

# **Shandong Zhonglu Oceanic Fisheries Co., Ltd.**

Annual Report of 2022

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## **Section I Important Information, Contents, and Definitions**

**The Company’s Board of Directors, Board of Supervisors, directors, supervisors, and officers ensure that the content of this annual report is true, accurate, and complete without any false record, misleading statement, or significant omission and bear joint and several legal liability.**

**Lu Lianxing, the principal of the Company, Fu Chuanhai, the person in charge of accounting, and Lei Lixin, the person in charge of the accounting body (accounting supervisor), declare that the financial report in this annual report is true, accurate, and complete.**

**All directors attended the Board meeting at which this report was considered.**

**Prospective statements involving the Company’s future plans in this annual report shall not constitute the Company’s material promises for investors. Investors and relevant personnel shall have an adequate understanding of the risks and understand the differences among plans, forecasts, and promises.**

**The Company describes potential risks in its operations and countermeasures in “XI. Prospect of the Company’s Future Development” in Section III, “The Management’s Discussion and Analysis.” Investors are reminded to pay attention to the relevant content.**

**This report is prepared in Chinese and English. Where the Chinese and English texts are interpreted in different ways, the Chinese text shall prevail.**

**The Company plans not to distribute cash dividends, not to distribute bonus shares, and not to convert reserves into share capital.**

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## **List of Documents for Reference**

(I) Financial statements with the signatures of the principal of the Company, the person in charge of accounting, and the person in charge of the accounting body and affixed with the Company's seal.

(II) The original of the audit report affixed with the accounting firm's seal and the certified public accountant's signature and seal.

(III) The originals of all corporate documents and the manuscripts of all announcements disclosed during the Reporting Period.

(IV) The text of the Company's annual report for 2022 with the signature of the legal representative.

## Definitions

| Term                                     | Refers to | Content  |
|--|-----------|--|
| The Company, Company, or Zhonglu Oceanic | Refers to | Shandong Zhonglu Oceanic Fisheries Co., Ltd.                                     |
| Shandong Guotou                          | Refers to | Shandong State-owned Assets Investment Holdings Co., Ltd.                        |
| Provincial SASAC                         | Refers to | Shandong Provincial State-owned Assets Supervision and Administration Commission |
| CSRC                                     | Refers to | China Securities Regulatory Commission   |
| This report                              | Refers to | The annual report of 2022 prepared by the Company                                |

## Section II Company Introduction and Key Financial Indicators

### I. Company's Information

|  |  |            |        |
|--|--|------------|--------|
| Short stock name                                       | Zhonglu B  | Stock code | 200992 |
| Securities exchange where the stocks are listed        | Shenzhen Stock Exchange  |            |        |
| Chinese name   | 山东省中鲁远洋渔业股份有限公司  |            |        |
| Short Chinese name                                     | 中鲁远洋   |            |        |
| Foreign name (if any)                                  | Shandong Zhonglu Oceanic Fisheries Company Limited   |            |        |
| Acronym of the foreign name (if any)                   | ZLYY   |            |        |
| Legal representative                                   | Lu Lianxing  |            |        |
| Registered address                                     | 29 Miaoling Road, Laoshan District, Qingdao, Shandong  |            |        |
| Postal code of the registered address                  | 266061   |            |        |
| Historical changes of the Company's registered address | 57 Lishan Road, Jinan, China→43 Heping Road, Jinan, Shandong→29 Miaoling Road, Laoshan District, Qingdao, Shandong |            |        |
| Office address   | 31 Xianxialing Road, Laoshan District, Qingdao, Shandong   |            |        |
| Postal code of the office address                      | 266061   |            |        |
| Website  | <a href="http://www.zofco.cn/">http://www.zofco.cn/</a>  |            |        |
| Email  | zl000992@163.com   |            |        |

### II. Contact Person and Contact Information

|         | Board Secretary  | Securities Affairs Representative                        |
|---------|--|--|
| Name    | Liang Shanglei   | Tang Yuntao  |
| Address | 31 Xianxialing Road, Laoshan District, Qingdao, Shandong | 31 Xianxialing Road, Laoshan District, Qingdao, Shandong |
| Tel     | 0532-55717968  | 0532-55715968  |
| Fax     | 0532-55719258  | 0532-55719258  |
| Email   | zl000992@163.com   | zl000992@163.com   |

### III. Information Disclosure and Place of Report Storage

|  |   |
|--|---|
| Stock exchange website where the Company discloses the annual report | China Securities Journal  |
| Media name and website where the Company discloses the annual report | <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> |
| Place of annual report storage                                       | Company's Board Office  |

### IV. Registration Changes

|   |  |
|---|--|
| Unified Social Credit Code                                      | 91370000863043102Y   |
| Changes in the Company's main businesses since listing (if any) | (1) On July 14, 2000, the Company's business scope changed from "high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment" to "high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; the leasing of refrigeration storage." (2) On November 30, 2000, the Company's business scope changed from "high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; the leasing of refrigeration storage" to "high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration |

|   |   |
|---|---|
|   | <p>and cold storage.” (3) On May 28, 2002, the Company’s business scope changed from “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage” to “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services.” (4) On June 6, 2006, the Company’s business scope changed from “high sea and long range fishing; the culture, processing, and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services” to “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services.” (5) On May 16, 2007, the Company’s business scope changed from “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services” to “high sea and long range fishing; the processing and sales of aquatic products; the import and export of commodities within the approved scope; the manufacture and sales of machine-made ice; the manufacture, installation, and repair of refrigeration equipment; refrigeration and cold storage; loading, unloading, and handling services; property leasing.”</p> |
| Changes in the controlling shareholder (if any) | <p>In December 2006, 88,000,000 shares of the Company held by Shandong Aquaculture Enterprise Group as a state-owned legal person were transferred to Shandong Guotou through judicial auction procedures and a court ruling. On June 21, 2007, Shandong Guotou received the Confirmation of Transferred Ownership Registration from China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, which stated that the transfer procedures had been completed. By then, Shandong Guotou held 88,000,000 shares of the Company as a state-owned legal person, accounting for 33.07% of the Company’s total share capital. On July 20, 2018, Shandong Guotou signed the Agreement for the Share Transfer of Shandong Zhonglu Oceanic Fisheries Co., Ltd. with Lucion Group to receive 37,731,320 shares held by Lucion Group as a state-owned legal person, accounting for 14.18% of the Company’s total share capital. On November 16, 2018, Shandong Guotou received the Confirmation of Transferred Securities Ownership Registration, which stated that the transfer procedures had been completed. As of December 31, 2022, Shandong Guotou held 125,731,320 shares of the Company as a state-owned legal person, accounting for 47.25% of the Company’s total share capital. Hence, Shandong Guotou became the Company’s controlling shareholder.</p>   |

## V. Other Relevant Information

Accounting firm engaged by the Company

|                                |  |
|--------------------------------|--|
| Name of accounting firm        | Shangkuai Certified Public Accountants (special general partnership) |
| Office address                 | Floor 25, 755 Weihai Road, Jing’an District, Shanghai                |
| Names of signatory accountants | Xu Mao, Ma Haijun  |

Sponsor institution engaged by the Company to perform continuous supervision during the Reporting Period

Applicable Not applicable

Financial adviser engaged by the Company to perform continuous supervision during the Reporting Period

Applicable Not applicable

## VI. Key Accounting Data and Financial Indicators

Whether the Company is required to make retroactive adjustments or restate the accounting data for previous years

Yes No

|   | 2022               | 2021               | Increase/Decrease | 2020               |
|---|--------------------|--------------------|-------------------|--------------------|
| Operating revenue (RMB)   | 985,428,305.37     | 934,284,403.21     | 5.47%             | 966,213,019.66     |
| Net profits attributable to the Company's shareholders (RMB)                                    | 30,239,511.38      | 35,526,982.23      | -14.88%           | 29,537,498.13      |
| Net profits attributable to the Company's shareholders after deducting nonrecurring items (RMB) | 22,593,100.41      | 30,732,469.56      | -26.48%           | 20,070,745.84      |
| Net cash flows from operating activities (RMB)  | 12,732,673.10      | 169,895,824.82     | -92.51%           | 113,245,710.65     |
| Base earnings per share (RMB/share)   | 0.11               | 0.13               | -15.38%           | 0.11               |
| Diluted earnings per share (RMB/share)  | 0.11               | 0.13               | -15.38%           | 0.11               |
| Weighted average return on equity   | 3.12%              | 3.87%              | -0.75%            | 3.30%              |
|   | At the end of 2022 | At the end of 2021 | Increase/Decrease | At the end of 2020 |
| Total assets (RMB)  | 1,838,429,134.17   | 1,400,134,960.71   | 31.30%            | 1,259,611,234.89   |
| Net assets attributable to the Company's shareholders (RMB)                                     | 987,072,734.95     | 933,535,874.90     | 5.73%             | 903,248,772.52     |

The lower values of the Company's net profits before and after deducting nonrecurring items for the last three accounting years are all negative, and the audit report for the last one year shows that there are uncertainties in the Company's sustainable operation ability.

Yes No

The lower of the net profits before and after deducting nonrecurring items is negative

Yes No

## VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

### 1. Differences in net profits and net assets in the financial report disclosed both according to international accounting standards and Chinese accounting standards

Applicable Not applicable

For the Company, there was no difference in net profits and net assets in the financial report disclosed both according to international accounting standards and Chinese accounting standards during the Reporting Period.

### 2. Differences in net profits and net assets in the financial report disclosed both according to overseas accounting standards and Chinese accounting standards

Applicable Not applicable

For the Company, there was no difference in net profits and net assets in the financial report disclosed both according to overseas accounting standards and Chinese accounting standards during the Reporting Period.

## VIII. Key Financial Indicators by Quarter

Unit: RMB

|  | Q1             | Q2             | Q3             | Q4             |
|--|----------------|----------------|----------------|----------------|
| Operating revenue                                      | 164,162,518.80 | 206,386,475.96 | 251,306,507.46 | 363,572,803.15 |
| Net profits attributable to the Company's shareholders | -5,187,131.71  | -3,831,994.07  | 39,571,643.36  | -313,006.20    |

|   |                |                |               |               |
|---|----------------|----------------|---------------|---------------|
| Net profits attributable to the Company's shareholders after deducting nonrecurring items | -5,901,081.48  | -9,616,188.72  | 39,513,717.28 | -2,338,634.15 |
| Net cash flows from operating activities  | -24,721,530.23 | -43,996,555.98 | 45,929,554.14 | 35,521,205.17 |

Whether the above financial indicators or the sum of them are significantly different from the quarterly reports or semi-annual reports disclosed by the Company

Yes No

## IX. Nonrecurring Items and Amounts

Applicable Not applicable

Unit: RMB

| Item  | Amount for 2022 | Amount for 2021 | Amount for 2020 | Remark |
|---|-----------------|-----------------|-----------------|--------|
| Profit/loss on the disposal of non-current assets   | 5,068,847.43    | 3,494,326.93    | 10,164,623.19   |        |
| Government grants recognized in profit or loss (closely related to the Company's business, excluding government grants that meet the standards of national policies and are received in a certain quota or quantity according to unified national standards)  | 2,140,540.56    | 2,484,454.50    | 1,802,247.14    |        |
| Profit/loss on debt restructuring   |                 | -127,527.03     |                 |        |
| Except for effective hedging business related to the Company's normal business, profit/loss on fair value changes arising from the holding of financial assets held for trading and financial liabilities held for trading, as well as investment gains from the disposal of financial assets held for trading, financial liabilities held for trading, and available-for-sale financial assets | 1,172,034.24    | 49,972.60       | 15,287.67       |        |
| Trustee income from trusteeship   | 1,273,584.91    |                 |                 |        |
| Other non-operating incomes and expenditures than the   | 117,625.16      | 798,473.53      | -11,692.73      |        |

|   |              |              |              |    |
|---|--------------|--------------|--------------|----|
| above   |              |              |              |    |
| Less: amount of the effect of the income tax              | 1,587,719.20 | 1,086,874.90 | 247,241.88   |    |
| amount of the effect of the minority interest (after tax) | 538,502.13   | 818,312.96   | 2,256,471.10 |    |
| Total   | 7,646,410.97 | 4,794,512.67 | 9,466,752.29 | -- |

Details of other profit/loss items that conform to the definition of nonrecurring items:

Applicable Not applicable

For the Company, there was no detail of other profit/loss items that conform to the definition of nonrecurring items.

Explanation of the situation where the nonrecurring items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Nonrecurring Items are defined as recurring items

Applicable Not applicable

The Company had no situation where it defined the nonrecurring items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Nonrecurring Items as recurring items.

# Section III The Management's Discussion and Analysis

## I. Overview of the Company's Industry during the Reporting Period

Overview of the Company's industry: Overseas fishing is China's strategic industry and plays an important role in building a "maritime community with a shared future" and "a strong marine country" and implementing the strategy of "going global" and the "Belt and Road" initiative. It has great significance for increasing the supply of high-quality domestic and foreign aquatic products, ensuring food safety, and promoting bilateral and multilateral cooperation in the fishery. China's overseas fishing started in 1985, and China has become one of the world's major overseas fishing countries over more than three decades of development. Its operation seas include seas in the exclusive economic zones of more than 40 countries, the high seas in the Pacific, Atlantic, and Indian Oceans, as well as the seas in Antarctica. Climbing to the world's top in size, China's overseas fishing industry is characterized by a gradually improving industrial structure, substantially improved equipment, much stronger scientific and technological support, and an ever-improving management system. It is developing towards "transformation, upgrading, and standardized management." However, in terms of scientific and technological support and the ability to develop and utilize comprehensive resources, China remains in a lower position with a big gap from advanced countries. Meanwhile, negative factors such as the rapidly rising costs of human resources and the shortage of workers for the industry, in particular crew members, are expected to disturb the development of long range fishing on a long-term basis. Companies need to continuously increase spending on science and technology, accelerate transformation and upgrading, and improve their core competitiveness to actively respond to fast-changing industrial developments.

Currently, China's tuna market is witnessing soaring demand in coastal cities, including Shanghai, Beijing, Guangzhou, and Fujian. In addition, the consumption potential of the inland market is also boosted to form a large market. It is foreseeable that China's tuna consumption is bound to increase rapidly in the future with growing living standards and as people shift their focus from eating enough and high-quality food to eating nutritious and healthy food. China will resolutely implement new development concepts in the development of the marine economy and develop the marine industry into a high-end, clustered, international, information-based, and intelligent industry through scientific and technological innovation. This will inject strong forces into the sustainable development of the domestic tuna market. For Zhonglu Oceanic, a company that always focuses on the marine economy and upholds a sustainable development strategy, the macroeconomic policies of China will definitely help it achieve stronger development in the future.

## II. Company's Main Businesses during the Reporting Period

During the Reporting Period, the Company's main businesses included long range fishing, cold storage transportation, and cold storage processing and trading. These businesses rely on and promote each other, forming a complete industrial chain.

### 1. Long range fishing

During the Reporting Period, the Company had 25 long range fishing boats, including 7 sets of large tuna seiners, 14 large ultra-low temperature tuna longliners, 2 medium-sized trawlers, and 2 squid fishing boats, which were operated in the Indian Ocean, the Atlantic, and the Pacific, respectively. (1) In terms of longline fishing, the Company's boats mainly worked in the Indian Ocean. In 2022, the boats did not enter Somalian fisheries. Hence, fish production decreased substantially compared with previous years. To ensure the accomplishment of the annual target, the 14 boats increased production by various means, including distributed operations and fishery temperature analysis, but there was no major breakthrough in the production. (2) In terms of seining, the Company's boats mainly worked in the Atlantic. As the fishing-off season was shorter than the previous year and there was no delay in the dock repair of boats, the boats went fishing starting in mid-March 2022. Hence, production increased to a certain extent. (3) The two squid fishing boats arrived at the fisheries in April 2022 and achieved good production and operating results. The expected investment target was reached. (4) The trawlers in Ghana were undergoing replacement and thus did not carry out production.

### 2. Cold storage transportation

During the Reporting Period, the Company's 7 international cold storage transportation vessels were engaged in operating services with a reach to major ports around the world. They carried out long range transportation of aquatic products, meat, poultry, vegetables, and fruits. To accomplish all the economic targets, the Company took a combination of measures, including: (1) continuously strengthening policy development to reinforce the management foundation; (2) based on the Asia Pacific special cold storage freight market, striving to increase market shares, strictly controlling costs, and strengthening the equipment maintenance of the vessels to ensure the sailing rate; (3) keeping a close watch on the changes in exchange rates and timely settling foreign exchange to reduce the exchange rate risk.

### 3. Cold storage processing and trade

During the Reporting Period, the Company's cold storage processing and trade segments were affected by the economic downturn. Hence, the Company focused on controlling inventory and stabilizing its market share. More than 20 tuna species are processed in this segment, including yellowfin tuna, bluefin tuna, longfin tuna, swordfin tuna, redfin tuna, and blackfin tuna. They are processed into tuna slices, chops, and plates. The products are mostly exported to Japan, the United States, Russia, the European Union, South Korea, and Israel. The Company has passed the HACCP, EU, BRC, MSC, and SEDEX certifications. In the domestic market, the Company has built a sales network where WeChat commerce, e-commerce, supermarkets, and distributed warehouses integrate with each other to form a system. It is dedicated to providing the Chinese people with dark blue, green, healthy, and perfect tuna delicacies. The Company's share of the domestic market is growing year by year.

Business model: The Company conducts business in a centralized and diversified manner.

Market position: China's top five oceanic fishery companies, the vice-presidential unit of the China Overseas Fisheries Association, and the presidential unit of the Qingdao Overseas Fisheries Association.

## III. Analysis of Core Competitiveness

The Company is a comprehensive and export-oriented company engaged in overseas fishing that was incorporated in July 1999 with the approval of the Shandong Provincial People's Government. It has a well-established industrial chain and is a leading enterprise in Shandong's overseas fishing industry. As a comprehensive listed fishing company, the Company's core competitiveness lies in the following aspects: (1) Through more than 20 years of development, the Company has grown into a comprehensive fishing enterprise that is engaged in a combination of businesses, including overseas fishing, deep processing, trading, cold storage logistics, marine transportation, the development and production of marine biomedicines, and entrepreneurship and investment in the modern marine industry. The Company's main businesses involve key links in the industrial chain. The businesses of the Company's operating entities are highly associated, which meets the conditions for holistically collaborative operations. This provides a guarantee for the Company to reform its operations and strengthen and extend the industrial chain. (2) As one of the earliest companies engaged in overseas fishing in China, the Company started production and operations early from a high ground with competent human resources and assets. Through years of dedicated operations, the

Company has gathered a pool of professionals specializing in relevant fields of the overseas fishing industry. (3) The Company's overseas fishing industry is part of China's strategy of "going global" and building a strong marine country, and Shandong's strategy of building a strong marine province. There are development opportunities from the adjustment of the industrial depth. The Company has 14 ultra-low temperature tuna fishing boats engaged in the longline fishing of tuna in the Indian Ocean. This is one of the Company's main businesses, making outstanding contributions to the Company's business performance over the years. The Company's tuna seining project in the Atlantic can maintain the steady development of its tuna seining under the protection of ICCAT's strict rules. (4) Cold storage transportation is an important part of the Company's main businesses. The Company's current cold storage transportation fleet is among the industry's top in the Southeastern transportation market, in terms of the number of vessels, total tonnage, and profitability. (5) The Company has the earliest and largest ultra-low temperature refrigeration storage and raw food processing plant in China. Also, the China Tuna Exchange and the newly built electronic tuna trading platform system strengthen the Company's advantages in tuna processing and trading. (6) The Company carries out long range fishing in the Atlantic and Indian Oceans, reaches most of the world's major ports with its cold storage transportation, and covers many countries with import and export. With the implementation of the "Belt and Road" strategy, the countries along the "Belt and Road" will have stronger trust in each other and establish closer cooperation. In addition, the Company and the governments at all levels have rolled out a suite of development plans and industrial preference policies. All these have brought new opportunities for the development of the Company.

