900 yuan and capital cost of 4,030,000 yuan within ten days from the effective date of the judgment; 2. Liangshuntong Company shall pay the capital occupation fee (based on 461,900 yuan, with an annual interest rate of 10.00%, calculating from December 11, 2019 to the date of paying off the full amount) to Hualian Company within ten(10) days from the effective date of the judgment; 3. Case acceptance fee of 42,700 yuan shall be borne by the defendant Liangshuntong Company. After receiving the judgment, Liangshuntong appealed to the Shenzhen Intermediate People's Court on January 22, 2021. The Shenzhen Intermediate People's Court made a final ruling on November 9, 2021, and the ruling is as follows: rejecting the appeal and upholding the original judgment. As of the date of the audit report, Hualian Company applied for execution to the Futian District People's Court of Shenzhen in December 2021. In May 2022, the Futian District People's Court issued the Execution Order([2021]Y0304 ZhNo.37314), ruling that the execution procedure should be terminated due to the fact that the person being executed currently has no property available for execution; If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, it may apply for enforcement again.

(7) Disputes over construction engineering contract between Heilongjiang Hongxinglong Farms & Land Reclamation Shenxin Grain Industrial Park Co., Ltd. (hereinafter referred to as “Hongxinglong”) and Heilongjiang Zhishengda Construction Engineering Co., Ltd. (hereinafter referred to as “Zhishengda Company”)

In April 2020, Zhishengda Company filed a lawsuit with Hongxinglong People's Court of Heilongjiang Province with Hongxinglong as the defendant, requesting: 1. To confirm that the “Letter on Rectification of Completed Projects and Cancellation of Not Constructed Projects” issued by Hongxinglong on April 7, 2020 does not have the effect of terminating the contract, the rescission contract made by it is invalid, and judge that the defendant Hongxinglong should continue to perform the contract (the project cost required to perform the contract is 5,137,800 yuan). 2. The litigation fee and other legal costs shall be borne by Hongxinglong.

On July 29, 2020, Hongxinglong filed a counterclaim with the first-instance court, requesting the court: 1. To confirm the validity of the cancellation of the construction contract between Hongxinglong and Zhishengda in accordance with the law. 2. To rule that the Zhishengda should pay Hongxinglong liquidated damages of 1,003,200 yuan, of which liquidated damages for overdue completion of the project of 253,200 yuan, repair costs for unqualified project quality of about 240,000 yuan (the specific amount is to be determined by a third party), liquidated damages for project manager's absence from the construction site without permission of 500,000 yuan, liquidated damages for the migrant worker's collective petitions of 10,000 yuan. 3. The counterclaim fee and appraisal fee shall be borne by Zhishengda Company.

On March 16, 2021, the third-party appraisal agency applied by Zhishengda Company conducted an on-site survey and conducted on-site appraisal for the engineering quantities.

The appraisal agency (Heilongjiang Yage Construction Engineering Management Consulting Co., Ltd., now renamed into Zhongyun Project Management Co., Ltd.) appraised the cost of project restoration. On September 22,

Hongxinglong paid 20,000 yuan for the appraisal. On April 29, 2021, Hongxinglong Company applied for a third-party appraisal agency to conduct on-site inspection. On May 27, 2021, the third-party appraisal agency (Harbin Gongda Construction Engineering Judicial Appraisal Consulting Co., Ltd.) conducted on-site appraisal of the engineering quantities. Hongxingda paid an appraisal fee of 20,000 yuan. On July 22, 2021, Zhishengda Company reapplied to a third-party appraisal agency for on-site appraisal.

On October 27, 2021, the appraisal agency, Zhongyun Project Management Co., Ltd., came to the site for appraisal.

On March 9, 2022, the first-instance trial was held, and the lawyers of both parties conducted cross-examination. But the third-party appraiser did not appear in court due to the impact of the pandemic, so it was planned to choose another day for the trial.

On March 31, 2022, Hongxinglong Company submitted an “Application for Change of Litigation Request” to the court, requesting that the second paragraph of the second clause of the applicant’s counterclaim be changed to “976,722.63 yuan (incurred repair costs)+438,143.84 yuan (the continued repair cost identified by Zhongyun Project Management Co., Ltd.), with a total repair cost of 1,414,866.47 yuan.”, requesting the court to judge Zhishengda Company shall pay the following to Hongxinglong Company: 1 a total of 763,200.00 yuan as liquidated damages (including: 1) 253,200.00 yuan as liquidated damages for overdue completion of the project; 2) a fine of 500,000 yuan as the project manager left the construction site without permission; 3) a penalty of 10,000 yuan for collective petitions by migrant workers; 2. 976,700 yuan (incurred repair costs) + 438,100 yuan (continued repair costs identified by Zhongyun Project Management Co., Ltd.) for the repair of substandard engineering quality, totaling 1,414,800 million yuan. The above two items amounted to 2.178 million yuan, and the counterclaim fee and appraisal fee shall be borne by Zhishengda Company.

On May 19, 2022, Zhishengda Company submitted a “Clear Litigation Request Application”, which stated that the litigation request was: 1) Hongxinglong shall pay 2.3621 million yuan for the project and inventory materials, and the interest shall be calculated from June 1, 2020 at four times the loan interest rate published by the National Interbank Funding Center until the project payment is fully paid. 2) Requesting the People’s Court to rule that Hongxinglong Company shall pay compensation of Zhishengda Company for losses of 4,234,900 yuan (including □ loss of road interests of 606,900 yuan; □ loss of equipment rent of 1,633,000 yuan; □ loss of wages of technical personnel and management personnel of 197,500 yuan; □ bidding cost of 20,000 yuan). 3) Hongxinglong Company shall pay a monthly compensation of 79,500 yuan for losses of Zhishengda starting from June 1, 2022, until the project manager and others involved in the case are released from the record. The aforesaid three items amounted to 6.6765 million yuan. 4) The case acceptance fee and appraisal fee of 58,000 yuan shall be borne by Hongxinglong.

(8) Construction project subcontracting dispute case of Xu Anwu versus Dongguan Shenliang Logistics Co., Ltd., Gansu Installation and Construction Group Co., Ltd., Guangdong Dianbai Construction Group Co., Ltd., and Xu Jianqiang

On March 17, 2021, the plaintiff Xu Anwu sued Dongguan Shenliang Logistics Co., Ltd., Gansu Installation and

Construction Group Co., Ltd., Guangdong Dianbai Construction Group Co., Ltd., and Xu Jianqiang as defendants to the First People’s Court of Dongguan, requesting: 1. The four defendants to immediately pay the plaintiff the construction cost of 10.445 million yuan; 2. The four defendants to bear the litigation costs in this case.

On May 19, 2021, Gansu Installation and Construction Group Co., Ltd. filed a counterclaim with Xu Anwu as the counterclaim defendant, requesting: 1. Xu Anwu to immediately return the overpaid 2,567,000 yuan to Gansu Installation and Construction Group Co., Ltd.; 2. Xu Anwu to bear all litigation costs.

The first instance of this case was heard on July 14, 2021. On April 22, 2022, the First People’s Court of Dongguan City, Guangdong Province issued a judgment rejecting all the plaintiff’s litigation claims against Dongguan Shenliang Logistics Co., Ltd..

Gansu Installation and Construction Group Co., Ltd. appealed to the Intermediate People’s Court of Dongguan City, Guangdong Province.

On September 22, 2022, the Intermediate People’s Court of Dongguan City, Guangdong Province issued a final judgment rejecting all the litigation claims of the plaintiff Xu Anwu against Dongguan Shenliang Logistics Co., Ltd..

(9) Disputes over sales contract between Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd.,

On September 7, 2021, the plaintiff Hangzhou Ju Fang Yong Holdings Co., Ltd. sued Hangzhou Ju Fang Yong Trading Co., Ltd. as the defendant to the Hangzhou Binjiang District People’s Court, requesting to order: 1. The defendant to immediately pay the payment of 2,816,300.00 yuan; 2. The defendant to bear the litigation costs in this case.

On October 29, 2021, Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd. reached a pre-litigation mediation, and Hangzhou Ju Fang Yong Trading Co., Ltd. paid 2.816 million yuan to Hangzhou Ju Fang Yong Holdings Co., Ltd., and paid off before November 30, 2021.

On December 8, 2021, Hangzhou Binjiang District People’s Court issued a civil ruling paper, ruling that the mediation agreement reached by Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd. on October 29, 2021 is valid, and the parties shall consciously perform their obligations in accordance with the provisions of the mediation agreement. If one party refuses to perform or fails to perform all of its obligations, the other party can apply to the people’s court for enforcement.

On December 29, 2021, Hangzhou Binjiang District People’s Court accepted the enforcement application of Hangzhou Ju Fang Yong Holdings Co., Ltd.

On March 4, 2022, Hangzhou Ju Fang Yong Holdings Co., Ltd. submitted an application for “transfer of enforcement to bankruptcy” to Hangzhou Intermediate People’s Court.

On August 19, 2022, the court ruled to accept the bankruptcy liquidation application of Ju Fang Yong Holdings for Ju Fang Yong Trading. On September 27, 2022, Ju Fang Yong Trading transferred the seal, account books and

other materials to the bankruptcy liquidation administrator. On October 21, 2022, the manager held the first creditors' meeting.

(10) Disputes over private lending between Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. and Shenzhen Shichumingmen Catering Management Co., Ltd.

On May 31, 2021, the plaintiff Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. filed a lawsuit with Shenzhen Nanshan District People's Court against Shenzhen Shichumingmen Catering Management Co., Ltd. as the defendant, requesting to order: 1. The defendant to return the principal of 1,183,000 yuan borrowed from the plaintiff; 2. The defendant to pay the interest on borrowings of 171,300 yuan to the plaintiff; 3. The defendant to bear the litigation costs in this case.

On December 1, 2021, the court made a judgment in support of all the claims of Shenzhen Shenshenbao Tea Culture Company.

On January 20, 2022, Nanshan Court accepted the enforcement application of Shenzhen Shenshenbao Tea Culture Company.

On April 27, 2022, Nanshan District People's Court made a ruling: to terminate this execution procedure. If the applicant for enforcement discovers that the person subjected to enforcement has property available for enforcement, they may apply for resumption of enforcement.

On May 18, 2022, Shenzhen Shenshenbao Tea Culture Company applied to the court for bankruptcy liquidation.

On August 15, 2022, the Shenzhen Intermediate People's Court made a decision to appoint Guangdong Guanghe Law Firm as the administrator for bankruptcy liquidation.

On September 9, 2022, Shenzhen Shenshenbao Tea Culture Company declared its creditor's rights to the administrator.

On November 8, 2022, the administrator held the first creditors' meeting.

On December 12, 2022, the Shenzhen Intermediate Court made a ruling declaring Shenzhen Shichumingmen Catering Management Co., Ltd. bankrupt and ending the bankruptcy proceedings.

On March 6, 2023, the bankruptcy administrator canceled Shenzhen Shichumingmen Catering Management Co., Ltd.

(11) Disputes over special operating contract between Shanghai Baoyan Catering Co., Ltd. and Hangzhou Fuhaitang Catering Management Chain Co., Ltd.

On July 22, 2021, the plaintiff Shanghai Baoyan Catering Co., Ltd. filed a lawsuit with Hangzhou Binjiang District People's Court against Hangzhou Fuhaitang Catering Management Chain Co., Ltd. as the defendant, requesting: 1. To cancel the Regional Agency Authorized Operating Agreement signed by the plaintiff and the defendant; 2. The defendant to return the regional agency cooperation fee of 1,880,000 yuan and the cooperation deposit of 80,000 yuan to the plaintiff, a total of 1,960,000 yuan; 3. The defendant to pay the liquidated damages

of 100,000 yuan to the plaintiff; 4. The defendant to pay the attorney fee of 50,000 yuan to the plaintiff; 5. The defendant to bear the litigation fee in this case. The Hangzhou Binjiang District People's Court issued a subpoena on February 11, 2022, confirming that the case number was (2021) Zhe 0108 Min Chu No. 5890, and the court date set for March 17, 2022.