The Company will leverage the aforementioned advantages to pioneer, innovate, forge ahead, and proactively engage itself in the conversion of old and new growth drivers. It will accelerate strategic transformation, vigorously extend the industrial chain, and further improve its influence and competitiveness in domestic and even international markets.

## IV. Analysis of Main Businesses

### 1. Overview

Refer to "II. Company's Main Businesses during the Reporting Period" in "Section III The Management's Discussion and Analysis."

### 2. Revenue and cost

#### (1) Components of operating revenue

Unit: RMB

|                                     | 2022           |                                 | 2021            |                                 | Year-on-year increase/decrease |
|-------------------------------------|----------------|---------------------------------|-----------------|---------------------------------|--------------------------------|
|                                     | Amount         | Proportion in operating revenue | Amount          | Proportion in operating revenue |                                |
| Total operating revenue             | 985,428,305.37 | 100%                            | 934,284,403.21  | 100%                            | 5.47%                          |
| By industry                         |                |                                 |                 |                                 |                                |
| Long range fishing                  | 397,948,714.28 | 40.38%                          | 382,802,775.17  | 40.97%                          | 3.96%                          |
| Cold storage transportation         | 104,833,584.94 | 10.64%                          | 92,334,301.43   | 9.88%                           | 13.54%                         |
| Cold storage processing and trading | 530,394,523.46 | 53.82%                          | 619,092,271.58  | 66.26%                          | -14.33%                        |
| Others                              | 6,206,115.41   | 0.63%                           | 4,336,099.74    | 0.46%                           | 43.13%                         |
| Offset of internal transactions     | -53,954,632.72 | -5.48%                          | -164,281,044.71 | -17.58%                         | 67.16%                         |
| By product                          |                |                                 |                 |                                 |                                |
| Long range fishing                  | 397,948,714.28 | 40.38%                          | 382,802,775.17  | 40.97%                          | 3.96%                          |
| Cold storage transportation         | 104,833,584.94 | 10.64%                          | 92,334,301.43   | 9.88%                           | 13.54%                         |
| Cold storage processing and trading | 530,394,523.46 | 53.82%                          | 619,092,271.58  | 66.26%                          | -14.33%                        |
| Others                              | 6,206,115.41   | 0.63%                           | 4,336,099.74    | 0.46%                           | 43.13%                         |
| Offset of internal transactions     | -53,954,632.72 | -5.48%                          | -164,281,044.71 | -17.58%                         | 67.16%                         |
| By region                           |                |                                 |                 |                                 |                                |
| China                               | 614,027,918.84 | 62.31%                          | 434,438,548.98  | 46.50%                          | 41.34%                         |
| Foreign countries                   | 425,355,019.25 | 43.16%                          | 664,126,898.94  | 71.08%                          | -35.95%                        |
| Offset of internal transactions     | -53,954,632.72 | -5.48%                          | -164,281,044.71 | -17.58%                         | 67.16%                         |
| By sales model                      |                |                                 |                 |                                 |                                |
| Direct sales                        | 985,428,305.37 | 100.00%                         | 934,284,403.21  | 100.00%                         | 5.47%                          |

**(2) Industries, products, regions, sales models accounting for more than 10% of the Company's operating revenue or operating profits**

Applicable Not applicable

Unit: RMB

|                                     | Operating revenue | Operating costs | Gross profit margin | Year-on-year increase/decrease in operating revenue | Year-on-year increase/decrease in operating costs | Year-on-year increase/decrease in gross profit margin |
|-------------------------------------|-------------------|-----------------|---------------------|---|---|---|
| <b>By industry</b>                  |                   |                 |                     |   |   |   |
| Long range fishing                  | 397,948,714.28    | 346,060,080.63  | 13.04%              | 3.96%   | -4.97%  | 8.17%   |
| Cold storage transportation         | 104,833,584.94    | 89,172,040.28   | 14.94%              | 13.54%  | 24.43%  | -7.45%  |
| Cold storage processing and trading | 530,394,523.46    | 490,294,383.82  | 7.56%               | -14.33%   | -14.90%   | 0.62%   |
| <b>By product</b>                   |                   |                 |                     |   |   |   |
| Long range fishing                  | 397,948,714.28    | 346,060,080.63  | 13.04%              | 3.96%   | -4.97%  | 8.17%   |
| Cold storage transportation         | 104,833,584.94    | 89,172,040.28   | 14.94%              | 13.54%  | 24.43%  | -7.45%  |
| Cold storage processing and trading | 530,394,523.46    | 490,294,383.82  | 7.56%               | -14.33%   | -14.90%   | 0.62%   |
| <b>By region</b>                    |                   |                 |                     |   |   |   |
| China                               | 614,027,918.84    | 522,170,827.43  | 14.96%              | 41.34%  | 33.62%  | 4.91%   |
| Foreign countries                   | 425,355,019.25    | 405,509,214.60  | 4.67%               | -35.95%   | -34.92%   | -1.51%  |
| <b>By sales model</b>               |                   |                 |                     |   |   |   |
| Direct sales                        | 985,428,305.37    | 873,701,560.02  | 11.34%              | 5.47%   | 2.84%   | 2.27%   |

In the case where the statistical basis of the Company's main business data was adjusted during the Reporting Period, the Company's adjusted main business data for the last one year on the statistical basis as at the end of the Reporting Period

Applicable Not applicable

**(3) Whether the Company's revenue from the sales of physical goods exceeds its revenue from the provision of labor services**

Yes No

| Industry category                   | Item         | Unit | 2022   | 2021   | Year-on-year increase/decrease |
|-------------------------------------|--------------|------|--------|--------|--------------------------------|
| Long range fishing                  | Sales volume | Ton  | 30,918 | 29,764 | 3.88%                          |
|                                     | Production   | Ton  | 38,532 | 27,122 | 42.07%                         |
|                                     | Inventory    | Ton  | 14,309 | 6,695  | 113.73%                        |
| Cold storage processing and trading | Sales volume | Ton  | 12,629 | 15,335 | -17.65%                        |
|                                     | Production   | Ton  | 13,867 | 13,859 | 0.06%                          |
|                                     | Inventory    | Ton  | 5,241  | 4,003  | 30.93%                         |

Reasons for year-on-year changes by more than 30%

Applicable Not applicable

In the case of long range fishing, the total production increased due to the increase in production from seining. The inventory increased due to the increase in fishing production and the long backhaul period. In the case of cold storage processing and trading, the inventory increased due to the increased storage of raw materials.

**(4) Performance of the Company's significant sales contracts and significant purchase contracts as of the Reporting Period**□Applicable Not applicable**(5) Components of operating costs**

Industry category

Unit: RMB

| Industry category                   | Item                           | 2022           |                               | 2021           |                               | Year-on-year increase/decrease |
|-------------------------------------|--------------------------------|----------------|-------------------------------|----------------|-------------------------------|--------------------------------|
|                                     |                                | Amount         | Proportion in operating costs | Amount         | Proportion in operating costs |                                |
| Long range fishing                  | Fees for the common of piscary | 12,033,931.09  | 3.48%                         | 11,752,188.47  | 3.23%                         | 2.40%                          |
| Long range fishing                  | Raw materials                  | 55,675,851.59  | 16.09%                        | 63,706,896.43  | 17.49%                        | -12.61%                        |
| Long range fishing                  | Fuel power                     | 125,427,447.13 | 36.24%                        | 85,770,498.01  | 23.55%                        | 46.24%                         |
| Long range fishing                  | Staff salaries                 | 53,803,238.26  | 15.55%                        | 61,052,745.16  | 16.76%                        | -11.87%                        |
| Long range fishing                  | Depreciation costs             | 21,660,438.48  | 6.26%                         | 27,030,787.00  | 7.42%                         | -19.87%                        |
| Long range fishing                  | Others                         | 77,459,174.08  | 22.38%                        | 114,860,022.94 | 31.54%                        | -32.56%                        |
| Long range fishing                  | Total                          | 346,060,080.63 | 100.00%                       | 364,173,138.00 | 100.00%                       | -4.97%                         |
| Cold storage transportation         | Staff salaries                 | 41,023,514.31  | 46.00%                        | 32,096,510.72  | 44.79%                        | 27.81%                         |
| Cold storage transportation         | Depreciation costs             | 11,185,555.19  | 12.54%                        | 8,694,026.00   | 12.13%                        | 28.66%                         |
| Cold storage transportation         | Supplies                       | 4,453,482.41   | 4.99%                         | 7,687,124.29   | 10.73%                        | -42.07%                        |
| Cold storage transportation         | Inspection costs               | 475,180.74     | 0.53%                         | 1,206,520.78   | 1.68%                         | -60.62%                        |
| Cold storage transportation         | Insurance costs                | 4,458,991.35   | 5.00%                         | 4,177,552.31   | 5.83%                         | 6.74%                          |
| Cold storage transportation         | Fuel                           | 4,980,104.66   | 5.58%                         | 3,930,918.41   | 5.49%                         | 26.69%                         |
| Cold storage transportation         | Repair costs                   | 5,083,520.14   | 5.70%                         | 5,860,423.67   | 8.18%                         | -13.26%                        |
| Cold storage transportation         | Others                         | 17,511,691.48  | 19.64%                        | 8,011,579.54   | 11.18%                        | 118.58%                        |
| Cold storage transportation         | Total                          | 89,172,040.28  | 100.00%                       | 71,664,655.72  | 100.00%                       | 24.43%                         |
| Cold storage processing and trading | Direct raw materials           | 413,600,999.63 | 84.36%                        | 495,886,938.20 | 86.07%                        | -16.59%                        |
| Cold storage processing and trading | Packaging materials            | 14,814,847.62  | 3.02%                         | 16,571,451.14  | 2.88%                         | -10.60%                        |
| Cold storage processing and trading | Salaries                       | 28,688,397.47  | 5.85%                         | 29,735,610.88  | 5.16%                         | -3.52%                         |
| Cold storage processing and trading | Depreciation                   | 6,725,714.54   | 1.37%                         | 6,672,797.90   | 1.16%                         | 0.79%                          |
| Cold storage processing and trading | Others                         | 26,464,424.56  | 5.40%                         | 27,251,786.15  | 4.73%                         | -2.89%                         |
| Cold storage                        | Total                          | 490,294,383.82 | 100.00%                       | 576,118,584.27 | 100.00%                       | -14.90%                        |

|                                 |                        |                |         |                     |         |         |
|---------------------------------|------------------------|----------------|---------|---------------------|---------|---------|
| processing and trading          |                        |                |         |                     |         |         |
| Others                          | Labor costs            | 119,830.00     | 5.56%   | 90,000.00           | 4.70%   | 33.14%  |
| Others                          | Out-of-pocket expenses | 5,077.37       | 0.24%   | 3,999.90            | 0.21%   | 26.94%  |
| Others                          | Depreciation costs     | 1,659,129.99   | 77.04%  | 1,452,005.25        | 75.83%  | 14.26%  |
| Others                          | Electricity bills      | 141,118.51     | 6.55%   | 160,327.67          | 8.37%   | -11.98% |
| Others                          | Repair costs           | 85,112.57      | 3.95%   | 58,598.51           | 3.06%   | 45.25%  |
| Others                          | Heating expenses       | 143,268.86     | 6.65%   | 149,915.29          | 7.83%   | -4.43%  |
| Others                          | Total                  | 2,153,537.30   | 100.00% | 1,914,846.62        | 100.00% | 12.47%  |
| Offset of internal transactions |                        | -53,978,482.01 |         | -<br>164,283,093.86 |         |         |

Note

The components of the Company's operating costs for the year are shown in the above table, which share the same statistical basis as the previous year.

**(6) Whether there was any change in the consolidated scope during the Reporting Period**

Yes No

**(7) Any significant changes or adjustments to the Company's businesses, products, or services during the Reporting Period**

Applicable Not applicable

**(8) Key customers and key suppliers**

The Company's key customers

|   |                |
|---|----------------|
| Total sales to the top five customers (RMB)   | 329,338,063.80 |
| Proportion of the total sales to the top five customers in the total sales for the year                                     | 33.42%         |
| Proportion of the sales to the related parties of the total sales to the top five customers in the total sales for the year | 0.00%          |

The Company's top five customers

| No.   | Customer's name                            | Sales (RMB)    | Proportion in the total sales for the year |
|-------|--|----------------|--|
| 1     | F.C.F. Fishery Co., Ltd.                   | 104,833,584.90 | 10.64%                                     |
| 2     | Japan Weekly Co., Ltd.                     | 69,577,677.97  | 7.06%                                      |
| 3     | Qingdao Hengxin Aquatic Products Co., Ltd. | 59,884,132.32  | 6.08%                                      |
| 4     | Zhoushan Jiahui Marine Food Co., Ltd.      | 52,218,508.01  | 5.30%                                      |
| 5     | Rongcheng Haizhirun Aquatic Food Co., Ltd. | 42,824,160.53  | 4.35%                                      |
| Total | --   | 329,338,063.80 | 33.42%                                     |

Explanation of other situations related to the key customers

Applicable Not applicable

Information of the Company's key suppliers

|  |                |
|--|----------------|
| Total purchases from the top five suppliers (RMB)  | 338,656,177.90 |
| Proportion of the total purchases from the top five suppliers in the total purchases for the year                                  | 44.25%         |
| Proportion of the purchases from the related parties of the total purchases from the top five suppliers in the total purchases for | 0.00%          |

|          |  |
|----------|--|
| the year |  |
|----------|--|

The Company's top five suppliers

| No.   | Supplier's name                        | Amount of purchase (RMB) | Proportion in the total purchase for the year |
|-------|--|--------------------------|---|
| 1     | Rongcheng Overseas Fisheries Co., Ltd. | 81,417,541.07            | 10.64%  |
| 2     | Rongcheng Rongyuan Fisheries Co., Ltd. | 79,764,864.21            | 10.42%  |
| 3     | GOIL COMPANY LIMITED                   | 78,631,832.54            | 10.28%  |
| 4     | Yantai Jingyuan Fisheries Co., Ltd.    | 56,712,405.00            | 7.41%   |
| 5     | CNFC Overseas Fisheries Co., Ltd.      | 42,129,535.07            | 5.51%   |
| Total | --                                     | 338,656,177.90           | 44.25%  |

Explanation of other situations related to the key suppliers

Applicable Not applicable

### 3. Expenses

Unit: RMB

|                     | 2022           | 2021          | Year-on-year increase/decrease | Explanation of significant changes |
|---------------------|----------------|---------------|--------------------------------|------------------------------------|
| Selling expenses    | 3,380,701.10   | 3,548,619.96  | -4.73%                         |                                    |
| Management expenses | 64,374,235.07  | 64,478,320.35 | -0.16%                         |                                    |
| Financial expenses  | -10,573,553.15 | 12,474,514.08 | -184.76%                       | Net exchange gains increased       |
| R&D expenses        | 3,394,089.25   | 765,456.70    | 343.41%                        | R&D spending increased             |

### 4. R&D spending

Applicable Not applicable

| Name of key R&D project   | Purpose  | Progress                         | Intended objective  | Expected impact on the Company's future development  |
|---|--|----------------------------------|---|--|
| Innovative Recycle of Auxiliary Ingredients of Tuna                       | To develop and produce higher value-added products   | Completed                        | Recycle of byproducts   | Deep processing and high-value development of aquatic products   |
| GuiderStar Full-Scale Vessel Application                                  | Improvement of intelligent equipment applications and software   | Expected to be completed in 2023 | To improve the intelligent office work efficiency for vessels, achieve the shore base's real-time monitoring and management of vessels and key machinery and equipment, and reflect the "people-centered" humanistic care concept | Ensuring vessel safety, preventing oil contamination, and providing information for energy conservation and emission reduction                               |
| Research on New Fishing Net Application Technology for Large Tuna Seiners | To improve the professional level and efficiency of fishing boats, reduce fishing production costs, increase economic returns on fishing, and effectively reduce pollution in the marine environment | Expected to be completed in 2023 | To make new fishing net technology promote seining and effectively realize application values   | Creating higher take values and reducing the time and cost of replacing fishing nets to create more fishing time for boats, thus further increasing the take |

The Company's R&D personnel

|                         | 2022 | 2021 | Changes (%) |
|-------------------------|------|------|-------------|
| Number of R&D personnel | 31   | 10   | 210.00%     |

|  |       |       |         |
|--|-------|-------|---------|
| (person)                                 |       |       |         |
| Proportion of R&D personnel              | 3.29% | 1.09% | 2.20%   |
| Educational backgrounds of R&D personnel |       |       |         |
| Bachelor's degree                        | 25    | 3     | 733.33% |
| Master's degree                          | 2     | 1     | 100.00% |
| Diploma                                  | 4     | 6     | -33.33% |
| Age groups of R&D personnel              |       |       |         |
| Under 30 years old                       | 2     | 7     | -71.43% |
| 30 to 40 years old                       | 18    | 3     | 500.00% |
| Above 40 years old                       | 11    | 0     |         |

Information of the Company's R&D spending

|  | 2022         | 2021       | Changes (%) |
|--|--------------|------------|-------------|
| R&D spending (RMB)                                     | 3,394,089.25 | 765,456.70 | 343.41%     |
| Proportion of R&D spending in operating revenue        | 0.34%        | 0.08%      | 0.26%       |
| Capitalized amount of R&D spending (RMB)               | 0.00         | 0.00       | 0.00%       |
| Proportion of capitalized R&D spending in R&D spending | 0.00%        | 0.00%      | 0.00%       |

Reasons for and impact of significant changes in the Company's R&D personnel

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D spending in operating revenue as compared with the previous year

Applicable Not applicable

The number of R&D projects increased during the Reporting Period, which caused an increase in the R&D spending.