On May 18, 2022, Hangzhou Binjiang District Court made a judgment of first instance that Hangzhou Fuhaitang Catering Management Chain Co., Ltd. shall returned the agency cooperation price of 880,000 yuan to Shanghai Baoyan Catering Co., Ltd. and bear legal costs of 12,600 yuan; Shanghai Baoyan shall bear the legal costs of RMB 13,100. Both Fuhaitang Catering and Shanghai Baoyan refused to obey and appealed to Hangzhou Intermediate Court.

On September 6, 2022, Hangzhou Intermediate People's Court held a trial on this case.

On November 17, 2022, the court made a judgment: Fuhaitang Catering shall return agency cooperation and deposit of 960,000 yuan to Shanghai Baoyan.

Shanghai Baoyan applied to Hangzhou Binjiang District Court for enforcement. On February 16, 2023, Hangzhou Binjiang District Court notified Fuhaitang Catering to declare its property, and Fuhaitang Catering had declared its property as required by the court.

(12) Sales contract disputes between Shuangyashan Shenliang Grain Base Co., Ltd. and Shanghai Zexi Industrial Co., Ltd.

On October 18, 2021, the plaintiff Shuangyashan Shenliang Grain Base Co., Ltd. filed a lawsuit with the Shanghai Putuo District People's Court with Shanghai Zexi Industrial Co., Ltd. as the defendant, requesting: 1. The defendant to immediately issue and deliver a special VAT invoice amounting 25.2 million yuan for the payment of goods to the plaintiff; if the defendant cannot issue the invoice, it shall need to compensate the plaintiff for the tax deduction loss of 2,899,100 yuan; 2. The defendant to compensate the plaintiff for the failure of the defendant to issue invoices, resulting in the plaintiff paying a late fee of 137,400 yuan to the tax bureau; 3. The defendant to compensate the plaintiff for travel expenses loss of 10,900 yuan; 4. The defendant to bear the litigation costs of this case. A court date has not yet been set.

Shanghai Zexi Industrial Co., Ltd. filed an objection to jurisdiction. On January 17, 2022, Shanghai Putuo District People's Court made a civil judgment([2021] H 0107 MCH No. 31846): The objection to jurisdiction raised was rejected. Shanghai Zexi refused to accept the judgment and appealed to Shanghai No. Intermediate People's Court. On March 22, 2022, Shanghai No.2 Intermediate People's Court made a civil judgment ([2022] H 02 MXZ No. 176): The appeal was rejected and the original judgment was upheld.

Shanghai Zexi has paid the tax loss of 3.06 million to Shuangyashan Shenliang Grain Base Co., Ltd. in May and September 2022 in the form of deposits. On July 15, 2022, Shuangyashan applied to Shanghai Putuo District People's Court for withdrawal of the lawsuit. On August 2, 2022, Shanghai Putuo District People's Court made a judgment that Shuangyashan was allowed to withdraw the lawsuit.

(13) Sales contract disputes between Shuangyashan Shenliang Grain Base Co., Ltd. (hereinafter referred to as "Shuangyashan Company") and Tongliao Fada Grain Purchase and Storage Co., Ltd.

On November 26, 2021, the plaintiff Tongliao Fada Grain Purchase and Storage Co., Ltd. filed a lawsuit with Keerqin District People's Court of Tongliao City, Inner Mongolia Autonomous Region, with Shuangyashan Company as the defendant, requesting: 1. To cancel the six purchase contracts signed with Shuangyashan Company; 2. Shuangyashan Company to return the corn purchase payment of 25.2 million yuan; 3. Shuangyashan Company to pay the interest on occupation of funds of 4,713,600 yuan (tentatively until November 1, 2021); 4. Shuangyashan Company to bear the litigation costs of this case.

Shuangyashan Company filed an objection to jurisdiction with Keerqin District People's Court of Tongliao City, Inner Mongolia Autonomous Region. On March 24, 2022, Keerqin District People's Court of Tongliao City, Inner Mongolia Autonomous Region made a ruling that Shuangyashan Company's objection to jurisdiction was established, and the case was transferred to the People's Court of Baoqing County, Shuangyashan City, Heilongjiang Province. On April 1, 2022, Tongliao Fada Grain Purchase and Storage Co., Ltd. filed an appeal with Tongliao Intermediate People's Court, requesting to revoke the ruling on the objection to jurisdiction. This case was heard in court on February 20, 2023. As of the approval date of the financial report, the court has not yet made a ruling.

(14) Project construction contract disputes between Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. and Wuhan Jiacheng Biological Products Co., Ltd.

1) On January 10, 2022, the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. filed a lawsuit with Jiangxia District People's Court of Wuhan City against Wuhan Jiacheng Biological Products Co., Ltd. as the defendant, requesting: 1. The defendant to immediately pay the project money of 4,421,900 yuan owed to the plaintiff ; 2. The defendant to pay liquidated damages (based on the arrears of the project payment of 4,421,900 yuan), and calculated at an annual interest rate of 15.4% from October 10, 2019 to the date of payment, and temporarily calculated to be 1,514,900 yuan until December 30, 2021) for the delayed payment of the project payment to the plaintiff. The above two items add up to 5,936,800 yuan. 3. The defendant to bear all expenses of the case, including litigation fee, appraisal fee, and preservation fee.

The plaintiff applied for property preservation (the preservation amount was more than 5.9 million yuan), and the Jiangxia District Court ruled to freeze all bank accounts of Wuhan Jiacheng Biological Products Co., Ltd.

The Jiangxia District People's Court of Wuhan City set the court date as February 28, 2022, and the case number is (2022) E 0115 MCHNo. 182.