Reasons for substantial changes in the capitalization rate of R&D spending and explanation of the reasonableness

Applicable Not applicable

## 5. Cash flow

Unit: RMB

| Item  | 2022             | 2021             | Year-on-year increase/decrease |
|---|------------------|------------------|--------------------------------|
| Subtotal of cash inflows from operating activities  | 1,097,521,246.08 | 1,055,769,245.34 | 3.95%                          |
| Subtotal of cash outflows for operating activities  | 1,084,788,572.98 | 885,873,420.52   | 22.45%                         |
| Net cash flows from operating activities            | 12,732,673.10    | 169,895,824.82   | -92.51%                        |
| Subtotal of cash inflows from investment activities | 279,235,423.12   | 10,169,097.24    | 2,645.92%                      |
| Subtotal of cash outflows for investment activities | 508,356,110.72   | 336,947,752.68   | 50.87%                         |
| Net cash flows from investment activities           | -229,120,687.60  | -326,778,655.44  | 29.89%                         |
| Subtotal of cash inflows from financing activities  | 454,300,000.00   | 227,138,476.01   | 100.01%                        |
| Subtotal of cash outflows for financing activities  | 229,344,287.69   | 111,583,222.48   | 105.54%                        |
| Net cash flows from financing activities            | 224,955,712.31   | 115,555,253.53   | 94.67%                         |
| Increase in cash and cash equivalents               | 17,615,036.32    | -46,086,305.94   | 138.22%                        |

Key factors for significant year-on-year changes in relevant data

Applicable Not applicable

- (1) In the case of net cash flows from operating activities, cash outflows increased year-on-year, mainly due to the increase in expenditure for the purchase of fuel oil and raw materials during the Reporting Period.
- (2) In the case of net cash flows from investment activities, cash outflows decreased year-on-year, mainly due to the decrease in expenditure for the purchase and construction of fixed assets during the Reporting Period.
- (3) In the case of net cash flows from financing activities, cash inflows increased year-on-year mainly because companies under the Company absorbed minority shareholders' investment during the Reporting Period.

Reasons for significant differences between the net cash flows from operating activities during the Reporting Period and the net profits for the year

Applicable Not applicable

- (1) The amount of asset impairment provisions contributing to the differences is RMB54,630,000;  
 (2) The amount of fixed asset depreciation contributing to the differences is RMB58,220,000;  
 (3) The amount of inventory contributing to the differences is RMB-207,170,000;  
 (4) The amount of operating receivables and payables contributing to the differences is RMB71,260,000;

The above amounts resulted in significant differences between the net profits and the net cash flows from operating activities.

## V. Analysis of Non-main Businesses

Applicable Not applicable

Unit: RMB

|                        | Amount         | Proportion in total profits | Reasons of formation   | Whether it is sustainable |
|------------------------|----------------|-----------------------------|--|---------------------------|
| Investment income      | 773,612.72     | 1.87%                       | Investment incomes mainly comes from the disposal of financial assets held for trading.  | No                        |
| Asset impairment       | -60,788,080.15 | -146.96%                    | Asset impairment mainly comes from inventory write-downs.  | No                        |
| Non-operating income   | 176,255.05     | 0.43%                       | Non-operating income mainly comes from the recovery of other receivables for which provisions have been put aside for bad debts. | No                        |
| Non-operating expenses | 71,313.09      | 0.17%                       | Non-operating expenses mainly come from the scrapping of fixed assets.   | No                        |

## VI. Analysis of Assets and Liabilities

### 1. Significant changes in asset components

Unit: RMB

|                             | At the end of 2022 |                            | At the beginning of 2022 |                            | Increase/Decrease (%) | Explanation of significant changes |
|-----------------------------|--------------------|----------------------------|--------------------------|----------------------------|-----------------------|------------------------------------|
|                             | Amount             | Proportion in total assets | Amount                   | Proportion in total assets |                       |                                    |
| Monetary capital            | 227,264,342.31     | 12.36%                     | 210,573,782.49           | 15.04%                     | -2.68%                |                                    |
| Accounts receivable         | 57,833,671.83      | 3.15%                      | 37,806,586.91            | 2.70%                      | 0.45%                 |                                    |
| Inventory                   | 426,125,273.33     | 23.18%                     | 277,095,357.75           | 19.79%                     | 3.39%                 |                                    |
| Investment property         | 28,782,856.07      | 1.57%                      | 30,108,932.75            | 2.15%                      | -0.58%                |                                    |
| Long-term equity investment | 1,983,923.48       | 0.11%                      |                          |                            | 0.11%                 |                                    |
| Fixed assets                | 630,970,963.32     | 34.32%                     | 476,894,877.56           | 34.06%                     | 0.26%                 |                                    |
| Construction in progress    | 344,727,296.32     | 18.75%                     | 165,273,027.75           | 11.80%                     | 6.95%                 |                                    |
| Right-of-use assets         | 410,045.97         | 0.02%                      | 2,354,943.86             | 0.17%                      | -0.15%                |                                    |
| Short-term borrowings       | 20,024,144.40      | 1.09%                      | 10,013,291.67            | 0.72%                      | 0.37%                 |                                    |

|                         |                |        |                |        |       |  |
|-------------------------|----------------|--------|----------------|--------|-------|--|
| Contractual liabilities | 49,576,606.91  | 2.70%  | 13,220,675.60  | 0.94%  | 1.76% |  |
| Long-term borrowings    | 283,557,577.77 | 15.42% | 149,393,532.37 | 10.67% | 4.75% |  |

The overseas assets account for a higher proportion

Applicable Not applicable

| Specific content of assets        | Reasons of formation                          | Asset size     | Location | Operation model        | Control measures to guarantee asset security                                       | Return on assets | Proportion of overseas assets in the Company's net assets | Whether there is any significant impairment risk |
|-----------------------------------|---|----------------|----------|------------------------|--|------------------|---|--|
| HABITAT INTERNATIONAL CORPORATION | Wholly-owned subsidiary incorporated overseas | 289,784,632.26 | Panama   | Independent operations | Vessel and personnel insurance   | 15,776,919.07    | 23.22%  | No   |
| ZHONGHA FOODS COMPANY LIMITED     | Wholly-owned subsidiary incorporated overseas | 136,731,937.51 | Ghana    | Independent operations | Professional management team stationed overseas and vessel and personnel insurance | -6,221,530.34    | 10.96%  | No   |

## 2. Assets and liabilities measured at fair value

Applicable Not applicable

## 3. Restrictions over asset rights as of the end of the Reporting Period

| Item                     | Period-end book value | Reasons        |
|--------------------------|-----------------------|----------------|
| Fixed assets             | 101,156,162.87        | Mortgage loans |
| Construction in progress | 330,769,336.43        | Mortgage loans |
| Intangible assets        | 4,795,207.52          | Mortgage loans |
| Total                    | 436,720,706.82        |                |

## VII. Investment Analysis

### 1. Overview

Applicable Not applicable

| Investment amount for the Reporting Period (RMB) | Investment amount for the same period in the previous year (RMB) | Changes (%) |
|--|--|-------------|
| 360,025,731.57                                   | 329,564,194.60   | 9.24%       |

### 2. Significant equity investment acquired during the Reporting Period

Applicable Not applicable

Unit: RMB

| Investee's name | Main businesses | Investment method | Investment amount | Shareholding proportion | Fund source | Cooperator | Investment period | Product type | Progress as of the balance sheet | Expected income | Gains/losses on investment | Any litigation involved | Disclosure date (if any) | Disclosure index (if any) |
|-----------------|-----------------|-------------------|-------------------|-------------------------|-------------|------------|-------------------|--------------|----------------------------------|-----------------|----------------------------|-------------------------|--------------------------|---------------------------|
|-----------------|-----------------|-------------------|-------------------|-------------------------|-------------|------------|-------------------|--------------|----------------------------------|-----------------|----------------------------|-------------------------|--------------------------|---------------------------|

|   |   |                  |               |        |            |                                   |            |                   |           |      |      |    |    |    |
|---|---|------------------|---------------|--------|------------|-----------------------------------|------------|-------------------|-----------|------|------|----|----|----|
|   |   |                  |               |        |            |                                   |            |                   | date      |      |      |    |    |    |
| Zhonglu Oceanic (Qingdao) Industrial Investment and Development Co., Ltd. | Processing and trading of aquatic products and cold chain logistics | Capital increase | 96,000,000.00 | 66.63% | Bank loans | HABITAT INTERNATIONAL CORPORATION | Indefinite | Equity investment | Completed |      |      | No |    |    |
| Total   | --  | --               | 96,000,000.00 | --     | --         | --                                | --         | --                | --        | 0.00 | 0.00 | -- | -- | -- |

### 3. Significant non-equity investment in progress during the Reporting Period

Applicable Not applicable

Unit: RMB

| Project name                            | Investment method | Whether it is an investment in fixed assets | Industries involved in the investment                               | Investment amount for the Reporting Period | Total actual investment amount as at the end of the Reporting Period | Fund source                    | Project progress | Expected investment | Total income realized as of the end of the Reporting Period | Reasons for failure to reach the planned progress and realize the expected income | Disclosure date (if any) | Disclosure index (if any) |
|---|-------------------|---|---|--|--|--------------------------------|------------------|---------------------|---|---|--------------------------|---------------------------|
| Zhonglu Marine Innovation Industry Park | Self-construction | Yes   | Processing and trading of aquatic products and cold chain logistics | 23,390,949.75                              | 73,440,949.75  | Self-owned fund                |                  |                     | 0.00  | The designed capacity is not reached.   |                          |                           |
| Construction of two large tuna seiners  | Self-construction | Yes   | Fishery   | 189,738,926.25                             | 330,769,336.43   | Self-owned fund and bank loans | 92.00%           |                     | 0.00  | The designed capacity is not reached.   |                          |                           |
| Total                                   | --                | --  | --  | 213,129,876.                               | 404,210,286.   | --                             | --               | 0.00                | 0.00  | --  | --                       | --                        |

#### 4. Financial asset investment

##### (1) Securities investment

Applicable Not applicable

The Company did not have securities investments during the Reporting Period.

##### (2) Derivative investment

Applicable Not applicable

The Company did not have derivative investments during the Reporting Period.

#### 5. Use of raised funds

Applicable Not applicable

The use of raised funds was not applicable to the Company during the Reporting Period.

### VIII. Sale of Significant Assets and Equity

#### 1. Sale of significant assets

Applicable Not applicable

The Company did not sell any significant assets during the Reporting Period.

#### 2. Sale of significant equity

Applicable Not applicable

### IX. Analysis of Key Shareholding Companies

Applicable Not applicable

Key subsidiaries and shareholding companies affecting the Company's net profits by more than 10%

Unit: RMB

| Company name  | Company type | Main business               | Registered capital | Total assets   | Net assets     | Operating revenue | Operating profits | Net profits   |
|---|--------------|-----------------------------|--------------------|----------------|----------------|-------------------|-------------------|---------------|
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.    | Subsidiary   | Food processing             | 104,322,300.00     | 476,018,274.13 | 339,663,595.62 | 530,394,523.46    | 20,468,657.54     | 18,549,849.33 |
| HABITAT INTERNATIONAL CORPORATION                   | Subsidiary   | Cold storage transportation | 12,476,145.60      | 289,784,632.26 | 199,739,330.80 | 85,521,704.69     | 15,776,919.07     | 15,776,919.07 |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | Subsidiary   | Long range fishing          | 221,617,349.00     | 513,273,616.50 | 408,926,221.39 | 274,187,930.05    | 8,018,735.90      | 8,062,035.30  |

Acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

Information of key shareholding companies

Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.: Operating profits for the Reporting Period reached RMB8,018,735.90, representing a substantial increase of 326.41% year-on-year, which was mainly due to the increase in production from seining and the rising sales prices;

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.: Operating profits for the Reporting Period reached RMB20,468,657.54, representing a decrease of 17.58% year-on-year, which was mainly because the export of tuna and other relevant products was greatly impacted by a combination of factors, including the economic downturn, the conflict between Russia and Ukraine, and the weak demand on the markets of Japan, the United States, the European Union, and South America.

HABITAT INTERNATIONAL CORPORATION: Operating profits for the Reporting Period reached RMB15,776,919.07, representing a substantial increase of 72.28% year-on-year, which was mainly due to more lease incomes from new cold storage transportation vessels and exchange rate changes.

## X. Structured Entities Controlled by the Company

Applicable Not applicable

## XI. Prospects of the Company's Future Development

With the implementation of its marine strategy, China has rolled out a series of preferential policies for the overseas fishing industry since it is an important part of the ocean economy. China's overseas fishing industry is developing rapidly, with its long range fishing fleet continuously expanding. However, obtaining resources is still the main focus, and raw fish remains the main product while high value-added processed products, market development, sales, and the production service support system are still weak. Currently, as China is carrying out the conversion of old and new growth drivers, the overseas fishing industry will welcome new opportunities for adjustment, transformation, and development. It is expected that the future development trends will be as follows: First, the oceanic fishing industry will be stabilized. The fishing of pelagic fish, cephalopods, and Antarctic krill will be expanded. Second, the trans-oceanic fishing industry will be strengthened and improved. The transformation and upgrade of this industry will be promoted through a variety of measures, including changing the cooperation models, improving management, upgrading fishing boats, and the merger and acquisition of projects. Third, the cold storage, processing, and trading of aquatic products will be developed through the improvement of the industrial structure and the extension of the industrial chain. Fourth, more efforts will be made to strengthen the development of the production service support system for the fishing industry. Overseas oceanic fishing bases and offshore production platforms will be vigorously developed to carry out value-added business activities, including fishing wharf services, fish warehousing and logistics, fishing boat repairs, marine transportation, replenishment, and refueling services.

### (I) Prospects of the Company's main businesses

#### 1. Long range fishing

The Company will continue to develop long range fishing centered around seining and longline fishing. In terms of tuna seining, the two (sets of) newly built large seiners will sail to central and western Pacific to expand seining production on the basis of the existing seven (sets of) seiners and increase profit growth points. In terms of longline fishing, the Company has strong support from Somalia and Tanzania for maintaining high yields. Since four years ago, the Company's longliners have reentered the Tanzanian cooperative area for fishing production. So far, the production conditions have turned out to be good, and the fish production has increased markedly. At the same time, the Company's negotiation on the common of piscary to Somalia has ended with success. After paying the cooperation fees, the Company will be allowed to enter the area to fish. According to the production plan, after the common of piscary in Tanzania ends, the Company will shift to the Somalian cooperation area. The Company will make good use of the piscary advantage to stabilize production and increase incomes. In terms of seiners, the Company will continue to invest in the two seiners. As of the end of 2022, 80% of the seiner building had been completed. In terms of trawling, the Company plans to build two new fishing vessels that have advanced equipment, are suitable for modern marine fishing, and conform to the country's industrial policies to replace the two existing old trawlers operating in Ghana.

#### 2. Cold storage transportation

The Company will strengthen and boost its cold transportation service. Oceanic cold storage transportation is always a stable business segment in the Company's business performance. Depending on the specific situation of the cold storage transportation market, the Company will continue to phase out old vessels with small tonnages and upgrade relatively younger cold storage transportation vessels with moderate tonnages to maintain the position of its transportation fleet in the industry. Meanwhile, the Company will explore other types of vessel transportation services to expand its sea transportation services and increase profitability.

#### 3. Cold storage processing and trading

The Company will proactively develop and extend its cold storage processing and trading services. First, the Company will seek development through innovation. Centered around the featured tuna industry, the Company will continuously improve its product mix, competitiveness and anti-risk capabilities. Second, the Company will further increase the scale of the backhaul, purchase, processing, and sales of self-caught tuna to vigorously develop domestic and international markets. Third, while maintaining its existing businesses, the Company will step up efforts to develop new products, deep-processed products, and other high-value-added products to foster new profit growth points. Fourth, the Company will strengthen the innovation and implementation of production processes and improve production automation to improve production efficiency, save production costs, and enhance production effectiveness. Fifth, the Company will reinforce brand building and promotion and maintain the leading position of its products in China.

### (II) Future development strategies

Closely aligning the strategic goals for its development, the Company will judge the overseas fishing situation, follow the development requirements for listed companies, grasp opportunities to expedite development, prevent risks, and stabilize business performance. The Company will also stick to the overseas fishing industry as its main business, increase brand visibility, and extend the industrial chain according to the development vision of "stabilizing fishing, consolidating the industrial chain model that integrates cold storage, processing, trading, and transportation, improving product structures, and carrying out transformation and upgrading."

### (III) Work plan for 2023

The Company will uphold the concept of "reform-based, innovation-driven, standardized, and steady development," revolve around the guidelines for "maintaining growth, emphasizing standards, adjusting structures, and promoting transformation," and focus on improving its development quality. With the purpose of increasing economic returns, the Company will convert old growth drivers into new ones, develop markets, and drive the construction of key projects. It will strengthen the business foundation, seek progress while maintaining stable development, blaze new trails, create new models, and take a combination of measures. Centered around the key problems restricting its development, the Company will manage production, operations, transformation, market development, and standardized management. It will proactively cultivate new profit growth points and continuously improve its control, competitiveness, influence, and anti-risk capabilities to

ensure the accomplishment of the annual targets. In 2023, the Company will do the following work: 1) improve the management of seining projects, develop more supporting measures, develop diverse markets, increase project profitability, and proactively drive the construction of the two (sets of) large seiners to cultivate profit growth points; 2) stabilize the profitability of the longline tuna fishing project in the Indian Ocean, explore new operating fisheries, dispatch vessels on a scientific basis, conduct business in accordance with laws and regulations, and ensure stable growth in fishing production; 3) strengthen and improve cold storage transportation and purchase and build modern and intelligent transportation vessels; 4) expedite the abandonment of backward capacity and build two new fishing vessels that have advanced equipment, are suitable for modern marine fishing, and conform to the country's industrial policies to replace the two old trawlers in the sea area of Ghana; 5) proactively develop and extend cold storage processing and trading services, step up efforts to develop new products, deep-processed products, and other high-value-added products, create new sales models, and cultivate new profit growth points; 6) promote the Company's transformation to an innovation-driven company through "technological, product, business, and management innovation."

(IV) Risks facing the Company and countermeasures

1. Risk of fishing resource fluctuations: Fishing resources usually fluctuate, and sometimes the fluctuations are big. Greater decreases in fishing resources will have a greater impact on the Company's profits. Cyclic changes, climates, hydrological conditions, and other relevant conditions are all likely to cause fluctuations in fishing resources.

Countermeasures: The Company will develop new fisheries, dispatch vessels on a scientific basis, upgrade fishing and production equipment, and gradually improve production vessels. It will make science-based and reasonable arrangements for vessel maintenance, equipment repair, materials, fish baits, spare parts, and logistical support for personnel to ensure high sailing rates.

2. Risk of price fluctuations: Demand from overseas markets is shrinking in the context of the economic downturn, causing lingering impacts on the aquatic processing industry. Coupled with frequent demurrage and persistently high sea freight rates, fish product prices fluctuate substantially.

Countermeasures: The Company will accelerate the building of a new paradigm focusing on domestic circulation with mutual promotion between domestic and international circulations. It will precisely target the domestic market, develop cooked products that accommodate consumers' needs, and expand domestic sales channels.

3. Risk of exchange risk fluctuations: Exchange rates fluctuate greatly due to the economic downturn and the war between Russia and Ukraine.

Countermeasures: The Company will keep a close watch on the exchange rate changes and settle exchanges promptly. Meanwhile, the Company will strengthen cooperation with financial institutions in the management of exchange rate risk, regulate the balance of foreign-currency assets to the maximum extent possible, and use hedging instruments to mitigate exchange risk when necessary.

4. Risk of safety accidents.

Countermeasures: The Company will uphold the production safety policies, implement production safety measures, conduct safety education regularly, prevent major safety accidents, and make tangible efforts to place production safety as a top priority.

## XII. Reception of Surveys, Communications, and Interviews during the Reporting Period

Applicable Not applicable

| Time of reception | Place of reception | Mode of reception   | Type of reception subject | Reception subject    | Major content discussed and documents provided   | Basic information index of survey |
|-------------------|--------------------|---------------------|---------------------------|----------------------|--|-----------------------------------|
| January 6, 2022   | The Company        | Site survey         | Individual                | Individual investors | The Company's production, operations, and other relevant information were discussed; no documents were provided. | None                              |
| March 9, 2022     | Online             | Phone communication | Individual                | Individual investors | The Company's production, operations, and other relevant information were discussed; no documents were provided. | None                              |
| April 20, 2022    | Online             | Phone communication | Individual                | Individual investors | The Company's strategic plans and other relevant information were discussed; no documents were provided.         | None                              |
| May 12, 2022      | Online             | Phone               | Individual                | Individual           | The Company's  | None                              |

|                   |        |                     |            |                      |   |      |
|-------------------|--------|---------------------|------------|----------------------|---|------|
|                   |        | communication       |            | investors            | production, operations, and other relevant information were discussed; no documents were provided.              |      |
| July 14, 2022     | Online | Phone communication | Individual | Individual investors | The government grants received by the Company and other information were discussed; no documents were provided. | None |
| November 14, 2022 | Online | Phone communication | Individual | Individual investors | The Company's stock price was discussed; no documents were provided.  | None |

## Section IV Corporate Governance

### I. Basic status of corporate governance

During the reporting period, in accordance with the requirements of laws, regulations, and relevant normative documents such as *the Company Law*, *the Securities Law*, *the Governance Standards for Listed Companies*, and *Self-regulatory Guideline No. 1 of the Shenzhen Stock Exchange for Listed Companies - Standardized Operation of Main Board Listed Companies*, the Company continuously improved its corporate governance structure, further standardized its operations, and improved its governance level. The shareholders' meeting, board of directors, and supervisory board can all be held strictly in accordance with regulations and norms, and all directors and supervisors can fulfill their duties conscientiously and diligently. The Company believes that there is no difference between the actual situation of corporate governance during the reporting period and the requirements of *the Company Law* and relevant regulations of the China Securities Regulatory Commission.

Are there significant differences between the actual situation of corporate governance and laws, administrative regulations and the regulations on listed company governance issued by the China Securities Regulatory Commission?

Yes No

There is no significant difference between the actual situation of corporate governance and laws, administrative regulations and the regulations on listed company governance issued by the China Securities Regulatory Commission.

### II. The independence of the Company relative to its controlling shareholders and actual controllers in guaranteeing the Company's assets, personnel, finance, institution, business, and other aspects

During the reporting period, the Company strictly operated in accordance with laws, regulations, and rules such as *the Company Law* and *the Articles of Association*, and established a sound corporate governance structure. The Company is completely separated from its controlling shareholders and actual controllers in terms of assets, personnel, finance, institution, and business, and has independent and complete business and independent management capabilities.

1. Asset integrity. The Company's assets are complete and independent, and have clear ownership relationships. No assets or funds are occupied by the controlling shareholder, and the Company's assets are completely independent of the controlling shareholder.

2. Personnel independence. The Company has established an independent HR system and a complete salary management system, with an independent workforce. The Company's general manager, deputy general manager, financial manager, board secretary and other senior management personnel have not held any administrative positions other than directors or supervisors in the controlling shareholders or other enterprises under their control, and all receive compensations from the Company. The Company's financial personnel also do not hold part-time positions in controlling shareholders or other enterprises under their control.

3. Financial independence. The Company sets up an independent financial department and accounting personnel, a complete and independent financial accounting system, and a standardized financial accounting system, capable of

making financial decisions independently. An independent bank account is opened and taxes are paid independently.

4. Institutional independence. The Company has a sound organizational structure that is completely separate from the controlling shareholders in terms of institution. The shareholders' meeting, board of directors, and supervisory board all operate independently and have independent decision-making and execution capabilities.

5. Business independence. The production, operation, and administrative management of the Company are completely independent of the controlling shareholders, and there is no horizontal competition with the controlling shareholders.

### III. Horizontal competition

Applicable Non applicable

### IV. Relevant information on annual and extraordinary shareholders' meetings held during the reporting period

#### 1. Situation of the shareholders' meeting during this reporting period

| Session  | Type                          | Investor participation ratio | Date of holding | Date of disclosing | Resolution   |
|--|-------------------------------|------------------------------|-----------------|--------------------|--|
| The first extraordinary general meeting of shareholders in 2022  | Extraordinary general meeting | 49.68%                       | Jan. 6, 2022    | Jan. 7, 2022       | Refer to the Announcement on the Resolution of the First Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-04) disclosed in the China Securities Journal, Hong Kong Business Daily, and CNINFO  |
| The second extraordinary general meeting of shareholders in 2022 | Extraordinary general meeting | 47.30%                       | Jan. 26, 2022   | Jan. 27, 2022      | Refer to the Announcement on the Resolution of the Second Extraordinary General Meeting of Shareholders in 2022 (Announcement No. 2022-06) disclosed in the China Securities Journal, Hong Kong Business Daily, and CNINFO |
| 2021 Annual General Meeting of Shareholders                      | Annual general meeting        | 48.26%                       | May 12, 2022    | May 13, 2022       | Refer to the Announcement on the Resolution of the 2021 Annual General Meeting of Shareholders (Announcement No. 2022-20) disclosed in the China Securities Journal, Hong Kong Business Daily, and CNINFO                  |

#### 2. Preferred shareholders with restored voting rights request to convene an extraordinary shareholders' meeting

Applicable Non applicable

### V. Information on directors, supervisors, and senior management personnel

#### 1. Basic status

| Name          | Position             | Employment status | Gender | Age | Term start date  | Term end date | Number of shares held at the beginning of the period (shares) | Number of shares increased in the current period (shares) | Number of shares reduced in the current period (shares) | Other changes (shares) | Number of shares held at the end of the period (shares) | Reasons for increase or decrease of shares |
|---------------|----------------------|-------------------|--------|-----|------------------|---------------|---|---|---|------------------------|---|--|
| Lu Lianxing   | Chairman             | incumbent         | male   | 57  | January 25, 2018 | May 11, 2025  | 0   | 0   | 0   | 0                      | 0   |  |
| Wang Huan     | Managing Director    | incumbent         | male   | 54  | June 07, 2018    | May 11, 2025  | 0   | 0   | 0   | 0                      | 0   |  |
| Xin Li        | Director             | incumbent         | female | 43  | July 21, 2021    | May 11, 2025  | 0   | 0   | 0   | 0                      | 0   |  |
| Zhong Zhigang | Independent director | incumbent         | male   | 55  | May 12, 2022     | May 11, 2025  | 0   | 0   | 0   | 0                      | 0   |  |
| Wang Shouhai  | Independent director | incumbent         | male   | 46  | May 12, 2022     | May 11, 2025  | 0   | 0   | 0   | 0                      | 0   |  |
| Liu Zhihui    | Chairman of the      | incumbent         | male   | 58  | May 12,          | May           | 0   | 0   | 0   | 0                      | 0   |  |

|                |  |           |        |    |                   |              |   |   |   |   |   |    |
|----------------|--|-----------|--------|----|-------------------|--------------|---|---|---|---|---|----|
|                | Supervisory Board  |           |        |    | 2022              | 11, 2025     |   |   |   |   |   |    |
| Wang Fang      | Supervisor   | incumbent | female | 39 | May 12, 2022      | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Xue Xiangwei   | Employee supervisor  | incumbent | male   | 35 | May 12, 2022      | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Liang Shanglei | Secretary of the Board of Directors, Chairman of the Labor Union | incumbent | male   | 50 | November 19, 2020 | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Meng Fanyong   | Deputy General Manager   | incumbent | male   | 53 | May 16, 2019      | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Fu Chuanhai    | Financial director   | incumbent | male   | 50 | January 04, 2019  | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Dong Guangming | Deputy General Manager   | incumbent | male   | 51 | April 19, 2022    | May 11, 2025 | 0 | 0 | 0 | 0 | 0 |    |
| Jiang Lu       | Independent director   | resign    | male   | 63 | May 19, 2016      | May 12, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Song Xiliang   | Independent director   | resign    | male   | 57 | May 19, 2016      | May 12, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Han Junpeng    | Chairman of the Supervisory Board                                | resign    | male   | 44 | July 21, 2021     | May 12, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Huang Wei      | Supervisor   | resign    | female | 43 | January 22, 2019  | May 12, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| Qiu Hong       | Supervisor   | resign    | female | 55 | December 29, 2017 | May 12, 2022 | 0 | 0 | 0 | 0 | 0 |    |
| total          | --   | --        | --     | -- | --                | --           | 0 | 0 | 0 | 0 | 0 | -- |

Whether there were any resignation of directors and supervisors and dismissal of senior executives during the reporting period

Yes No

During the reporting period, due to work reasons, Mr. Liang Shanglei resigned from the position of deputy general manager of the Company; the term of the seventh session of directors and supervisors of the Company expired, among which, Mr. Jiang Lu and Mr. Song Xiliang no longer served as independent directors of the Company, and Mr. Han Junpeng no longer served as the Company's Chairman of board of supervisors and supervisor, Ms. Huang Wei no longer served as the company's supervisor, and Ms. Qiu Hong no longer served as the Company's employee supervisor.

Changes in Directors, Supervisors and Senior Management of the Company

Applicable  Not applicable

| Name           | Position held                     | Type        | Date           | Reason                                 |
|----------------|-----------------------------------|-------------|----------------|--|
| Dong Guangming | Deputy General Manager            | Engaged     | April 21, 2022 | Engaged                                |
| Liang Shanglei | Deputy General Manager            | Resign      | April 21, 2022 | Due to work reasons                    |
| Zhong Zhigang  | independent director              | was elected | May 12, 2022   | Election at expiration of office terms |
| Wang Shouhai   | independent director              | was elected | May 12, 2022   | Election at expiration of office terms |
| Liu Zhihui     | Chairman of the Supervisory Board | was elected | May 12, 2022   | Election at expiration of office terms |
| Wang Fang      | Supervisor                        | was elected | May 12, 2022   | Election at expiration of office terms |

|              |                                   |                                    |              |  |
|--------------|-----------------------------------|------------------------------------|--------------|--|
| Xue Xiangwei | Employee supervisor               | was elected                        | May 12, 2022 | Election at expiration of office terms |
| Jiang Lu     | Independent director              | Resignation at the end of the term | May 12, 2022 | Resignation at the end of the term     |
| Song Xiliang | Independent director              | Resignation at the end of the term | May 12, 2022 | Resignation at the end of the term     |
| Han Junpeng  | Chairman of the Supervisory Board | Resignation at the end of the term | May 12, 2022 | Resignation at the end of the term     |
| Huang Wei    | Supervisor                        | Resignation at the end of the term | May 12, 2022 | Resignation at the end of the term     |
| Qiu Hong     | Employee supervisor               | Resignation at the end of the term | May 12, 2022 | Resignation at the end of the term     |

## 2. Employment status

Professional background, main work experience, and current main responsibilities of current directors, supervisors, and senior management personnel of the Company

### (1) Director

Lu Lianxing, a university graduate, a member of the Communist Party of China. Served as deputy manager and manager of the Import and Export Company of Shandong Leather Industry Corporation, deputy chief accountant, chief accountant, general manager, chairman, and deputy party secretary of Shandong Leather Industry Corporation, general manager and Secretary of the Party Committee of Shandong Qilu Petrochemical Joint Venture Development Corporation, Chairman and Secretary of the Party Committee of Shandong Zhonglu Oceanic Fisheries Co., Ltd., Vice President and Member of the Party Committee of Shandong State-owned Assets Investment Holding Co., Ltd., General Manager and Secretary of the Party Committee of Shandong Aquatic Enterprise Group Corporation, Chairman of Shandong Dongyin Investment Co., Ltd., Secretary of the Party Committee, Director and Chairman of Zhongtai Xincheng Asset Management Co., Ltd.; currently a member of the Standing Committee of the Party Committee, Director and Secretary of the Board of Shandong State-owned Assets Investment Holdings Co., Ltd. From January 25, 2018, he served as the secretary of the party committee, director and chairman of the Company.

Wang Huan, college degree, Bachelor of Economics. Used to be the deputy general manager of Shandong Zhonglu Oceanic Fisheries Co., Ltd., the deputy manager of the Ocean Management Department, the business director of the Fisheries project in Ghana, the person in charge of the Fisheries project in Gambia, the chairman and general manager of Shandong Zhonglu Aquatic Shipping Co., Ltd. Since June 7, 2018, Wang has been the general manager of the Company, and since January 22, 2019, Wang has been the director and general manager of the Company.

Xin Li, postgraduate degree, senior economist, member of the Communist Party of China. Xin used to be the deputy director of Human Resources Department (Party and Mass Work Department) of Shandong State-owned Assets Investment Holding Co., Ltd., director of Shandong Cultural Industry Investment Group Co., Ltd., director of Shandong Longxin Investment Co., Ltd., director of Shandong Rongyue Financial Holding Co., Ltd., Director of Dezhou Bank Co., Ltd. Xin is currently the executive director of Shandong State-owned Assets Investment Holding Co., Ltd., the head of the Organization Department (Human Resources Department), and the director of Shandong Huate Holding Group Co., Ltd. Xin served as a director of the Company from July 21, 2021.

Zhong Zhigang, graduate degree, member of the Communist Party of China, first-class lawyer. He used to be an external director of Shandong Iron and Steel Group Co., Ltd., a director of Jinan Lawyers Association, and an independent director of Shandong Zhonglu Oceanic Fisheries Co., Ltd. He is currently a senior partner of Grandall Law Firm (Jinan); concurrently serves as the deputy director of the Restructuring and M&A Professional Committee of the Jinan Lawyers Association, a member of the Restructuring and M&A Professional Committee of the Shandong Lawyers Association, and the deputy director of the Finance and Securities Committee of the Jinan Law Society, and postgraduate cooperation instructor of Shandong University of Finance and Economics Master of Business Administration (MBA), independent director of Huafang Co., Ltd. From May 12, 2022, he served as an independent director of the Company.

Wang Shouhai, doctoral degree, member of the Communist Party of China, certified public accountant. He used to be the director and assistant to the dean of the Accounting Department of Shandong University of Finance and Economics. He is currently a professor, deputy dean and doctoral supervisor of the School of Accounting of Shandong University of Finance and Economics; he is also an independent director of Inspur Software Co., Ltd., Weihai Cratefair Fan Co., Ltd. and Seco Environmental Energy Co., Ltd. From May 12, 2022, he served as an independent director of the Company.

### (2) Supervisors

Liu Zhihui, executive MBA, accountant, member of the Communist Party of China. Served as an accountant of the Service Center of the Shandong Provincial Department of Communications; a staff member, section chief, and deputy manager of the Fund and Finance Department of Shandong Provincial Transportation Development and Investment Company; business manager of the Capital Operation Department of Shandong State-owned Assets Investment Holding Co., Ltd., deputy director and director of the Audit Department; Deputy Secretary of the Party Committee, General Manager, Deputy General Manager, and Secretary of the Disciplinary Committee of Shandong Machinery and Equipment Import and Export Group Corporation; Deputy Secretary of the Party Committee, Director, and General Manager of Zhongtai Xincheng Asset Management Co., Ltd. He is currently a member of the party committee, chairman of the board of supervisors and supervisor of Shandong Zhonglu Oceanic Fisheries Co., Ltd. From May 12, 2022, he served as the chairman and supervisor of the Company's board of supervisors.

Wang Fang, postgraduate degree, master of management. Wang used to be the cashier and senior business manager of the Finance Department of Shandong State-owned Assets Investment Holding Co., Ltd., the assistant and business supervisor of the Capital Operation Department, the business supervisor, senior business supervisor and senior business manager of the Equity Management Department. Wang is currently the deputy director of the Finance Department of Shandong State-owned Assets Investment Holding Co., Ltd. Wang has been the supervisor of the Company from May 12, 2022.

Xue Xiangwei, postgraduate degree, member of the Communist Party of China. He used to be the deputy director and employee of the Human Resources Department of Shandong Zhonglu Oceanic Fisheries Co., Ltd., and the deputy secretary of the Party branch of Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd. He is currently an employee supervisor and head of the Human Resources Department (Organization Department) of Shandong Zhonglu Oceanic Fisheries Co., Ltd. He served as Employee Supervisor of the Company from May 12, 2022.

(3) Senior management personnel

Liang Shanglei, a university graduate, a member of the Communist Party of China. Served as an officer of the Political Department of the Communication Corps of the Second Artillery 54 Base, a political instructor of the Seventh Brigade of the Jinan Detachment of the Armed Police Corps Shandong Corps, director and deputy political commissar of the Political Division of the Shandong Provincial Corps Hospital of the Armed Police Corps, chief staff member and publicity officer of the Capital Operation and Income Management Division, and Deputy Director of the Complaints and Complaints Office (Party Committee Propaganda and Mass Work Department), of the Shandong Provincial State-owned Assets Supervision and Administration Commission, Employee Director, Deputy General Manager, and Secretary of the Disciplinary Committee of Shandong Zhonglu Oceanic Fisheries Co., Ltd. He is currently the deputy secretary of the party committee, secretary of the board of directors and chairman of the labor union of Shandong Zhonglu Oceanic Fisheries Co., Ltd. From February 2, 2021, he served as the secretary of the board of directors of the Company.

Meng Fanyong, college degree, economist, member of the Communist Party of China. Served as Deputy Chief of the Import and Export Department of Shandong Aquatic Enterprise Group Corporation, Deputy Manager of Shandong Wanxiang Aquatic Products Co., Ltd., Chairman and General Manager of Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., and chairman of Shandong Zhonglu Oceanic Refrigeration Co., Ltd.. He is currently a member of the party committee and deputy general manager of Shandong Zhonglu Oceanic Fisheries Co., Ltd. From May 16, 2019, he served as the deputy general manager of the Company.

Fu Chuanhai, postgraduate degree. He used to be the audit project manager and deputy department manager of Shandong Zhengyuan Hexin Accounting Firm; the deputy director of the Finance Department of Himin Solar Group; the deputy director of the audit center of Linuo Group; the chief accountant of China Resources Shandong Pharmaceutical Co., Ltd.; financial director of Zhongtai Xincheng Asset Management Co., Ltd.. Since January 4, 2019, he has been the chief financial officer of the Company.

Dong Guangming, a university graduate, a member of the Communist Party of China. Served as a member of the supply department of Jinan Mingshui Chemical Fertilizer Factory, technician and construction leader of Puji Radio and Television Station of Zhangqiu Radio and Television Jade Bird Information Network Co., Ltd., deputy station chief and station chief of Diaozhen Radio and Television Station of Zhangqiu Radio and Television Jade Bird Information Network Co., Ltd., station chief of Zhangqiu City Radio and Television Bureau Puji Radio and Television Station, Station Master of Shuangshan Rural Radio Station of Zhangqiu Branch of Shandong Radio and Television Network Co., Ltd., Senior Director and Director of the Administration and Comprehensive Department of Juneng Capital Management Co., Ltd., Member of the Party Committee and Secretary of the Disciplinary Committee of Zhongtai Xincheng Asset Management Co., Ltd. He is currently a member of the party committee and deputy general manager of Shandong Zhonglu Oceanic Fisheries Co., Ltd. From April 19, 2022, he served as the deputy general manager of the Company.