2) On February 25, 2022, the counterclaim plaintiff Wuhan Jiacheng Biological Products Co., Ltd. filed a counterclaim against Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. as the counterclaim defendant, requesting: 1. To confirm that the Hubei Province Construction Project Contract, with the project cost of 25,965,100 yuan, signed by the plaintiff and the defendant on July 4, 2017 for the Jiacheng Bio-Industrial Park Construction Project (Phase I) is invalid; 2. To order the defendant of the counterclaim to submit the complete completion data and completion report to the plaintiff of the counterclaim and assist in handling the completion acceptance of the project and the relevant procedures for archiving and filing the engineering data in the urban construction archives; 3. To compensate for the losses (from April 1, 2018 to October 25, 2019, calculated at 1,000 yuan per day; from October 26, 2019 to the date of acceptance and delivery of project, with 21,543,200 yuan as the base, calculated according to the quoted interest rate of the loan market for the same period announced by the National Interbank Funding Center, and it's about 2.3 million yuan calculated to the date of indictment) caused to the plaintiff due to the delayed delivery of the Wuhan Jiacheng Bio-Industrial Park Construction Project (Phase I); 4. To bear the litigation fees, preservation fees and other expenses for the counterclaim.

On July 6, 2022, Wuhan Jiangxia District People's Court made a judgment:

- (1) Defendant Wuhan Jiacheng Biological Products Co., Ltd. shall pay 4,421,900 yuan to the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. within ten days after the judgment takes effect;
- (2) Defendant Wuhan Jiacheng shall pay the liquidated damages to the plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. (based on 4,421,900 yuan, according to 1.3 times of LPR, from September 19, 2020 to the fulfillment of performance) within 10 days after the judgment takes effect;
- (3) Plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall have the priority to receive compensation for the discount or auction price of the above projects undertaken by it within the scope of Items 1 and 2 of the aforesaid judgment;
- (4) Counterclaim defendant Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall submit complete completion materials and completion report to the counterclaim plaintiff Wuhan Jiacheng within 10 days after the judgment takes effect, and assist in handling relevant filing procedures of project completion acceptance and engineering materials in the urban construction archives;
- (5) Reject other claims of plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd.;
- (6) Reject other claims of counterclaim plaintiff Wuhan Jiacheng.

If the payment obligation is not performed within the period specified in the judgment, the interest on the debt during the delay in performance shall be double paid in accordance with Article 260 of the Civil Procedure Law of the People's Republic of China.

The case acceptance fee is 53,400 yuan, the counterclaim acceptance fee is 12,600 yuan, and the preservation fee is 5,000 yuan, totaling 71,000 yuan. The plaintiff Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall bear 2,000 yuan, and the defendant Wuhan Jiacheng shall bear 69,000 yuan.

On July 16, 2022, Wuhan Jiacheng appealed to Wuhan Intermediate People's Court. The case went to trial on January 12, 2023. On January 18, 2023, Hubei Wuhan Intermediate People's Court made a judgment: the appeal was rejected and the original judgment was upheld. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. has applied for enforcement.

On February 21, 2023, Hubei Wuhan Jiangxia District People's Court made a judgment to freeze or withhold the bank deposits of 6.00 million yuan of Wuhan Jiacheng subject to enforcement, or to seal up, seize, freeze, auction and sell other assets of the same amount. The judgment shall be enforced immediately.

On February 21, 2023, the court issued a property report order to Wuhan Jiacheng.

On March 8, 2023, Wuhan Jiacheng applied for compulsory execution of the fourth item in the judgment of the Jiangxia District People's Court of Wuhan City. The Jiangxia District People's Court filed the case for acceptance([2023]E0115No.1719) on March 16, 2023. Application for enforcement matters is as follows:

1. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall submit complete completion documents and completion reports to the applicant, and assist in handling the relevant procedures for project completion acceptance and engineering data archiving and filing in the urban construction archives;
2. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall compensate Wuhan Jiacheng twice for the losses caused (loss calculation method: based on the total construction area, the rent shall be calculated at 20.00 yuan per square meter per month, from the date when the party subjected to enforcement should fulfill their obligations to the actual date of performance; the daily single loss is 10,396.00 yuan (15,594 square meters) \times 20.00 yuan \div 30 days);
3. As the effective judgment determines that both Wuhan Jiacheng and Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. should fulfill their obligations simultaneously, and the period for fulfilling the obligations has already expired, in accordance with the principles of good faith and fairness, Wuhan Jiacheng shall pay the project funds and liquidated damages that should be paid to Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. to the court's account. In case Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. fails to fully fulfill the fourth obligation of the effective judgment, the court shall not distribute the project funds to the party subject to enforcement so as to ensure that both parties will fulfill their obligations simultaneously;
4. If Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. delays fulfilling the fourth obligation of the effective judgment, Wuhan Jiacheng requests the court to entrust a third party to perform on behalf and the expenses incurred by the third party in performing the obligation and the double compensation to be paid by Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. for the losses caused to Wuhan Jiacheng shall be deducted from the project payment paid by the applicant for enforcement;
5. Wuhan Jiangxia Yijian Construction Engineering Co., Ltd. shall bear the enforcement fees for this case.

On March 30, 2023, Wuhan Jiacheng applied for retrial. On April 6, 2023, the Higher People's Court of Hubei

Province accepted the retrial application.

(15) Disputes over loan contract between Changzhou Shenbao Chacang E-business (hereinafter referred to as “Changzhou Company”) and Shenzhen Agricultural Products Financing Guarantee Co., Ltd. (hereinafter referred to as “Agricultural Products Guarantee Company”)

On July 15, 2016, the Agricultural Products Guarantee Company submitted a Civil Complaint to Shenzhen Futian District People’s Court, requesting to order: 1. Changzhou Company to repay the loan principal of 5,000,000.00 yuan and the interest of 390,000 yuan, and the penalty interest of 3,200,300 yuan (The penalty interest is temporarily calculated until June 30, 2016, and actually calculated to the date when the loan is fully paid); 2. Changzhou Company to pay compensation of 100,000.00 yuan (5,000,000 yuan × 2%); totaling 8,690,200 yuan; 3. Shenzhen Shenbao Industrial Co., Ltd. (now renamed into “Shenzhen Cereals Holdings Co., Ltd.”, hereinafter referred to as “SZCH”) to be jointly and severally liable for the loan of 5,000,000.00 yuan.