Employment status in shareholder units

Applicable  Not applicable

| Staff name  | Shareholder unit name     | Positions held in shareholder  | Term start date | Term end date | Whether to receive remuneration and allowances in shareholder |
|-------------|---------------------------|--|-----------------|---------------|---|
| Lu Lianxing | Shandong State Investment | Member of the Standing Committee of the Party Committee, Director, Secretary of the Board of Directors |                 |               | yes   |
| Xin Li      | Shandong State Investment | Executive Director, Head of the Organization Department (Human Resources Department)                   |                 |               | yes   |
| Wang Fang   | Shandong State Investment | Deputy Finance Minister  |                 |               | yes   |

Employment in other units

Applicable  Not applicable

| Staff name    | Other unit names                             | Positions held in other units  | Term start date | Term end date | Whether to receive remuneration allowance in other units |
|---------------|--|--|-----------------|---------------|--|
| Zhong Zhigang | Grandall Lawyers (Jinan) Firm                | Senior Partner   |                 |               | yes  |
| Wang Shouhai  | Shandong University of Finance and Economics | Professor, Vice Dean and Doctoral Supervisor of School of Accounting |                 |               | yes  |

Punishments of the Company's current and resigned directors, supervisors and senior executives during the reporting period in the past three years by securities regulatory agencies

Applicable Not Applicable

### 3. Remuneration of directors, supervisors and senior executives

Decision-making procedures, determination basis and actual payment of remuneration for directors, supervisors and senior executives

According to the relevant provisions and requirements of "Listed Company Governance Guidelines" of the China Securities Regulatory Commission, the remuneration plan of the Company's directors, supervisors and senior management personnel is proposed by remuneration and appraisal committee of board of directors of the Company, reviewed and approved at the company's the seventh meeting of the third session of board of directors held on February 14, 2008 and approved at the company's 2007 annual general meeting held on March 18, 2008; the tenth meeting of the seventh session of the board of directors held on December 29, 2020 also reviewed and adopted the "The Measures for the Administration of Remunerations of Directors, Senior Management Personnel" was reviewed and approved at the 2020 Annual General Meeting of Shareholders held on May 27, 2021.

Remuneration of directors, supervisors and senior executives of the Company during the reporting period

Unit: RMB 10,000

| Name           | Position   | Gender | Age | Employment status | Total pre-tax remuneration received from the Company | Whether to receive remuneration from related parties of the Company |
|----------------|--|--------|-----|-------------------|--|---|
| Lu Lianxing    | chairman   | male   | 57  | incumbent         | 0  | yes   |
| Wang Huan      | Managing Director  | male   | 54  | incumbent         | 65.88  | no  |
| Xin Li         | director   | female | 43  | incumbent         | 0  | yes   |
| Zhong Zhigang  | independent director   | male   | 55  | incumbent         | 2  | no  |
| Wang Shouhai   | independent director   | male   | 46  | incumbent         | 2  | no  |
| Liu Zhihui     | Chairman of the Supervisory Board                                | male   | 58  | incumbent         | 40.97  | no  |
| Wang Fang      | Supervisor   | female | 39  | incumbent         | 0  | yes   |
| Liang Shanglei | Secretary of the Board of Directors, Chairman of the Labor Union | male   | 50  | incumbent         | 52.33  | no  |
| Meng Fanyong   | Deputy General Manager   | male   | 53  | incumbent         | 51.79  | no  |
| Fu Chuanhai    | financial director   | male   | 50  | incumbent         | 52.67  | no  |
| Dong Guangming | Deputy General Manager   | male   | 51  | incumbent         | 32.73  | no  |
| Xue Xiangwei   | employee supervisor  | male   | 35  | incumbent         | 21.65  | no  |
| Jiang Lu       | independent director   | male   | 63  | resign            | 2  | no  |
| Song Xiliang   | independent director   | male   | 57  | resign            | 2  | no  |
| Han Junpeng    | Chairman of the Supervisory Board                                | male   | 44  | resign            | 0  | yes   |
| Huang Wei      | Supervisor   | female | 43  | resign            | 0  | yes   |
| Qiu Hong       | employee supervisor  | female | 55  | resign            | 11.52  | no  |
| Total          | --   | --     | --  | --                | 337.54   | --  |

## VI. Performance of duties by directors during the reporting period

### 1. The situation of the board of directors during the reporting period

| Session  | Date            | Disclosure date | Meeting Decision  |
|--|-----------------|-----------------|---|
| The twentieth meeting of the seventh session of board of directors (extraordinary meeting)     | January 6, 2022 | January 7, 2022 | <ol style="list-style-type: none"> <li>1. Regarding the proposal to consider the proposed change of accounting firm</li> <li>2. Proposal on deliberating and holding the second extraordinary general meeting of shareholders in 2022</li> </ol>  |
| The twenty-first meeting of the seventh session of board of directors (extraordinary meeting)  | March 29, 2022  | March 30, 2022  | <ol style="list-style-type: none"> <li>1. Proposal on reviewing the signing of the "2022 Annual Performance Responsibility Letter" by the Company's senior management</li> <li>2. Proposal on reviewing the 2022 annual investment plan</li> </ol>  |
| The twenty-second meeting of the seventh session of board of directors (extraordinary meeting) | April 19, 2022  | April 21, 2022  | <ol style="list-style-type: none"> <li>1. Proposal on reviewing the work report of the general manager for 2021</li> <li>2. Proposal on Reviewing the Work Report of the Board of Directors for 2021</li> <li>3. Proposal on reviewing the full text and abstract of the 2021 annual report</li> <li>4. Proposal on reviewing the 2021 annual financial report</li> <li>5. Proposal on reviewing the profit distribution plan for 2021</li> <li>6. Proposal on reviewing the re-appointment of the audit institution and determination of remuneration</li> <li>7. Proposal on reviewing the 2021 internal control self-evaluation report</li> <li>8. Proposal on reviewing the work report of independent directors for 2021</li> <li>9. Proposal on reviewing the re-election of the board of directors</li> <li>10. Proposal on deliberating on applying for comprehensive credit line from banks</li> <li>11. Proposal on deliberating on using self-owned idle funds to purchase bank wealth management products</li> <li>12. Proposal on reviewing the Company's "14th Five-Year Plan"</li> <li>13. Proposal on reviewing the report for the first quarter of 2022</li> <li>14. Proposal on deliberation on the appointment of deputy general manager</li> <li>15. Proposal on deliberation and convening of the 2021 Annual General Meeting of Shareholders</li> </ol> |
| The first meeting of the eighth session of board of directors                                  | May 12, 2022    | May 13, 2022    | <ol style="list-style-type: none"> <li>1. Proposal on the consideration of the election of the chairman of the board</li> <li>2. Proposal on deliberation and election of members of special committees of the Board of Directors</li> <li>3. Proposal on deliberating on the appointment of the general manager</li> <li>4. Proposal on deliberating and appointing the secretary of the board of directors</li> <li>5. Proposal on deliberation on the appointment of deputy general manager</li> <li>6. Proposal on the consideration of the appointment of the Chief Financial Officer</li> <li>7. Proposal on deliberating on the appointment of securities affairs representatives</li> </ol>   |
| The second meeting of the eighth session of board of directors                                 | August 25, 2022 | August 26, 2022 | <ol style="list-style-type: none"> <li>1. Proposal on reviewing the 2022 semi-annual report and its summary</li> <li>2. Proposal on reviewing the "Comprehensive Risk Management Report 2021"</li> <li>3. Proposal on deliberating and formulating the "Work</li> </ol>   |

|   |                    |                    |  |
|---|--------------------|--------------------|--|
|   |                    |                    | Regulations on Reporting to the Board of Directors by General Manager"<br>4. Proposal on deliberating and formulating the "Board of Directors Resolution Tracking Implementation and Post-evaluation System"<br>5. Proposal on deliberating and formulating the "Management System for External Donations" |
| The third meeting of the eighth session of board of directors (extraordinary meeting) | August 30, 2022    | August 31, 2022    | Proposal on Reviewing the Company's Borrowing from the China Development Bank  |
| The fourth meeting of the eighth session of board of directors                        | September 13, 2022 | September 14, 2022 | 1. Regarding the review of the Company's proposal to increase the capital of its subsidiaries<br>2. Proposal on reviewing the construction of cold storage by subsidiaries<br>3. Proposal on reviewing and revising the "Investor Relations Management System"   |
| The fifth meeting of the eighth session of board of directors                         | October 27, 2022   | October 28, 2022   | Proposal on Consideration of the 2022 Third Quarter Report   |
| The Sixth Meeting of the eighth session of Board of Directors (Provisional Meeting)   | November 8, 2022   | November 9, 2022   | 1. Proposal on reviewing the annual assessment work plan for senior managers<br>2. Proposal on reviewing the "Debt Management System"<br>3. Proposal on reviewing the "Administrative Measures for Total Wages"<br>4. Proposal on reviewing the list of matters authorized by the board of directors       |
| The seventh meeting of the eighth session of Board of Directors                       | December 29, 2022  | December 30, 2022  | 1. Proposal on deliberating on changing the Company's domicile and amending the "Articles of Association"<br>2. Proposal on reviewing and adjusting the members of the Strategy Committee of the Board of Directors  |

## 2. Attendance of directors at board meetings and general meetings of shareholders

| Attendance of Directors at Board Meetings and Shareholders' Meetings |   |   |   |                                    |  |   |                                      |
|--|---|---|---|------------------------------------|--|---|--------------------------------------|
| Director name  | The number of board meetings that should be attended in this reporting period | Number of board meetings attended on site | Number of board meetings attended by correspondence | Number of board meetings entrusted | Number of absences from board meetings | Whether fail to attend two board meetings in person in a row? | Attendance at shareholders' meetings |
| Lu Lianxing  | 10  | 2   | 8   | 0                                  | 0                                      | no  | 3                                    |
| Wang Huan  | 10  | 2   | 8   | 0                                  | 0                                      | no  | 3                                    |
| Xin Li   | 10  | 2   | 8   | 0                                  | 0                                      | no  | 3                                    |
| Zhong Zhigang  | 7   | 1   | 6   | 0                                  | 0                                      | no  | 1                                    |
| Wang Shouhai   | 7   | 1   | 6   | 0                                  | 0                                      | no  | 1                                    |
| Jiang Lu   | 3   | 0   | 2   | 1                                  | 0                                      | no  | 2                                    |
| Song Xiliang   | 3   | 1   | 2   | 0                                  | 0                                      | no  | 3                                    |

Explanation for failing to attend the board meeting in person for two consecutive times

Not applicable

## 3. The situation where the directors raise objections to the relevant matters of the Company

Whether the directors raise objections to the relevant matters of the Company

Yes  No

During the reporting period, the directors raised no objection to the relevant matters of the Company.

#### 4. Other instructions on the performance of duties by directors

Whether the directors' suggestions to the Company are adopted

Yes No

Explanation by the directors on whether the relevant proposals of the Company are adopted or not adopted

During the reporting period, the directors of the Company strictly followed the relevant provisions and requirements of the "Articles of Association", "Working Rules of the Board of Directors" and relevant laws and regulations, actively attended the board of directors and shareholders' meetings, and performed their duties diligently. Relevant opinions were put forward for governance and business decision-making of the Company based on the actual situation of the Company. After full communication and discussion, a consensus was formed, and the implementation of the resolutions of the board of directors was resolutely supervised and promoted to ensure scientific, timely and efficient decision-making, and safeguard the legitimate rights and interests of the Company and all shareholders.

#### 7. The special committees under the board of directors during the reporting period

| Committee name  | Membership                     | Number of meetings held | Date of holding | Conference content   | Important comments and suggestions put forward  | Other situations in which duties are performed | Specific circumstances of the objection (if any) |
|---|--------------------------------|-------------------------|-----------------|--|---|--|--|
| The first meeting of the audit committee of the board of directors in 2022  | Song Xiliang, Xin Li, Jiang Lu | 1                       | January 6, 2022 | Regarding the Proposal to Consider the Proposal to Change the Accounting Firm  | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The second meeting of the audit committee of the board of directors in 2022 | Song Xiliang, Xin Li, Jiang Lu | 1                       | April 15, 2022  | <ol style="list-style-type: none"> <li>1. Proposal on reviewing the full text and abstract of the 2021 annual report</li> <li>2. Proposal on reviewing the 2021 annual financial report</li> <li>3. Proposal on reviewing the profit distribution plan for 2021</li> <li>4. Proposal on reviewing the reappointment of the auditor and determining the remuneration</li> <li>5. Proposal on reviewing the performance of the audit committee and the summary report on the audit work of the accounting firm in 2021</li> <li>6. Proposal on reviewing the 2021 internal control self-evaluation report</li> </ol> | According to the actual situation of the Company, relevant opinions were put forward, and after full communication and discussion, all proposals were unanimously passed. |  |  |

|  |  |   |                   |  |   |  |  |
|--|--|---|-------------------|--|---|--|--|
|  |  |   |                   | 7. Proposal on reviewing the provision for asset impairment in 2021<br>8. Proposal on reviewing the first quarterly report of 2022   |   |  |  |
| The third meeting of the audit committee of the board of directors in 2022       | Wang Shouhai, Xin Li, Zhong Zhigang      | 1 | August 22, 2022   | Proposal on reviewing the 2022 semi-annual report and its summary  | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The Fourth Meeting of the Audit Committee of the Board of Directors in 2022      | Wang Shouhai, Xin Li, Zhong Zhigang      | 1 | October 27, 2022  | Proposal on Consideration of the 2022 Third Quarter Report   | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The Fifth Meeting of the Audit Committee of the Board of Directors in 2022       | Wang Shouhai, Xin Li, Zhong Zhigang      | 1 | November 28, 2022 | Proposal on Reviewing the 2022 Internal Control Evaluation Work Plan   | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| First Meeting of the Nominating Committee of the Board of Directors in 2022      | Jiang Lu, Lu Lianxing, Song Xiliang      | 1 | April 15, 2022    | 1. Proposal on Examining the Qualifications of Director Candidates<br>2. Proposal on Examining the Qualifications of Senior Managers | According to the actual situation of the company, relevant opinions were put forward, and after full communication and discussion, all proposals were unanimously passed. |  |  |
| The Second Meeting of the Nomination Committee of the Board of Directors in 2022 | Zhong Zhigang, Lu Lianxing, Wang Shouhai | 1 | May 12, 2022      | Proposal on Examining the Qualifications of Senior Managers  | According to the actual situation of the Company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The first meeting of the Strategy Committee of the Board of Directors in 2022    | Lu Lianxing, Wang Huan, Jiang Lu         | 1 | March 25, 2022    | Proposal on Reviewing the Investment Plan for 2022   | According to the actual situation of the company, after full communication and discussion, the motion was   |  |  |

|  |                                       |   |                    |  |   |  |  |
|--|---------------------------------------|---|--------------------|--|---|--|--|
|  |                                       |   |                    |  | passed unanimously.   |  |  |
| The second meeting of the Strategy Committee of the Board of Directors in 2022                   | Lu Lianxing, Wang Huan, Jiang Lu      | 1 | April 15, 2022     | Proposal on Reviewing the Company's "14th Five-Year Plan"  | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The third meeting of the Strategy Committee of the Board of Directors in 2022                    | Lu Lianxing, Wang Huan, Zhong Zhigang | 1 | September 13, 2022 | 1. Regarding the review of the Company's proposal to increase the capital of its subsidiaries<br>2. Proposal on reviewing the construction of cold storage by subsidiaries | According to the actual situation of the Company, relevant opinions were put forward, and after full communication and discussion, all proposals were unanimously passed. |  |  |
| The first meeting of the remuneration and appraisal committee of the board of directors in 2022  | Jiang Lu, Xin Li, Song Xiliang        | 1 | March 25, 2022     | Proposal on reviewing the signing of the "2022 Annual Performance Responsibility Letter" by the Company's senior management  | According to the actual situation of the company, after full communication and discussion, the motion was passed unanimously.   |  |  |
| The second meeting of the remuneration and appraisal committee of the board of directors in 2022 | Zhong Zhigang, Xin Li, Wang Shouhai   | 1 | November 8, 2022   | 1. Proposal on reviewing the annual assessment work plan for senior managers<br>2. Proposal on reviewing the "Administrative Measures for Total Wages"                     | According to the actual situation of the company, relevant opinions were put forward, and after full communication and discussion, all proposals were unanimously passed. |  |  |

## 8. Work of the Supervisory Committee

Whether the board of supervisors found any risks in the Company in the supervision activities during the reporting period

Yes  No.

The Supervisory Committee had no objection to the supervisory matters during the reporting period.

## IX. The Company's employees

### 1. Number of employees, professional composition and education level

|  |     |
|--|-----|
| Number of active employees of the parent company at the end of the reporting period (person) | 156 |
| Number of active employees of major subsidiaries at the end of the reporting period (person) | 786 |
| Total number of active employees at the end of the reporting period (person)                 | 942 |

|  |  |
|--|--|
| Total number of employees receiving salaries in the current period (person)                                | 942  |
| Number of retired employees (persons) for whom parent company and major subsidiaries need to bear expenses | 258  |
| <b>Professional composition</b>  |  |
| Major Constituent Category   | The number of professional constituents (person) |
| Production staff   | 703  |
| Salesperson  | 26   |
| Technical staff  | 27   |
| Financial officer  | 34   |
| Administration staff   | 152  |
| total  | 942  |
| <b>Education level</b>   |  |
| Education level category   | Quantity (person)                                |
| Master   | 20   |
| Undergraduate  | 90   |
| Specialist   | 119  |
| Secondary school   | 190  |
| High school and below  | 523  |
| Total  | 942  |

## 2. Remuneration policy

The Company scientifically formulates a salary management system based on the market, and improves a comprehensive salary system that pays for "position, performance, and ability".

## 3. Training plan

According to the Company's high-quality development needs and the diverse training needs of employees, various forms of employee trainings are carried out in different levels and categories.

## 4. Labor outsourcing

Applicable Not Applicable

## X. The Company's profit distribution and capitalization of capital reserves

Profit distribution policy during the reporting period, especially the formulation, implementation or adjustment of the cash dividend policy

Applicable Not Applicable

The Company made a profit during the reporting period and the parent company's profits available to shareholders were positive, but no cash dividend distribution plan was proposed

Applicable Not Applicable

Profit distribution and conversion of capital reserves into share capital during the reporting period

Applicable Not Applicable

The Company plans not to distribute cash dividends or bonus shares, or increase share capital from public reserves.

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

Applicable Not Applicable

During the reporting period, the Company had no equity incentive plan, employee stock ownership plan or other employee incentive measures and their implementation.

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

### 1. Construction and implementation of internal control

The Company has a relatively complete internal control system, which is constantly updated, supplemented and revised according to development changes and actual conditions. The Company's operations strictly implement various internal control systems.

### 2. Details of the major deficiencies in internal control discovered during the reporting period

Yes  No

## XIII. The Company's management and control over subsidiaries during the reporting period

| Company Name   | Integration plan | Integration progress | Problems Encountered in Integration | Measures taken | Resolve progress | Follow-up solution plan |
|----------------|------------------|----------------------|-------------------------------------|----------------|------------------|-------------------------|
| not applicable | not applicable   | not applicable       | not applicable                      | not applicable | not applicable   | not applicable          |

## 14. Internal control self-assessment report or internal control audit report

### 1. Internal control self-assessment report

| Disclosure date of the full text of the internal control evaluation report   | April 28, 2023   |  |
|--|--|--|
| Disclosure index of the full text of the internal control evaluation report  | www.cninfo.com.cn  |  |
| The ratio of the total assets of the units included in the evaluation scope to the total assets of the Company's consolidated financial statements     | 99.57%   |  |
| The ratio of the operating income of units included in the evaluation scope to the operating income of the Company's consolidated financial statements | 100.00%  |  |
| Defect identification standard   |  |  |
| category   | financial report   | non-financial reporting  |
| Qualitative standard   | <p>Major flaw:</p> <p>a. Directors, supervisors and senior executives commit fraud;</p> <p>b. The external audit found that there was a material misstatement in the financial statements of the current period, but the internal control failed to discover the misstatement during the operation;</p> <p>c. Ineffective supervision of internal control by the audit committee and internal audit agency;</p> <p>Important deficiencies: single deficiencies or together with other deficiencies lead to the inability to prevent or discover and correct the misstatements in the financial report in a timely manner, although they do not reach and exceed the major deficiencies, but should still attract the attention of the management; other situations are determined according to the degree of impact.</p> | <p>Major flaw:</p> <p>a. Violation of national laws and regulations, such as environmental pollution;</p> <p>b. Project decision-making procedures are unscientific and lack of democratic decision-making procedures lead to decision-making mistakes;</p> <p>c. resignation of management personnel or technical personnel;</p> <p>d. Frequent negative media news;</p> <p>e. The results of internal control evaluation, especially major or important deficiencies have not been rectified;</p> <p>f. Lack of system control or systematic failure of systems for important businesses.</p> <p>Important defect: The seriousness of the nature of the business involved in a single defect or together with other defects, and its direct or potential negative impact, do not reach or exceed</p> |

|  |   |   |
|--|---|---|
|  | Common deficiencies: other internal control deficiencies that do not constitute major or important deficiencies.  | the major defect, but should still attract the attention of the management; other situations are determined according to the degree of impact.<br>Common deficiencies: other internal control deficiencies that do not constitute major or important deficiencies.  |
| Quantitative standard  | The quantitative standard for internal control deficiencies in financial reports is determined by their impact on financial statements, that is, comparing the amount misstated or omitted (that is, the amount affected by internal control deficiencies) by financial statements which may be or have been caused by internal control deficiencies with certain proportion of the total profit in the Company's current consolidated financial statements, so as to determine the type of internal control defects, as follows:<br>If the impact of internal control defects is greater than 5% of the total profit, it is judged as a major defect;<br>If the impact of internal control defects is greater than 3% and less than 5% (inclusive) of the total profit, it is determined to be an important defect;<br>If the impact of internal control defects is less than 3% (inclusive) of the total profit, it is judged as a common defect. | The amount of direct property loss is compared with a certain percentage of the Company's total profit in the current consolidated financial statements to determine the type of internal control defects, as follows:<br>If the amount of direct property loss is greater than 5% of the total profit, it shall be judged as a major defect;<br>If the amount of direct property loss is greater than 3% and less than 5% (inclusive) of the total profit, it is judged as an important defect;<br>If the amount of direct property loss is less than 3% (inclusive) of the total profit, it is judged as a common defect. |
| Number of major deficiencies in financial reports (pieces)           |   | 0   |
| Number of major deficiencies in non-financial reporting (pieces)     |   | 0   |
| Number of important deficiencies in financial reports (pieces)       |   | 0   |
| Number of important deficiencies in non-financial reporting (pieces) |   | 0   |

## 2. Internal control audit report

Applicable  Not applicable

| Deliberative Opinion Paragraph in Internal Control Audit Report  |                              |
|--|------------------------------|
| We believe that your Company maintained effective internal control over financial reporting in all material respects in accordance with the Basic Standards for Enterprise Internal Control and relevant regulations on December 31, 2022. |                              |
| Disclosure of Internal Control Audit Report  | disclosure                   |
| Disclosure date of the full text of the internal control audit report  | April 28, 2023               |
| Internal control audit report full text disclosure index   | www.cninfo.com.cn            |
| Types of Internal Control Audit Report Opinions  | standard unqualified opinion |
| Whether there are material deficiencies in non-financial reporting   | no                           |

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

Yes  No

Whether the internal control audit report issued by the accounting firm is consistent with the self-evaluation report of the board of directors

Yes  No

**XV. The rectification of problems in the self-examination of the special action of corporate governance of listed companies**

Not applicable

## Section V Environmental and Social Responsibility

### I. Major environmental issues

Whether the listed company and its subsidiaries belong to the key pollutant discharge enterprises announced by the environmental protection department

Yes  No

Administrative penalties due to environmental issues during the reporting period

| Company or Subsidiary Name | Reason for punishment | Violation | Penalty result | The impact on the production and operation of listed companies | The company's corrective measures |
|----------------------------|-----------------------|-----------|----------------|--|-----------------------------------|
| none                       | none                  | none      | none           | none   | none                              |

Other environmental information disclosed by reference with key pollutant discharge units

not applicable

Measures and effects taken to reduce its carbon emissions during the reporting period

Applicable  Not Applicable

Reasons for not disclosing other environmental information

The Company and its subsidiaries do not belong to the key pollutant discharge enterprises announced by the environmental protection department.

### II. Social Responsibility

The Company always regards assuming social responsibility and supporting social welfare as one of the core values of the enterprise, and practices corporate social responsibility by respecting employees' rights, preventing pollution, promoting sustainable utilization of resources, and paying attention to participating in public welfare undertakings.

### 3. Consolidate and expand the achievements of poverty alleviation and rural revitalization

none

## Section VI Important Matters

### I. Fulfillment of commitments

#### 1. Commitments fulfilled by the Company's actual controller, shareholders, related parties, acquirers, the Company and other relevant parties, and commitments that have not been fulfilled by the end of the reporting period

Applicable  Not applicable

| Reason  | Promising party   | Commitment type                      | Commitment content   | Commitment time | Commitment period  | Fulfillment |
|---|---|--------------------------------------|--|-----------------|--|-------------|
| Commitment made in acquisition report or equity change report | Shandong Provincial State-owned Assets Investment Holding Co., Ltd. | Commitment to horizontal competition | 1. The Company does not directly or indirectly own any shares, equities or interests in any other enterprises (hereinafter collectively referred to as "Competitors") that may compete with Zhonglu OCEANIC, and will not directly or indirectly invest in or acquire any Competitors; 2. If any business opportunity obtained by the Company and other companies controlled by the Company from any third party constitutes or may constitute substantial competition with the business of Zhonglu OCEANIC, the Company will immediately notify Zhonglu OCEANIC, and transfer such business opportunity to Zhonglu OCEANIC to avoid horizontal competition or potential horizontal competition with Zhonglu OCEANIC; 3. The Company and other companies controlled by the Company will not offer any business secrets such as technical information, process and sales channel to other companies, enterprises, organizations and individuals which compete with the business of Zhonglu OCEANIC; 4. The Company promises not to use the Company's position as a controlling shareholder to damage the rights and interests of Zhonglu OCEANIC and other shareholders of Zhonglu OCEANIC; 5. The Company is willing to bear the direct and indirect economic losses, claims and additional expenses caused by the violation of the above commitments. | July 23, 2008   | Continue to be effective during the period when the Company controls Zhonglu OCEANIC | in progress |
| Commitment made in acquisition report or                      | Shandong Provincial State-owned                                     | Related transaction commitment       | 1. The related party transactions between the Company and other companies controlled by the Company and Zhonglu  | July 23, 2008   | Continue to be effective during the period when                                      | in progress |

|  |                                     |  |  |  |   |  |
|--|-------------------------------------|--|--|--|---|--|
| equity change report                     | Assets Investment Holding Co., Ltd. |  | <p>OCEANIC strictly abide by the relevant provisions of laws and regulations, and will be conducted on the basis of equality and voluntariness in accordance with the principles of fairness, equality and equivalent compensation. The transaction price will be determined according to the reasonable price recognized by the market. 2. The Company and other companies controlled by the Company will strictly abide by the regulations on the avoidance of related party transactions in the articles of association of Zhonglu OCEANIC, and the related party transactions involved will be carried out in accordance with the related party transactions decision-making procedures of Zhonglu OCEANIC, and will perform legal procedures and information disclosure obligations. 3. The Company and other companies controlled by the Company guarantee to strictly abide by laws, regulations and normative documents as well as the relevant provisions of the articles of association of Zhonglu OCEANIC, and to exercise shareholder rights and perform shareholder obligations on an equal footing with other shareholders in accordance with legal procedures, not to take advantage of the position of the controlling shareholder to seek improper interests, and not to damage the legitimate rights and interests of Zhonglu OCEANIC and other shareholders. 4. The above commitments will continue to be effective during the period when the Company controls Zhonglu OCEANIC. If the Company fails to fulfill the commitments made in this letter of commitment and causes any losses and consequences to Zhonglu OCEANIC, the Company will bear the corresponding liability for compensation.</p> |  | the enterprise controls Zhonglu OCEANIC |  |
| Whether the promise is fulfilled on time | yes                                 |  |  |  |   |  |
| If the commitment is overdue and not     | none                                |  |  |  |   |  |

|   |  |
|---|--|
| fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail. |  |
|---|--|

**2. If there is a profit forecast for the Company's assets or projects, and the reporting period is still in the profit forecast period, the Company will explain whether the assets or projects have reached the original profit forecast and why**

Applicable Not Applicable

## **II. Non-operating capital occupation of listed companies by controlling shareholders and other related parties**

Applicable Not Applicable

During the reporting period of the Company, there was no non-operating capital occupation of listed companies by controlling shareholders and other related parties.

## **III. Illegal external guarantees**

Applicable Not Applicable

During the reporting period, the Company had no external guarantees in violation of regulations.

## **IV. Explanation of the board of directors on the latest “non-standard audit report”**

Applicable Not Applicable

## **V. Explanation of the board of directors, board of supervisors and independent directors (if any) on the “non-standard audit report” of the accounting firm for the reporting period**

Applicable Not Applicable

## **VI. Compared with the financial report of the previous year, an explanation on the changes in accounting policies and accounting estimates or the correction of major accounting errors**

Applicable  Not applicable

① "Interpretation of Accounting Standards for Business Enterprises No. 15" stipulates "Accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets reach the intended usable state or during the research and development process".

From January 1, 2022, the Company implements the provisions of "Interpretation of Accounting Standards for Business Enterprises No. 15" promulgated by the Ministry of Finance concerning "Accounting treatment for the external sales of products or by-products produced by enterprises before their fixed assets reach the intended usable state or during the research and development process." Retroactive adjustments shall be made to the trial run sales that occurred between the beginning of the earliest period in which the financial statements implementing such provisions for the first time are presented and January 1, 2022. This accounting policy change has no impact on the Company's financial statements.

② "Judgment on onerous contracts" stipulated in Interpretation No. 15 of Accounting Standards for Business Enterprises

From January 1, 2022, the Company implements the provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 15" promulgated by the Ministry of Finance concerning "Judgment on onerous contracts", and such provisions shall apply to contracts which have not fulfilled all obligations as at January 1, 2022; the cumulative effect number adjusts the retained earnings at the beginning of 2022 and other related financial statement items, and does not adjust the information of the comparable period. The implementation of such provisions has no impact on the Company's financial statements on January 1, 2022.

© From November 30, 2022, the Company will implement the provisions of the "Interpretation of Accounting Standards for Business Enterprises No. 16" promulgated by the Ministry of Finance concerning "Accounting Treatment for Income Tax Effects of Dividends Related to Financial Instruments Classified as Equity Instruments by the Issuer".

From November 30, 2022, the Company implements the "Accounting Treatment for Income Tax Effects of Dividends Related to Financial Instruments Classified as Equity Instruments" promulgated by the Ministry of Finance in the "Interpretation of Accounting Standards for Business Enterprises No. 16". If the financial instruments classified as equity instruments confirm that the dividends payable occur between January 1, 2022 and November 30, 2022, adjustments shall be made in accordance with such provisions. For financial instruments classified as equity instruments that comply with this provision, if the dividends payable are recognized before January 1, 2022 and the relevant financial instruments have not been derecognized on January 1, 2022, retroactive adjustments shall be made in accordance with this provision. This accounting policy change has no impact on the Company's financial statements.

## VII. Explanation on changes in the scope of consolidated statements compared with the financial report of the previous year

Applicable Not Applicable

During the reporting period of the Company, there was no change in the scope of consolidated statements.

## VIII. Appointment and Dismissal of Accounting Firms

The current accounting firm

|   |  |
|---|--|
| Domestic accounting firm name   | Shanghai Accounting Firm (Special General Partnership) |
| Domestic accounting firm remuneration (RMB 10,000)                          | 35   |
| Consecutive years of audit services provided by domestic accounting firms   | 2  |
| The name of the certified public accountant of the domestic accounting firm | Xu Mao, Ma Haijun                                      |
| Consecutive years of audit services of CPAs of domestic accounting firms    | Xu Mao (1 year), Ma Haijun (2 years)                   |

Whether to change the accounting firm in the current period

Yes  No

Employment of internal control audit accounting firms, financial consultants or sponsors

Applicable  Not applicable

At the same time, the Company hired Shanghai Accounting Firm (special general partnership) as the Company's internal control audit accounting firm in 2022, and paid a total of RMB 100,000 in remuneration.

## IX. Facing delisting after annual report disclosure

Applicable Not Applicable

## X. Matters related to bankruptcy and reorganization

Applicable Not Applicable

During the reporting period, there were no matters related to bankruptcy and reorganization of the Company.

## XI. Major litigation and arbitration matters

Applicable Not Applicable

During the reporting period, the Company had no major lawsuits or arbitrations.

## XII. Punishment and rectification

Applicable Not Applicable

There was no punishment and rectification in the reporting period of the Company.

### **XIII. Integrity status of the Company and its controlling shareholders and actual controllers**

Applicable  Not applicable

During the reporting period, the Company, its controlling shareholders and actual controllers did not fail to perform effective court judgments, or owe large amounts of debts that were due and unpaid.

### **XIV. Significant connected transactions**

#### **1. Connected transactions related to daily operations**

Applicable Not Applicable

During the reporting period of the Company, there was no connected transaction related to daily operation.

#### **2. Connected transactions in the acquisition and sale of assets or equity**

Applicable Not Applicable

During the reporting period, there was no connected transaction involving asset or equity acquisition or sale.

#### **3. Connected transactions of joint foreign investment**

Applicable Not Applicable

During the reporting period, there was no connected transaction involving joint external investment.

#### **4. Related creditor's rights and debts**

Applicable Not Applicable

During the reporting period, the company had no related creditor's rights and debts.

#### **5. Contacts with associated financial companies t**

Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the Company and associated financial company or the related party.

#### **6. Communications between financial companies controlled by the Company and related parties**

Applicable Not Applicable

There is no deposit, loan, credit or other financial business between the financial company controlled by the Company and related parties.

#### **7. Other major connected transactions**

Applicable  Not applicable

In January 2022, Zhongtai Xincheng Asset Management Co., Ltd. increased the capital of Shandong Zhonglu Oceanic (Yantai) Foods Co., Ltd., a subsidiary of the Company, by RMB 100 million. After this capital increase, the Company's direct shareholding ratio dropped from 74.23% to 53.79%, the indirect shareholding ratio dropped from 25.77% to 18.67%, and the minority shareholder Zhongtai Xincheng Asset Management Co., Ltd. held 27.54% of shares.

Related Inquiries about Major Related Transactions at Interim Report Disclosure Website

| Temporary announcement name   | Temporary Announcement Disclosure Date | Temporary announcement disclosure website name                  |
|---|--|---|
| Announcement regarding the capital increase of the holding subsidiary and waiver of capital increase right of the same proportion as well as connected transactions | December 22, 2021                      | <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> |

## **XV. Significant contracts and their performance**

### **1. Matters concerning trusteeship, contracting and leasing**

#### **(1) Trusteeship**

Applicable  Not applicable

Explanation on trusteeship

April 2022, the Company has been entrusted by Shandong State-owned Assets Investment Holding Co., Ltd. to manage its subsidiary Zhongtai Xincheng Asset Management Co., Ltd. (hereinafter referred to as "Zhongtai Xincheng"); as the shareholder proxy of Zhongtai Xincheng, the Company shall comply with relevant provisions of the entrusted management agreement. Zhongtai Xincheng is not included in the scope of the Company's consolidated statements.

Projects that bring profit or loss to the Company amounting to more than 10% of the Company's total profit in the reporting period

Applicable Not Applicable

During the reporting period of the Company, there was no trusteeship project which brings profit or loss for the Company amounting to more than 10% of the total profit of the Company.

#### **(2) Contracting status**

Applicable Not Applicable

There was no contracting in the reporting period of the Company.

#### **(3) Lease situation**

Applicable Not Applicable

There was no lease in the reporting period of the Company.

### **2. Major guarantee**

Applicable Not Applicable

During the reporting period, the Company had no major guarantees.

### **3. Entrusting others to manage cash assets**

#### **(1) Entrusted financial management**

Applicable Not Applicable

There was no entrusted wealth management in the reporting period of the Company.

#### **(2) Entrusted loans**

Applicable Not Applicable

There was no entrusted loan in the reporting period of the Company.

### **4. Other major contracts**

Applicable Not Applicable

There were no other major contracts in the reporting period of the Company.

## **XVI. Explanation of other important matters**

Applicable Not Applicable

There are no other significant events that need to be explained during the reporting period of the Company.

## **XVII. Significant events of the Company's subsidiaries**

Applicable  Not applicable

During the reporting period, except for those disclosed, no other major events happened in the Company's subsidiaries.