Shenzhen Futian District People’s Court issued a first-instance judgment on May 31, 2017, ruling that Changzhou Company should repay the loan principal of 5 million yuan and interest of 353,900 yuan, and interest penalty (interest penalty is based on 5 million yuan as the principal, calculated from September 7, 2013 to the date of actual repayment at an annual rate of 21.6% within ten(10) days after the judgement came into effect. If the repayment is made in installments, the interest of corresponding part will be calculated to the date of each repayment) to the plaintiff Agricultural Products Guarantee Company within 10 days from the effective date of the judgment, and Changzhou Company shall bear the lawyer’s fee of 71,900 yuan and the preservation fee of 5,000 yuan; the judgment rejected the request of the Agricultural Products Guarantee Company’s request Shenbao Company to bear joint and several liability.

Agricultural Products Guarantee Company refused to accept the first-instance judgment and filed an appeal to the Shenzhen Intermediate People’s Court. On May 10, 2019, the Shenzhen Intermediate People’s Court served the civil judgment (final judgment), and the Shenzhen Intermediate Court made some changes to the first-instance judgment, ruling that SZCH shall be jointly and severally liable for the debts of Changzhou Company within the range of 3.5 million yuan; SZCH has the right to recover from Changzhou Company after paying off the debts on its behalf.

In May 2021, Agricultural Products Guarantee Company applied to Futian District Court of the first instance for compulsory execution of 5,193,400 yuan. According to the request of the court, Changzhou Company declared the property status to the court. Agricultural Products Guarantee Company reached a voluntary settlement with Changzhou Company and SZCH. On September 29, 2021, the Agricultural Products Guarantee Company submitted an application to the Futian Court for consent to the settlement and termination of execution. On October 20, 2021, Futian Court issued an enforcement ruling to terminate the enforcement of the case.

(16) Housing lease contract dispute case in which Hangzhou Xiaoshan International Airport Co., Ltd. sued Hangzhou Ju Fang Yong Holdings Co., Ltd. and Hangzhou Ju Fang Yong Trading Co., Ltd.

On December 1, 2021, Hangzhou Xiaoshan International Airport Co., Ltd. filed a lawsuit with Hangzhou Xiaoshan District People's Court with Ju Fang Yong Holding and Ju Fang Yong Trading as defendants, requesting the following judgment: 1) The two defendants shall pay the outstanding payment of 62,500 yuan; 2) Ju Fang Yong Holdings shall pay 265,300 yuan as overdue liquidated damages (tentatively to December 31, 2021); 3) Ju Fang Yong Holdings shall pay liquidated damages for breach of contract of 1,372,500 yuan; 4) Ju Fang Yong Holdings shall pay the house occupancy fee of 362,400 yuan; 5) Ju Fang Yong Holdings shall pay the rent difference loss of 50,200 yuan to the plaintiff; 6) The two defendants shall bear the legal costs and preservation costs of the case. (The total amount from Items 1 to 5 is 2,112,900 yuan)

On April 13, 2022, Ju Fang Yong Holdings filed a counterclaim, requesting: 1) Hangzhou Xiaoshan International Airport Co., Ltd. shall refund the performance bond of 457,500 yuan in full amount; 2) Hangzhou Xiaoshan International Airport Co., Ltd. shall pay liquidated damages of 457,500 yuan; 3) The legal costs of this case shall be borne by Hangzhou Xiaoshan International Airport Co., Ltd. (The total amount of Item 1 and Item 2 is 915,000 yuan)

On April 28, 2022, Hangzhou Xiaoshan District People's Court held a trial on the case.

On October 11, 2022, Hangzhou Xiaoshan District People's Court made a judgment of first instance: Hangzhou Xiaoshan International Airport Co., Ltd. shall pay 198,300 yuan to Ju Fang Yong Holdings.

On October 24, 2022, Ju Fang Yong Holdings filed an appeal.

On December 27, 2022, Hangzhou Intermediate People's Court made a final judgment: Hangzhou Xiaoshan International Airport Co., Ltd. shall pay 381,100 yuan to Ju Fang Yong Holdings.

On January 18, 2023, Hangzhou Xiaoshan International Airport Co., Ltd. paid 381,100 yuan to Ju Fang Yong Holdings in accordance with the judgment.

(17) Lease contract dispute case in which Shenzhen Yanxin Industrial Co., Ltd. sued SZCG

On April 12, 2022, the plaintiff Shenzhen Yanxin Industrial Co., Ltd. filed a lawsuit with Shenzhen Longgang District People's Court with SZCG as the defendant, requesting: The defendant shall pay the following amount to the plaintiff, totaling 1,583,800 yuan. 1) To compensate the plaintiff for the house renovation fee: 1,263,800 yuan (including firefighting construction fee: 1,840,000 yuan, purchase fee of firefighting equipment: 900,000 yuan (buildings 1-6), and decoration construction fee: 3,062,000 yuan). 2) To compensate the plaintiff for the maintenance of water and electricity facilities: 120,000 yuan (180,000 yuan per year for the maintenance of three buildings); 3) To compensate the plaintiff for changing the housing property from industrial to commercial: 200,000 yuan; 4) The legal costs of the case shall be borne by the defendant.

Guangdong Shenzhen Longgang District People's Court held a trial on this case on November 1, 2022, and has not made a judgment yet as of the financial report approval date.

(18) Loan contract dispute case in which Wuhan Jiacheng sued Wuhan Xinzhiquan Industrial Co., Ltd. and Wuhan Chensheng Mining Investment Co., Ltd.

Wuhan Jiacheng filed a lawsuit with Hubei Wuhan Qingshan District People's Court with Wuhan Xinzhiquan Industrial Co., Ltd. and Wuhan Chensheng Mining Investment Co., Ltd. as the defendants, requesting: 1) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall repay the loan of 5.00 million yuan; 2) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall pay the interest calculated at the annual interest rate of 24% from August 29, 2014 to the date when the principal is paid off; 3) Defendant Wuhan Chensheng Mining Investment Co., Ltd. shall be jointly and severally liable for the above debts of defendant Wuhan Xinzhiquan Industrial Co., Ltd.; 4) The defendants shall bear the legal costs of the case.

On May 30, 2019, Hubei Wuhan Qingshan District People's Court made the judgment ([2019] E 0107 MCH No. 104): 1) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall repay the loan of 5.00 million yuan to the plaintiff Wuhan Jiacheng within ten (10) days after the judgment takes effect; 2) Defendant Wuhan Xinzhiquan Industrial Co., Ltd. shall pay the interest to the plaintiff Wuhan Jiacheng within ten (10) days after the judgment takes effect (based on the unpaid amount, the interest shall be calculated from August 29, 2014 at the annual rate of 24%, until the date of actual repayment); 3) Defendant Wuhan Chensheng Mining Investment Co., Ltd. shall be jointly and severally liable for the repayment of Item (1) and (2), and shall have the right to recover the liability from the defendant Wuhan Xinzhiquan Industrial Co., Ltd. after assuming the liability.

Wuhan Jiacheng applied to Wuhan Qingshan District People's Court for enforcement. On June 4, 2020, since the company subject to enforcement had no property for enforcement for the time being, Wuhan Qingshan District People's Court made the enforcement judgment ([2019]E0107ZNo.2117) enforcement judgment to terminate the enforcement procedure.

According to the equity acquisition agreement, the original shareholders have the obligation to assist Wuhan Jiacheng in actively recovering the loan of 5.00 million yuan from Wuhan Xinzhiquan Industrial Co., Ltd. The outstanding loan shall be jointly supplemented by the original shareholders.

(19) Liability dispute case in which Wuhan Jiacheng sued shareholders Chen Wei, Tian Xinhua, Yu Yong and Chen Xin for impairing the interests creditors of the company

According to the civil judgement ([2019]E0107MCHNo.104), Wuhan Xinzhiquan Industrial Co., Ltd. owed debts to Wuhan Jiacheng. Wuhan Jiacheng applied to Wuhan Qingshan District People's Court for enforcement on the basis of the civil judgment. Wuhan Qingshan District People's Court made a judgment to terminate the enforcement procedure since Wuhan Xinzhiquan Industrial Co., Ltd. had no property for enforcement.

The court ascertained that the actual contributor of Wuhan Xinzhiquan Industrial Co., Ltd. was Wuhan Pengling, in which Chen Wei, Yu Yong and Chen Xin were dummy shareholders and Tian Xinhua was fake shareholder. The shareholders of Wuhan Xinzhiquan Industrial Co., Ltd. failed to fulfill their contribution obligations of 9.3 million yuan.

With Chen Wei, Tian Xinhua, Yu Yong and Chen Xin as defendants, Wuhan Jiacheng filed a lawsuit with Wuhan Qingshan District People's Court, requesting: 1) Defendants Chen Wei, Tian Xinhua shall be jointly and severally liable for the supplementary compensation for debts of Wuhan Xinzhiquan Industrial Co., Ltd. to the plaintiff

determined in civil judgment([2019]E0107MCHNo.104) made by Wuhan Qingshan People's Court (based on the principal 5.00 million yuan, the interest shall be calculated at the annual rate of 24% from August 29, 2014 until the actual repayment date) within the scope of principal and interest of 9.3 million yuan not contributed; 2) Defendants Yu Yong and Chen Xin shall be jointly and severally liable for the above supplementary compensation liability of Tian Xinhua; 3) The defendants shall bear the legal costs of the case.

In 2020, Wuhan Qingshan District People's Court made the judgement ([2020]E0107 MCHNo. 3458): I. Defendant Chen Wei shall, within 10 days from the effective date of the judgment, bear the supplementary compensation liability to the plaintiff Wuhan Jiacheng for the debt of Wuhan Xinzhiquan Industrial Co., Ltd. determined in civil judgment ([2019]E0107MCHNo.104) made by Wuhan Qingshan District People's Court within the scope of principal and interest of 4.00 million yuan not contributed; II. Defendant Chen Xin shall, within 10 days from the effective date of the judgment, bear joint and several liability to the plaintiff Wuhan Jiacheng for the debts of Wuhan Xinzhiquan Industrial Co., Ltd. determined in civil judgment ([2019]E0107MCH No.104) made by Wuhan Qingshan District People's Court within the scope of principal and interest of 5.3 million yuan not contributed by the actual contributor Wuhan Pengling Group Co., Ltd. III. Other claims of the plaintiff Wuhan Jiacheng are rejected.

After the judgment took effect, Wuhan Jiacheng applied to Wuhan Qingshan District People's Court for enforcement.

On September 14, 2022, Wuhan Qingshan District People's Court made the judgement ([2022] E 0107 Z No. 1287) to auction and sell off the houses under the name of Chen Xin subject to enforcement.

On November 1, 2022, Chen Xin's shops in Huangpi has been auctioned for 855,600 yuan; On March 21, 2023. The parking lot located in the first phase of Rongke Tiancheng in Jiang'an District was auctioned for 278,000 yuan; On April 14, 2023, the parking lot located in the second phase of Rongke Tiancheng in Jiang'an District was auctioned for 239,300 yuan. On January 4, 2023, Chen Xin's ex-husband, Yuan Ding, applied to the Qingshan District People's Court to require 50% of the auction funds on the grounds that the shop located in Huangpi and the parking lot located in second phase of Rongke Tiancheng were jointly owned after marriage. Due to objections raised by Wuhan Jiacheng, the court has not yet disbursed the auction funds. The judge stated that according to the practice of Qingshan District People's Court, they would agree to the application of Chen Xin's ex-husband. In addition, auction proceedings against Chen Wei's property have been initiated and the creditors have now applied to resume enforcement.

(2) If the Company has no important contingency need to disclosed, explain reasons

The Company has no important contingency that need to disclose.

3. Other

XV. Events after balance sheet date

1. Important non-adjustment matters

Unit: RMB/CNY

Item	Content	Impact on financial status and operation results	Reasons of fails to estimate the impact
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2. Profit distribution

Unit: RMB/CNY

Profit or dividend to be distributed	According to the resolution of 27 th meeting of the 10 th session of the BOD, the profit distribution plan for year of 2022 is: Based on total share capital of 1,152,535,254 on Dec. 31, 2022, distribute cash dividend of 2.5 yuan (tax inclusive) for every 10 shares to all shareholders with zero share bonus (tax inclusive), and no capital share converted from capital reserve, a total of 288,133,813.50 yuan cash are distributed.
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3. Sales return

4. Other events after balance sheet date

XVI. Other important events

1. Previous accounting errors correction

(1) Retrospective restatement

Unit: RMB/CNY

Content of accounting error correction	Procedures	Items impact during vary comparative period	Accumulated impact
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(2) Prospective application

Content of accounting error correction	Approval procedure	Reasons for adopting the prospective applicable method
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2. Debt restructuring

3. Assets exchange

(1) Exchange of non-monetary assets

(2) Other assets exchange

4. Pension plan

5. Discontinuing operation

Unit: RMB/CNY

Item	Revenue	Expenses	Total profit	Income tax expenses	Net profit	Profit of discontinuing operation attributable to owners of parent company
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Other explanation

6. Segment

(1) Recognition basis and accounting policy for reportable segment

(2) Financial information for reportable segment

Unit: RMB/CNY

Item		Offset between segments	Total

(3) Explain reasons in case the Company has no segments, or is unable to disclose total assets and liabilities of segments

(4) Other explanation

7. Other major transaction and events makes influence on investor's decision

8. Other

XVII. Notes to main items of financial statements of parent company

1. Account receivable

(1) Account receivable classified by category

Unit: RMB/CNY

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	28,453.08	0.03%	28,453.08	100.00%		28,453.08	0.02%	28,453.08	100.00%	
Including:										
Account receivable with bad debt provision accrual on portfolio	87,199,110.87	99.97%	4,932.03	0.01%	87,194,178.84	135,682,852.60	99.98%	4,426.30	0.01%	135,678,426.30
Including:										
Portfolio of sales receivable	59,425.60	0.07%	4,932.03	8.30%	54,493.57	8,852.60	0.01%	4,426.30	50.00%	4,426.30
Object-specific portfolio	87,139,685.27	99.90%			87,139,685.27	135,674,000.00	99.97%			135,674,000.00
Total	87,227,563.95	100.00%	33,385.11		87,194,178.84	135,711,305.68	100.00%	32,879.38		135,678,426.30

Accrual of bad debt provision on single item: 28,453.08

Unit: RMB/CNY

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Other accrual on single basis	28,453.08	28,453.08	100.00%	Extremely low possibility of recovery
Total	28,453.08	28,453.08	--	--

Accrual of bad debt provision on portfolio: 33,385.11 yuan

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Portfolio of sales receivable	59,425.60	4,932.03	8.30%
Object-specific portfolio	87,139,685.27		
Total	87,199,110.87	4,932.03	

Explanation on the basis to determine such portfolio:

Accrual of bad debt provision on portfolio:

Unit: RMB/CNY

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on the basis to determine such portfolio:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year(including one year)	87,190,258.27
Over 3 years	37,305.68
4-5 years	8,852.60
Over 5 years	28,453.08
Total	87,227,563.95

(2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Other accrual on single basis	28,453.08					28,453.08
Portfolio of sales receivable	4,426.30	505.73				4,932.03
Total	32,879.38	505.73				33,385.11

Including major amount bad debt provision collected or reversal in the period:

Unit: RMB/CNY

Enterprise	Amount collected or reversal	Collection way
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(3) Account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
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Including major account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Cause of written-off	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on account receivable written-off:

(4) Top 5 accounts receivable at ending balance by arrears party

Unit: RMB/CNY

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance (%)	Ending balance of bad debt reserve
Total			

(5) Amount of assets and liabilities formed by transferring of account receivable and continuing to be involved

Other explanation:

(6) Accounts receivable derecognized due to the transfer of financial assets

2. Other account receivable

Unit: RMB/CNY

Item	Ending balance	Opening balance
Dividend receivable		540,000,000.00
Other account receivable	1,560,888,393.94	443,939,717.84
Total	1,560,888,393.94	983,939,717.84

(1) Interest receivable

1) By category

Unit: RMB/CNY

Item	Ending balance	Opening balance
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2) Important overdue interest

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
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Other explanation:

3) Accrual of bad debt provision

Applicable Not applicable

(2) Dividend receivable

1) By category

Unit: RMB/CNY

Item (or the invested entity)	Ending balance	Opening balance
SZCG		540,000,000.00
Total		540,000,000.00

2) Important dividend receivable with account age over one year

Unit: RMB/CNY

Item (or the invested entity)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis

3) Accrual of bad debt provision

Applicable Not applicable

Other explanation:

(3) Other account receivable

1) By nature

Unit: RMB/CNY

Nature	Ending book balance	Opening book balance
Margin and deposit	1,054,999.00	168,234.34
Other intercourse funds	1,587,678,288.68	471,616,218.54
Total	1,588,733,287.68	471,784,452.88

2) Accrual of bad debt provision

Unit: RMB/CNY

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12	Expected credit losses for the entire duration	Expected credit losses for the entire duration (with	

	months	(without credit impairment occurred)	credit impairment occurred)	
Balance on Jan. 1, 2022	213,468.15		27,631,266.89	27,844,735.04
Balance on Jan. 1, 2022 in the period				
Current accrual	158.70			158.70
Balance on 31 Dec. 2022	213,626.85		27,631,266.89	27,844,893.74

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

Applicable Not applicable

By account age

Unit: RMB/CNY

Account age	Book balance
Within one year(including one year)	1,563,188,883.33
2-3 years	49,999.00
Over 3 years	25,494,405.35
4-5 years	436,664.33
Over 5 years	25,057,741.02
Total	1,588,733,287.68

3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

Unit: RMB/CNY

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Accrual of bad debt provision on single item	27,631,266.89					27,631,266.89
Accrual of bad debt provision on portfolio	213,468.15	158.70				213,626.85
Total	27,844,735.04	158.70				27,844,893.74

Including bad debt provision reversed or collected in the period with major amount:

Unit: RMB/CNY

Enterprise	Amount reversal or collected	Collection way

4) Other account receivable actually written-off in the period

Unit: RMB/CNY

Item	Amount written-off
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Including important other account receivable written-off:

Unit: RMB/CNY

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on other account receivable written-off:

5) Top 5 other receivables at ending balance by arrears party

Unit: RMB/CNY

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
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6) Other account receivables related to government grants

Unit: RMB/CNY

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted
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7) Other receivables de-recognized due to the transfer of financial assets

8) Amount of assets and liabilities formed by transfer of other receivable and continuing to be involved

Other explanation:

3. Long-term equity investment

Unit: RMB/CNY

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiary	4,039,319,425.09	5,500,000.00	4,033,819,425.09	4,054,019,425.09	5,500,000.00	4,048,519,425.09
Investment in joint venture and associated	2,927,628.53	2,927,628.53		2,927,628.53	2,927,628.53	

enterprise						
Total	4,042,247,053.62	8,427,628.53	4,033,819,425.09	4,056,947,053.62	8,427,628.53	4,048,519,425.09

(1) Investment in subsidiary

Unit: RMB/CNY

Invested entity	Opening balance(book value)	Current changes (+, -)				Ending balance(book value)	Ending balance of impairment provision
		Additional investment	Capital reduction	Accrual of impairment provision	Other		
Shenbao Industry & Trade							5,500,000.00
Shenliang Food	80,520,842.36					80,520,842.36	
Shenbao Huacheng	168,551,781.80	54,676,764.11				223,228,545.91	
Huizhou Shenbao	60,000,000.00					60,000,000.00	
Shenbao Technology	54,676,764.11		54,676,764.11				
Shenbao Investment	50,000,000.00					50,000,000.00	
SZCG	3,291,415,036.82					3,291,415,036.82	
Dongguan Logistics	321,680,000.00		14,700,000.00			306,980,000.00	
Wuhan Jiacheng	21,675,000.00					21,675,000.00	
Total	4,048,519,425.09	54,676,764.11	69,376,764.11			4,033,819,425.09	5,500,000.00

(2) Investment in associated enterprises and joint venture

Unit: RMB/CNY

Investment company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairment
		Additional investment	Capital reduction	Investment gains recognized	Other comprehensive income	Other equity change	Cash dividend or profit	Accrual of impairment	Other		

				zed under equity	adjustm ent		announ ced to issued	provisi on			provisi on
I. Joint venture											
II. Associated enterprise											
Shenzh en Shenba o (Liaoyu an) Industri al Compa ny											57,628. 53
Shenzh en Shenba o (Xinmi n) Foods Co., Ltd											2,870,0 00.00
Changz hou Shenba o Chacan g E-busin ess Co., ltd.											
Subtota l											2,927,6 28.53
Total											2,927,6 28.53

(3) Other explanation

4. Operating revenue and operating cost

Unit: RMB/CNY

Item	Current Period		Last Period	
	Revenue	Cost	Revenue	Cost
Main business	203,896,997.77		152,450,921.01	471,590.28
Other business	183,215.14	471,590.28	304,502.00	
Total	204,080,212.91	471,590.28	152,755,423.01	471,590.28

Revenue-related information:

Unit: RMB/CNY

Category	Branch 1	Branch 2		Total
Product types				
Including:				
Classification by business area				
Including:				
Market or customer type				
Including:				
Contract types				
Including:				
Classification by time of goods transfer				
Including:				
Classification by contract duration				
Including:				
Classification by sales channel				
Including:				
Total				

Information related to performing obligations:

Nil

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to performing obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, 0.00 yuan of revenue is expected to be recognized in the year

Other explanation:

5. Investment income

Unit: RMB/CNY

Item	Current Period	Last Period
Investment income from disposal of long-term equity investment		274,697.80
Investment income during the period of tradable financial assets hold	4,912,249.48	667,216.57
Subsidiary dividends	190,800,000.00	150,451,054.95
Total	195,712,249.48	151,392,969.32

6. Other

XVIII. Supplementary information

1. Current non-recurring gains/losses

Applicable Not applicable

Unit: RMB/CNY

Item	Amount	Note
Gains/losses from the disposal of non-current asset	-3,470,850.06	
Government subsidy reckoned into current gains/losses (except for those with normal operation business concerned, and conform to the national policies & regulations and are continuously enjoyed at a fixed or quantitative basis according to certain standards)	8,775,672.58	
Profit and loss of assets delegation on others' investment or management	8,455,442.20	
Except for the effective hedging operations related to normal business operation of the Company, the gains/losses of fair value changes from holding tradable financial assets and tradable financial liabilities, and the investment earnings obtained from disposing trading financial assets and trading financial liabilities	18,546.91	
Reversal of provision of impairment of accounts receivable which are treated with separate depreciation test	881,986.09	
Other non-operating income and expenditure except for the aforementioned items	7,042,268.06	

Other profit and loss items that meet the definition of non-recurring profit and loss	1,064,111.79	
Less: impact on income tax	4,583,525.90	
Impact on minority interests	12,525.84	
Total	18,171,125.83	--

Details of other gains/losses items that meets the definition of non-recurring gains/losses:

Applicable Not applicable

The Company has no other gains/losses items that meet the definition of non-recurring gains/losses.

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

Applicable Not applicable

2. ROE and earnings per share

Profits during reporting period	Weighted average ROE	Earnings per share	
		Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profits attributable to common stock stockholders of the Company	8.96%	0.3649	0.3649
Net profits attributable to common stock stockholders of the Company after deducting non-recurring gains and losses	8.57%	0.3492	0.3492

3. 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

Unit: RMB/CNY

	Net profit		Net assets	
	Current Period	Last Period	Ending balance	Opening balance
Chinese GAAP	420,594,871.27	428,720,226.09	4,762,973,461.81	4,630,292,102.34
Items and amount adjusted by IAS:				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00
IAS	420,594,871.27	428,720,226.09	4,764,040,461.81	4,631,359,102.34

(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

(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute

4. Other