## Section VII Changes in Shares and Information on Shareholders

### 1. Changes in shares

#### 1. Changes in shares

Unit: share

|                                       | Before this change |            | Increase or decrease in this change (+, -) |              |                         |       |          | After this change |            |
|---------------------------------------|--------------------|------------|--|--------------|-------------------------|-------|----------|-------------------|------------|
|                                       | Quantity           | Proportion | Issuance of new shares                     | Bonus shares | Provident fund transfer | Other | Subtotal | Quantity          | Proportion |
| 1. Unlisted tradable shares           | 128,071,320        | 48.13%     |  |              |                         |       |          | 128,071,320.00    | 48.13%     |
| 1. Promoter shares                    | 128,071,320        | 48.13%     |  |              |                         |       |          | 128,071,320       | 48.13%     |
| Of which: shares held by the state    | 127,811,320        | 48.03%     |  |              |                         |       |          | 127,811,320       | 48.03%     |
| Shares held by domestic legal persons | 260,000            | 0.10%      |  |              |                         |       |          | 260,000           | 0.10%      |
| Shares held by foreign legal persons  |                    |            |  |              |                         |       |          |                   |            |
| Other                                 |                    |            |  |              |                         |       |          |                   |            |
| 2. Raising legal person shares        |                    |            |  |              |                         |       |          |                   |            |
| 3. Internal staff shares              |                    |            |  |              |                         |       |          |                   |            |
| 4. Preferred stock or other           |                    |            |  |              |                         |       |          |                   |            |
| 2. Listed tradable shares             | 138,000,000        | 51.87%     |  |              |                         |       |          | 138,000,000       | 51.87%     |
| 1. RMB ordinary shares                |                    |            |  |              |                         |       |          |                   |            |
| 2. Foreign shares listed in China     | 138,000,000        | 51.87%     |  |              |                         |       |          | 138,000,000       | 51.87%     |
| 3. Foreign shares listed overseas     |                    |            |  |              |                         |       |          |                   |            |
| 4. Others                             |                    |            |  |              |                         |       |          |                   |            |
| 3. Total number of shares             | 266,071,320        | 100.00%    |  |              |                         |       |          | 266,071,320       | 100.00%    |

Reason for Share Change

Applicable Not Applicable

Approval status of shareholding changes

Applicable Not Applicable

Transfer status of share changes

Applicable Not Applicable

The impact of shareholding changes on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per

share attributable to ordinary shareholders of the Company in the last year and the latest period

Applicable Not Applicable

Other content that the Company deems necessary or required by securities regulators to disclose

Applicable Not Applicable

## 2. Changes in restricted shares

Applicable Not Applicable

## II. Securities Issuance and Listing

### 1. Securities issuance (excluding preferred shares) during the reporting period

Applicable Not Applicable

### 2. Explanation on changes in the total number of shares of the Company and the structure of shareholders, and changes in the structure of the Company's assets and liabilities

Applicable Not Applicable

### 3. Existing internal employee shares

Applicable Not Applicable

## III. Shareholders and actual controllers

### 1. Number of shareholders and shareholding status of the Company

Unit: share

| Total number of ordinary shareholders at the end of the reporting period                    | 10,059                   | The total number of ordinary shareholders at the end of the previous month before the annual report disclosure date | 10,059   | Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see note 8) | 0                                       | The total number of preference shareholders whose voting rights have been restored at the end of the month preceding the annual report disclosure date (if any) (see note 8) | 0                                |          |
|---|--------------------------|---|--|---|---|--|----------------------------------|----------|
| Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders |                          |   |  |   |   |  |                                  |          |
| Shareholder name  | Nature of shareholders   | Shareholding ratio  | Number of shares held at the end of the reporting period | Changes during the reporting period   | Number of unlisted tradable shares held | Number of tradable shares held   | Pledge, Mark or Frozen Situation |          |
|   |                          |   |  |   |   |  | Share Status                     | Quantity |
| Shandong State-owned Assets Investment Holding Co., Ltd.                                    | State-owned legal person | 47.25%  | 125,731,320  |   | 125,731,320                             |  |                                  |          |
| Chen Tianming   | foreign natural person   | 2.16%   | 5,760,427  |   |   | 5,760,427  |                                  |          |
| Zhu Shuzhen   | Domestic natural person  | 1.88%   | 5,002,046  |   |   | 5,002,046  |                                  |          |
| Cai Yujiu   | Domestic natural person  | 1.75%   | 4,668,300  | 134600  |   | 4,668,300  |                                  |          |
| GUOTAI JUNAN  | Foreign legal            | 1.11%   | 2,952,425  | 367500  |   | 2,952,425  |                                  |          |

| SECURITIES (HONGKONG) LIMITED GUOTAI JUNAN  | person  |                 |                |           |           |           |  |  |
|---|---|-----------------|----------------|-----------|-----------|-----------|--|--|
| Zhan Changcheng   | Domestic natural person   | 1.01%           | 2,693,815      | 1225715   |           | 2,693,815 |  |  |
| China National Heavy Duty Truck Group Co., Ltd.   | State-owned legal person  | 0.73%           | 1,950,000      |           | 1,950,000 |           |  |  |
| Shenwan Hongyuan Securities (Hong Kong) Co., Ltd.   | Foreign legal person  | 0.71%           | 1,897,854      |           |           | 1,897,854 |  |  |
| Lin Mingyu  | Domestic natural person   | 0.56%           | 1,500,001      |           |           | 1,500,001 |  |  |
| Wang Dongsheng  | Foreign natural person  | 0.43%           | 1,136,304      | -125100   |           | 1,136,304 |  |  |
| Strategic investors or general legal persons becoming the top 10 shareholders due to allotment of new shares (if any) (see Note 3)  | not applicable  |                 |                |           |           |           |  |  |
| Explanation on the related relationship or concerted action of aforesaid shareholders   | The Company does not know whether it has an associated relationship or is a person acting in concert as stipulated in the "Administrative Measures for Information Disclosure of Shareholding Changes in Listed Companies".   |                 |                |           |           |           |  |  |
| Explanation of the above-mentioned shareholders involved in entrusted/entrusted voting rights and waiver of voting rights   | none  |                 |                |           |           |           |  |  |
| Special instructions for repurchase accounts among the top 10 shareholders (if any) (see Note 10)   | none  |                 |                |           |           |           |  |  |
| Shareholdings of the top 10 tradable shareholders   |   |                 |                |           |           |           |  |  |
| Shareholder name  | Number of tradable shares held at the end of the reporting period   | Type of shares  |                |           |           |           |  |  |
|   |   | Type of shares  | Quantity       |           |           |           |  |  |
| Chen Tianming   | 5,760,427   | Domestic listed | foreign shares | 5,760,427 |           |           |  |  |
| Zhu Shuzhen   | 5,002,046   | Domestic listed | foreign shares | 5,002,046 |           |           |  |  |
| Cai Yujiu   | 4,668,300   | Domestic listed | foreign shares | 4,668,300 |           |           |  |  |
| GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED   | 2,952,425   | Domestic listed | foreign shares | 2,952,425 |           |           |  |  |
| Zhan Changcheng   | 2,693,815   | Domestic listed | foreign shares | 2,693,815 |           |           |  |  |
| Shenwan Hongyuan Securities (Hong Kong) Limited company   | 1,897,854   | Domestic listed | foreign shares | 1,897,854 |           |           |  |  |
| Lin Mingyu  | 1,500,001   | Domestic listed | foreign shares | 1,500,001 |           |           |  |  |
| Wang Dongsheng  | 1,136,304   | Domestic listed | foreign shares | 1,136,304 |           |           |  |  |
| Huang Jiayi   | 1,048,687   | Domestic listed | foreign shares | 1,048,687 |           |           |  |  |
| Chen Cirou  | 1,016,760   | Domestic listed | foreign shares | 1,016,760 |           |           |  |  |
| Explanation on the associated relationship or concerted action among the top 10 shareholders of tradable shares not subject to sales restrictions, and between the top 10 shareholders of tradable shares not subject to sales restrictions and the top 10 shareholders | The Company is not aware of whether the aforesaid shareholders have any associated relationship or are persons acting in concert as stipulated in the "Administrative Measures for the Disclosure of Information on Changes in Shareholding of Shareholders of Listed Companies". |                 |                |           |           |           |  |  |
| Explanation on the participation of the top 10 ordinary shareholders in the margin trading and short selling business (if any) (see Note 4)   | none  |                 |                |           |           |           |  |  |

Whether the Company's top 10 shareholders of common shares and top 10 shareholders of common shares not subject to sales restrictions

conducted agreed repurchase transactions during the reporting period

Yes  No

The Company's top 10 shareholders of common shares and top 10 shareholders of common shares not subject to sales restrictions did not conduct agreed repurchase transactions during the reporting period.

## 2. Information about the controlling shareholder of the Company

Nature of the controlling shareholder: local state-owned holding

Type of controlling shareholder: legal person

| Controlling shareholder name   | Legal representative/<br>Principal   | Date of establishment | Organization Code  | Main business   |
|--|--|-----------------------|--------------------|---|
| Shandong Provincial State-owned Assets Investment Holding Co., Ltd.  | Luan Jian  | March 25, 1994        | 91370000163073167C | Operation management and disposal of state-owned property (share) rights, asset management, equity investment management and operation, corporate restructuring, mergers and acquisitions, investment consulting. |
| Equity of other domestic and foreign listed companies held by controlling shareholders during the reporting period | 0.06% of China Merchants Bank Co., Ltd., 1.42% of Guangzhou Pubang Garden Co., Ltd., 0.44% of Tomson By-health Co., Ltd., 11.97% of Zhongtong Bus Holding Co., Ltd., 1.92% of Yunding Technology Co., Ltd., 4.19% of Luyin Investment Group Co., Ltd., 3.31% of Shandong Lubei Chemical Co., Ltd., 3.46% of Yinzuo Group Co., Ltd., 4.70% of Shandong Xinhua Medical Instrument Co., Ltd., 1.85% of Yantai Zhenghai Magnetic Materials Co., Ltd., 1.80% of Yueyang Forestry and Paper Co., Ltd., 1.51% of Guangzhou Halike Creative Home Co., Ltd., 2.02% of Jiangsu Guotai International Group Co., Ltd., 4.29% of Shenzhen Aoto Electronics Co., Ltd., 1.54% of Shanghai Modern Pharmaceutical Co., Ltd., 0.74% of China United Network Communications (Hong Kong) Co., Ltd., 2.25% of Zhongtai Futures Co., Ltd., 1.73% of Zhongtai Securities Co., Ltd., 0.27% of Weichai Power Co., Ltd., 0.70% of Taihe New Materials Group Co., Ltd., 4.26% of Weichai Heavy Machinery Co., Ltd., 0.04% of Yunnan Tin Industry Co., Ltd., 0.56% of Shandong Gold Mining Co., Ltd., 10.23% of Jicheng Electronics Co., Ltd., 2.07% of Hanhua Financial Holding Co., Ltd., 0.25% of Red Star Macalline Group Co., Ltd., and 0.32% of China Energy Construction Corporation. |                       |                    |   |

Changes in controlling shareholders during the reporting period

Applicable  Not Applicable

During the reporting period, the controlling shareholder of the Company remained unchanged.

## 3. The actual controller of the Company and its persons acting in concert

The nature of the actual controller: local state-owned assets management agency

Type of actual controller: legal person

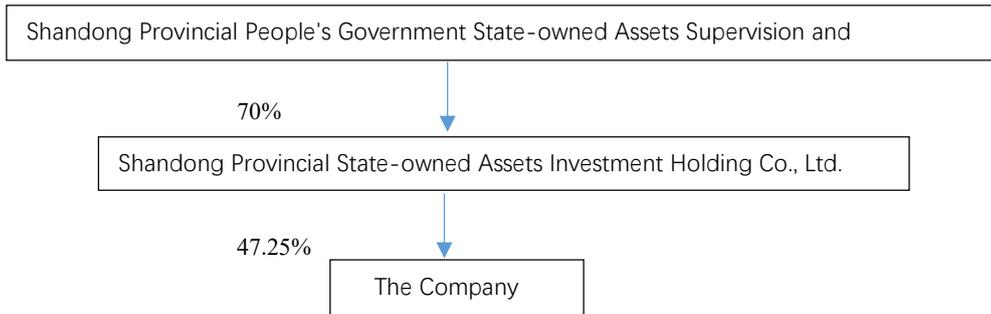
| Actual controller name  | Legal representative/<br>Principal | Date of establishment | Organization Code | Main business  |
|---|------------------------------------|-----------------------|-------------------|--|
| Shandong Provincial People's Government State-owned Assets Supervision and Administration Commission                  | Man Shengang                       | June 18, 2004         | None              | Fulfilling the investor's duties, supervising the maintenance and appreciation of the state-owned assets under supervision, etc. |
| Equity of other domestic and foreign listed companies controlled by the actual controller during the reporting period | not applicable                     |                       |                   |  |

Changes in the actual controller during the reporting period

Applicable  Not Applicable

The actual controller of the Company did not change during the reporting period.

Block diagram of the property rights and control relationship between the Company and the actual controller



The actual controller controls the Company through trust or other asset management methods

Applicable Not Applicable

**4. The accumulative number of pledged shares of the Company's controlling shareholder or the largest shareholder and its persons acting in concert accounts for 80% of the Company's shares held by it**

Applicable Not Applicable

**5. Other legal person shareholders holding more than 10% of the shares**

Applicable Not Applicable

**6. Restrictions on reduction of shareholding by Controlling shareholders, actual controllers, reorganization parties and other commitment subjects**

Applicable Not Applicable

#### **IV. Specific implementation of share repurchase during the reporting period**

Implementation progress of share repurchases

Applicable Not Applicable

The progress of the implementation of the reduction of repurchased shares by means of centralized bidding transactions

Applicable Not Applicable

## Section VIII Preferred Shares

Applicable Not Applicable

During the reporting period, the Company had no preferred shares.

## Section IX Bonds

Applicable Not Applicable

## Section X Financial Report

Consolidated Balance Sheet

Dec 31,2022

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

Unit: RMB Yuan

| Item                                   | Note | As at 31/12/2022      | As at 31/12/2021      | Item  | Note | As at 31/12/2022      | As at 31/12/2021      |
|--|------|-----------------------|-----------------------|---|------|-----------------------|-----------------------|
| <b>Current assets:</b>                 |      |                       |                       | <b>Current liabilities:</b>                 |      |                       |                       |
| Cash at bank and on hand               | 6.1  | 227,264,342.31        | 210,573,782.49        | Short-term loans                            | 6.16 | 20,024,144.40         | 10,013,291.67         |
| Financial assets held for trading      |      |                       |                       | Financial liabilities held for trading      |      |                       |                       |
| Derivative financial assets            |      |                       |                       | Derivative financial liabilities            | 6.7  |                       |                       |
| Notes receivable                       |      |                       |                       | Notes payable                               |      |                       |                       |
| Accounts receivable                    | 6.2  | 57,833,671.83         | 37,806,586.91         | Accounts payable                            | 6.18 | 134,272,304.05        | 50,121,395.04         |
| Receivables for financing              |      |                       |                       | Advances from customers                     | 6.19 | 1,684,961.19          |                       |
| Prepayments                            | 6.3  | 26,860,050.66         | 18,683,750.61         | Contract liabilities                        | 6.20 | 49,576,606.91         | 13,220,675.60         |
| Other receivables                      | 6.4  | 5,562,546.59          | 3,596,759.88          | Employee benefits payable                   | 6.21 | 55,116,034.18         | 45,410,711.06         |
| Including:Interest receivable          |      |                       |                       | Taxes and surcharges payable                | 6.22 | 4,341,676.32          | 4,258,871.51          |
| Dividends receivable                   |      |                       |                       | Other payables                              | 6.23 | 18,326,716.51         | 9,774,065.87          |
| Inventories                            | 6.5  | 426,125,273.33        | 277,095,357.75        | Including:Interest payable                  |      |                       |                       |
| Contract assets                        |      |                       |                       | Dividends payable                           |      |                       |                       |
| Held-for-sale assets                   |      |                       |                       | Held-for-sale liabilities                   |      |                       |                       |
| Non-current assets due within one year |      |                       |                       | Non-current liabilities due within one year | 6.24 | 6,502,041.67          | 4,909,314.65          |
| Other current assets                   | 6.6  | 10,791,446.11         | 20,633,592.23         | Other current liabilities                   | 6.25 | 223,557.01            | 14,100.55             |
| <b>Total current assets</b>            |      | <b>754,437,330.83</b> | <b>568,389,829.87</b> | <b>Total current liabilities</b>            |      | <b>290,068,042.24</b> | <b>137,722,425.95</b> |
| <b>Non-current assets:</b>             |      |                       |                       | <b>Non-current liabilities:</b>             |      |                       |                       |
| Debt investments                       |      |                       |                       | Long-term loans                             | 6.26 | 283,557,577.77        | 149,393,532.37        |
| Other debt investments                 |      |                       |                       | Bonds payable                               |      |                       |                       |
| Long-term receivables                  |      |                       |                       | Including: Preference shares                |      |                       |                       |
| Long-term equity                       | 6.7  |                       |                       | Perpetual loans                             |      |                       |                       |

|                                     |      |                  |                  |                                       |      |                  |                  |
|-------------------------------------|------|------------------|------------------|---------------------------------------|------|------------------|------------------|
| investments                         |      | 1,983,923.48     | -                |                                       |      |                  |                  |
| Other equity instrument investments |      |                  |                  | Lease liabilities                     |      |                  |                  |
| Other non-current financial assets  |      |                  |                  | Long-term account payable             |      |                  |                  |
| Investment property                 | 6.8  | 28,782,856.07    | 30,108,932.75    | Long-term employee benefits payable   | 6.27 | 616,935.20       | 1,026,222.58     |
| Fixed assets                        | 6.9  | 630,970,963.32   | 476,894,877.56   | Anticipation liabilities              |      |                  |                  |
| Construction in process             | 6.10 | 344,727,296.32   | 165,273,027.75   | Deferred income                       | 6.28 | 13,500,315.67    | 13,691,209.07    |
| Productive biological assets        |      |                  |                  | Deferred tax liabilities              | 6.14 | 2,610,499.36     | 2,777,589.45     |
| Oil and gas assets                  |      |                  |                  | Other non-current liabilities         |      |                  |                  |
| Right-of-use assets                 | 6.11 | 410,045.97       | 2,354,943.86     | Total non-current liabilities         |      | 300,285,328.00   | 166,888,553.47   |
| Intangible assets                   | 6.12 | 62,627,704.04    | 12,110,397.72    | Total liabilities                     |      | 590,353,370.24   | 304,610,979.42   |
| Development expenditures            |      |                  |                  | Shareholders' equity:                 |      |                  |                  |
| Goodwill                            |      |                  |                  | Share capital                         | 6.29 | 266,071,320.00   | 266,071,320.00   |
| Long-term deferred expenses         | 6.13 | 79,090.36        | 220,738.00       | Other equity instruments              |      |                  |                  |
| Deferred tax assets                 | 6.14 | 1,557,933.07     | 1,644,945.96     | Including: Preference shares          |      |                  |                  |
| Other non-current assets            | 6.15 | 12,851,990.71    | 143,137,267.24   | Perpetual loans                       |      |                  |                  |
| Total non-current assets            |      | 1,083,991,803.34 | 831,745,130.84   | Capital reserve                       | 6.30 | 295,620,272.02   | 284,054,997.75   |
|                                     |      |                  |                  | Less:treasury shares                  |      |                  |                  |
|                                     |      |                  |                  | Other comprehensive income            | 6.31 | 6,291,344.58     | 18,256,201.98    |
|                                     |      |                  |                  | Special reserve                       | 6.32 | -                | 232,783.00       |
|                                     |      |                  |                  | Surplus reserve                       | 6.33 | 21,908,064.19    | 21,908,064.19    |
|                                     |      |                  |                  | Undistributed profit                  | 6.34 | 409,764,423.32   | 379,524,911.94   |
|                                     |      |                  |                  | Equity attributable to parent company |      | 987,072,734.95   | 933,535,874.90   |
|                                     |      |                  |                  | Minority interests                    |      | 261,003,028.98   | 161,988,106.39   |
|                                     |      |                  |                  | Total equity                          |      | 1,248,075,763.93 | 1,095,523,981.29 |
| Total of assets                     |      | 1,838,429,134.17 | 1,400,134,960.71 | Total liabilities and equity          |      | 1,838,429,134.17 | 1,400,134,960.71 |

Person in charge of the company:lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin

Consolidated Statement of Income  
For the year ended 31 December 2022

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

Unit: RMB Yuan

| Item   | Note | Year ended 31/12/2022 | Year ended 31/12/2021 | Item  | Note | Year ended 31/12/2022 | Year ended 31/12/2021 |
|--|------|-----------------------|-----------------------|---|------|-----------------------|-----------------------|
| 1.Total operating income   | 6.35 | 985,428,305.37        | 934,284,403.21        | Categorized by ownership  |      |                       |                       |
| Including: Operating income  | 6.35 | 985,428,305.37        | 934,284,403.21        | 1. Net profit attributable to parent company  |      | 30,239,511.38         | 35,526,982.23         |
| 2.Total operating cost   |      | 936,984,781.98        | 933,025,967.92        | 2. Profit/loss attributable to minority shareholders                                    |      | 8,410,031.96          | 1,126,885.04          |
| Less: Operating costs  | 6.35 | 873,701,560.02        | 849,588,130.75        | 6. Other comprehensive income net of tax  |      | 14,135,022.30         | -6,886,431.99         |
| Taxes and surcharges   | 6.36 | 2,707,749.69          | 2,170,926.08          | Total comprehensive income attributable to shareholders of parent company               | 6.49 | 11,964,857.40         | -5,472,662.85         |
| Selling and distribution expenses  | 6.37 | 3,380,701.10          | 3,548,619.96          | (1) Comprehensive income not to be reclassified to profit or loss                       |      |                       |                       |
| General and administrative expenses                                      | 6.38 | 64,374,235.07         | 64,478,320.35         | 1) Changes in remeasurement of defined benefit obligations                              |      |                       |                       |
| Research and development expenses  | 6.39 | 3,394,089.25          | 765,456.70            | 2) Other comprehensive income not to be reclassified to profit or loss in equity method |      |                       |                       |
| Finance expenses   | 6.40 | -10,573,553.15        | 12,474,514.08         | 3) Fair value changes in other equity instrument investments                            |      |                       |                       |
| Including:Interest expenses  | 6.40 | 2,904,189.24          | 1,548,600.65          | 4) Fair value changes in the enterprise's own credit risk                               |      |                       |                       |
| Interest income  | 6.40 | 672,995.57            | 569,224.71            | 5)Others  |      |                       |                       |
| Add: Other income  | 6.41 | 47,748,665.86         | 40,916,418.36         | (2) Comprehensive income to be reclassified to profit or loss                           | 6.49 | 11,964,857.40         | -5,472,662.85         |
| Investment income ("-" for loss)   | 6.42 | 773,612.72            | 77,554.43             | 1) Other comprehensive income to be reclassified to profit or loss in equity method     |      |                       |                       |
| Including: Investment income from associates and joint ventures          | 6.42 | -398,421.52           | -                     | 2) Gain or loss from fair value changes of other debt instruments                       |      |                       |                       |
| Income from derecognition of financial assets measured at amortised cost |      |                       |                       | 3) The amount of financial assets reclassified to other comprehensive income            |      |                       |                       |
| Net exposure hedging gains ("-" for loss)                                |      |                       |                       | 4) Credit impairment provision of other debt investment                                 |      |                       |                       |

|  |      |                |               |   |      |               |               |
|--|------|----------------|---------------|---|------|---------------|---------------|
| Gain from fair value changes ("-" for loss)    |      |                |               | 5) Cash flow hedging reserve  |      |               |               |
| Credit impairment losses ("-" for loss)        | 6.43 | -826,867.20    | 1,631,064.94  | 6) Currency translation difference  | 6.49 | 11,964,857.40 | -5,472,662.85 |
| Impairment on assets ("-" for loss)            | 6.44 | -59,961,212.95 | 7,167,438.13  | 7) Others   |      |               |               |
| Gains from disposal of assets ("-" for loss)   | 6.45 | 5,081,530.63   | 3,494,326.93  | Other comprehensive income attributable to minority shareholders, net of tax  | 6.49 | 2,170,164.90  | -1,413,769.14 |
| 3. Operating profits ("-" for loss)            |      | 41,259,252.45  | 40,055,252.96 | 7. Total comprehensive income   |      | 52,784,565.64 | 29,767,435.28 |
| Add: Non-operating income                      | 6.46 | 176,255.05     | 884,810.25    | (1) Total comprehensive income attributable to shareholders of parent company |      | 42,204,368.78 | 30,054,319.38 |
| Less: Non-operating expenses                   | 6.47 | 71,313.09      | 86,336.72     | (2) Total comprehensive income attributable to minority shareholders          |      | 10,580,196.86 | -286,884.10   |
| 4. Profit before tax ("-" for loss)            |      | 41,364,194.41  | 40,853,726.49 | 8. Earnings per share   |      |               |               |
| Less: income tax expenses                      | 6.48 | 2,714,651.07   | 4,199,859.22  | (1) Basic earnings per share  |      | 0.11          | 0.13          |
| 5. Net profit ("-" for net loss)               |      | 38,649,543.34  | 36,653,867.27 | (2) Diluted earnings per share  |      | 0.11          | 0.13          |
| Categorized by going concern basis             |      |                |               |   |      |               |               |
| 1. Profit or loss from continuing operations   |      | 38,649,543.34  | 36,653,867.27 |   |      |               |               |
| 2. Profit or loss from discontinued operations |      |                |               |   |      |               |               |

Person in charge of the company: lulianxing    Person in charge of accounting function: fuchuanhai    Person in charge of accounting department: leilixin

Consolidated Statement of Cash Flows  
For the year ended 31 December 2022

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

Unit: RMB Yuan

| Item  | Note | Year ended 31/12/2022   | Year ended 31/12/2021   | Item   | Note | Year ended 31/12/2022 | Year ended 31/12/2021 |
|---|------|-------------------------|-------------------------|--|------|-----------------------|-----------------------|
| <b>1. Cash flows from operating activities</b>  |      |                         |                         | <b>3. Cash flows from financing activities:</b>                                  |      |                       |                       |
| Cash received from sales and services   |      | 997,628,271.08          | 975,952,422.42          | Cash received from investments by others   |      | 100,000,000.00        | -                     |
| Taxes and surcharges refunds  |      | 42,646,182.32           | 38,193,930.62           | Including: cash received by subsidiaries from minority shareholders' investments |      | 100,000,000.00        | -                     |
| Cash received related to other operating activities   | 6.50 | 57,246,792.68           | 41,622,892.30           | Cash received from borrowings  |      | 354,300,000.00        | 227,138,476.01        |
| <b>Total cash inflows from operating activities</b>   |      | <b>1,097,521,246.08</b> | <b>1,055,769,245.34</b> | Cash received related to other financing activities                              |      | -                     | -                     |
| Cash paid for goods and services  |      | 876,993,067.62          | 690,728,218.89          | <b>Total cash inflows from financing activities</b>                              |      | <b>454,300,000.00</b> | <b>227,138,476.01</b> |
| Cash paid to and for employees  |      | 177,259,066.49          | 165,791,072.24          | Cash repayments for debts  |      | 217,605,316.00        | 105,644,255.24        |
| Taxes and surcharges cash payments  |      | 13,319,654.61           | 7,890,850.24            | Cash payments for distribution of dividends, profit and interest expenses        |      | 9,958,538.93          | 2,311,232.88          |
| Cash paid related to other operating activities   | 6.50 | 17,216,784.26           | 21,463,279.15           | Including: dividends or profit paid by subsidiaries to minority shareholders     |      | -                     | -                     |
| <b>Total cash outflows from operating activities</b>  |      | <b>1,084,788,572.98</b> | <b>885,873,420.52</b>   | Cash paid related to other financing activities                                  | 6.50 | 1,780,432.76          | 3,627,734.36          |
| <b>Net cash flows from operating activities</b>   |      | <b>12,732,673.10</b>    | <b>169,895,824.82</b>   | <b>Total cash outflows from financing activities</b>                             |      | <b>229,344,287.69</b> | <b>111,583,222.48</b> |
| <b>2. Cash flows from investing activities :</b>  |      | <b>-</b>                | <b>-</b>                | <b>Net cash flows from financing activities</b>                                  |      | <b>224,955,712.31</b> | <b>115,555,253.53</b> |
| Cash received from withdraw of investments  |      | 265,112,800.00          | 5,000,000.00            | 4. Effect of foreign exchange rate changes on cash and cash equivalents          |      | 9,047,338.51          | -                     |
| Cash received from investment income  |      | 1,076,034.24            | 49,972.60               | 5. Net increase in cash and cash equivalents                                     |      | 17,615,036.32         | -                     |
| Net cash received from disposal of \property, plant and equipment,intangible assets and other |      | 8,046,588.88            | 5,119,124.64            | Add: beginning balance of cash and cash equivalents                              |      | 209,649,305.99        | 255,735,611.93        |

|  |  |                 |                 |  |  |                |                |
|--|--|-----------------|-----------------|--|--|----------------|----------------|
| long-term assets   |  |                 |                 |  |  |                |                |
| Net cash received from disposal of subsidiaries and other business units                 |  | -               | -               | 6. Ending balance of cash and cash equivalents |  | 227,264,342.31 | 209,649,305.99 |
| Cash received related to other investing activities                                      |  | 5,000,000.00    | -               |  |  |                |                |
| Total cash inflows from investing activities   |  | 279,235,423.12  | 10,169,097.24   |  |  |                |                |
| Cash paid for property, plant and equipment,intangible assets and other long-term assets |  | 240,956,965.72  | 336,947,752.68  |  |  |                |                |
| Cash payments for investments  |  | 267,399,145.00  | -               |  |  |                |                |
| Net cash paid for acquiring subsidiaries and other business units                        |  | -               | -               |  |  |                |                |
| Cash paid related to other investing activities  |  | -               | -               |  |  |                |                |
| Total cash outflows from investing activities  |  | 508,356,110.72  | 336,947,752.68  |  |  |                |                |
| Net cash flows from investing activities   |  | -229,120,687.60 | -326,778,655.44 |  |  |                |                |

Person in charge of the company: lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin

Consolidated Statement of Changes in Equity  
For the year ended 31 December 2022

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

Unit: RMB Yuan

| Item   | Year 2022   |                          |        |   |                 |                       |                            |                 |                   |                          |                      |        |                |                    |                      |
|--|---|--------------------------|--------|---|-----------------|-----------------------|----------------------------|-----------------|-------------------|--------------------------|----------------------|--------|----------------|--------------------|----------------------|
|  | Equity attributable to shareholders of parent company |                          |        |   |                 |                       |                            |                 |                   |                          |                      |        |                | Minority interests | Total owners' equity |
|  | Share capital   | Other equity instruments |        |   | Capital reserve | Less: treasury shares | Other comprehensive income | Special reserve | Surpluses reserve | General risk preparation | Undistributed profit | Others | Sub-total      |                    |                      |
|  | Preference shares                                     | Perpetual loans          | Others |   |                 |                       |                            |                 |                   |                          |                      |        |                |                    |                      |
| 1. Ending balance of last year                             | 266,071,320.00  | -                        | -      | - | 284,054,997.75  | -                     | 18,256,201.98              | 232,783.00      | 21,908,064.19     | -                        | 379,524,911.94       | -      | 933,535,874.90 | 161,988,106.39     | 1,095,523,981.29     |
| Add: Impact from changes in accounting policies            | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| Impact from corrections of errors in prior period          | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| Business combination under common control                  | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| Others   | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| 2. Beginning balance of current year                       | 266,071,320.00  | -                        | -      | - | 284,054,997.75  | -                     | 18,256,201.98              | 232,783.00      | 21,908,064.19     | -                        | 379,524,911.94       | -      | 933,535,874.90 | 161,988,106.39     | 1,095,523,981.29     |
| 3. Movement for current year ("-" for decrease)            | -   | -                        | -      | - | 11,565,274.27   | -                     | 11,964,857.40              | 232,783.00      | -                 | -                        | 30,239,511.38        | -      | 53,536,860.05  | 99,014,922.59      | 152,551,782.64       |
| (1) Total comprehensive income                             | -   | -                        | -      | - | -               | -                     | 11,964,857.40              | -               | -                 | -                        | 30,239,511.38        | -      | 42,204,368.78  | 10,580,196.86      | 52,784,565.64        |
| (2) Shareholder's contributions and withdrawals of capital | -   | -                        | -      | - | 11,565,274.27   | -                     | -                          | -               | -                 | -                        | -                    | -      | 11,565,274.27  | 88,434,725.73      | 100,000,000.00       |
| 1) Common stock contributed by shareholders                | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | 100,000,000.00     | 100,000,000.00       |
| 2) Capital contributed by other equity instruments holders | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| 3) Share-based payment recorded in shareholder's equity    | -   | -                        | -      | - | -               | -                     | -                          | -               | -                 | -                        | -                    | -      | -              | -                  | -                    |
| 4) Others  | -   | -                        | -      | - | 11,565,274.27   | -                     | -                          | -               | -                 | -                        | -                    | -      | 11,565,274.27  | -                  | -                    |

|   |                |   |   |   |                |   |              |              |               |   |                |   |                |                |                  |
|---|----------------|---|---|---|----------------|---|--------------|--------------|---------------|---|----------------|---|----------------|----------------|------------------|
|   |                |   |   |   | 74.27          |   |              |              |               |   |                |   | 74.27          | 74.27          |                  |
| (3) Profits distribution  | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 1) Appropriation of surplus reserve   | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 2) Distribution to shareholders   | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 3) Others   | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| (4) Internal transfer within shareholder's equity                             | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 1) Conversion of capital reserve into share capital                           | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 2) Conversion of surplus reserve into share capital                           | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 3) Recover of loss by surplus reserve   | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 4) Change of defined benefit obligations carried forward to retained earnings | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 5) Other comprehensive income carried forward to retained earnings            | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 6) Others   | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| (5) Special reserve   | -              | - | - | - | -              | - | -            | 232,783.00   | -             | - | -              | - | 232,783.00     | -              | 232,783.00       |
| 1) Accrual of special reserve   | -              | - | - | - | -              | - | -            | 849,791.41   | -             | - | -              | - | 849,791.41     | -              | 849,791.41       |
| 2) Utilization of special reserve   | -              | - | - | - | -              | - | -            | 1,082,574.41 | -             | - | -              | - | 1,082,574.41   | -              | 1,082,574.41     |
| (6) Others  | -              | - | - | - | -              | - | -            | -            | -             | - | -              | - | -              | -              | -                |
| 4. Ending balance of current year   | 266,071,320.00 | - | - | - | 295,620,272.02 | - | 6,291,344.58 | -            | 21,908,064.19 | - | 409,764,423.32 | - | 987,072,734.95 | 261,003,028.98 | 1,248,075,763.93 |

Person in charge of the company: lulianxing

Person in charge of accounting function: fuchuanhai

Person in charge of accounting department: leilixin



|   |                |   |   |   |                |   |               |            |               |   |                |   |                |                |                  |
|---|----------------|---|---|---|----------------|---|---------------|------------|---------------|---|----------------|---|----------------|----------------|------------------|
| 4) Others   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| (3) Profits distribution  | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 1) Appropriation of surplus reserve   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 2) Distribution to shareholders   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 3) Others   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| (4) Internal transfer within shareholder's equity                             | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 1) Conversion of capital reserve into share capital                           | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 2) Conversion of surplus reserve into share capital                           | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 3) Recover of loss by surplus reserve   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 4) Change of defined benefit obligations carried forward to retained earnings | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 5) Other comprehensive income carried forward to retained earnings            | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 6) Others   | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| (5) Special reserve   | -              | - | - | - | -              | - | -             | 232,783.00 | -             | - | -              | - | 232,783.00     | -              | 232,783.00       |
| 1) Accrual of special reserve   | -              | - | - | - | -              | - | -             | 954,700.51 | -             | - | -              | - | 954,700.51     | -              | 954,700.51       |
| 2) Utilization of special reserve   | -              | - | - | - | -              | - | -             | 721,917.51 | -             | - | -              | - | 721,917.51     | -              | 721,917.51       |
| (6) Others  | -              | - | - | - | -              | - | -             | -          | -             | - | -              | - | -              | -              | -                |
| 4. Ending balance of current year   | 266,071,320.00 | - | - | - | 284,054,997.75 | - | 18,256,201.98 | 232,783.00 | 21,908,064.19 | - | 379,524,911.94 | - | 933,535,874.90 | 161,988,106.39 | 1,095,523,981.29 |

Person in charge of the company: lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin

Balance Sheet  
Dec 31,2022

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

Unit: RMB Yuan

| Item                                   | Note | As at 31/12/2022      | As at 31/12/2021      | Item  | Note | As at 31/12/2022      | As at 31/12/2021     |
|--|------|-----------------------|-----------------------|---|------|-----------------------|----------------------|
| <b>Current assets:</b>                 |      |                       |                       | <b>Current liabilities:</b>                 |      |                       |                      |
| Cash at bank and on hand               |      | 50,352,735.39         | 49,943,353.89         | Short-term loans                            |      | -                     | -                    |
| Financial assets held for trading      |      | -                     | -                     | Financial liabilities held for trading      |      | -                     | -                    |
| Derivative financial assets            |      | -                     | -                     | Derivative financial liabilities            |      | -                     | -                    |
| Notes receivable                       |      | -                     | -                     | Notes payable                               |      | -                     | -                    |
| Accounts receivable                    | 14.1 | 416,945.02            | 8,731,060.84          | Accounts payable                            |      | 44,867,412.91         | 12,713,180.90        |
| Receivables for financing              |      | -                     | -                     | Advances from customers                     |      | 1,684,961.19          | -                    |
| Prepayments                            |      | 11,978,519.28         | 3,565,433.92          | Contract liabilities                        |      | 19,914,211.04         | 1,930,695.41         |
| Other receivables                      | 14.2 | 124,833,179.13        | 119,015,186.36        | Employee benefits payable                   |      | 16,132,001.87         | 13,477,985.59        |
| Including:Interest receivable          |      | -                     | -                     | Taxes and surcharges payable                |      | 847,721.94            | 426,832.47           |
| Dividends receivable                   | 14.2 | 79,137,061.83         | 85,085,303.70         | Other payables                              |      | 161,941,857.71        | 43,495,400.72        |
| Inventories                            |      | 73,584,901.53         | 47,379,848.34         | Including:Interest payable                  |      | -                     | -                    |
| Contract assets                        |      | -                     | -                     | Dividends payable                           |      | -                     | -                    |
| Held-for-sale assets                   |      | -                     | -                     | Held-for-sale liabilities                   |      | -                     | -                    |
| Non-current assets due within one year |      | -                     | -                     | Non-current liabilities due within one year |      | 6,502,041.67          | 3,840,573.17         |
| Other current assets                   |      | 1,036,415.04          | 8,240,901.15          | Other current liabilities                   |      | -                     | -                    |
| <b>Total current assets</b>            |      | <b>262,202,695.39</b> | <b>236,875,784.50</b> | <b>Total current liabilities</b>            |      | <b>251,890,208.33</b> | <b>75,884,668.26</b> |
| <b>Non-current assets:</b>             |      | <b>-</b>              | <b>-</b>              | <b>Non-current liabilities:</b>             |      | <b>-</b>              | <b>-</b>             |

|                                     |      |                |                |                                     |  |                |                |
|-------------------------------------|------|----------------|----------------|-------------------------------------|--|----------------|----------------|
| Debt investments                    |      | -              | -              | Long-term loans                     |  | 283,557,577.77 | 149,393,532.37 |
| Other debt investments              |      | -              | -              | Bonds payable                       |  | -              | -              |
| Long-term receivables               |      | 3,852,541.51   | 3,858,748.19   | Including: Preference shares        |  | -              | -              |
| Long-term equity investments        | 14.3 | 328,189,455.23 | 232,189,455.23 | Perpetual loans                     |  | -              | -              |
| Other equity instrument investments |      | -              | -              | Lease liabilities                   |  | -              | -              |
| Other non-current financial assets  |      | -              | -              | Long-term account payable           |  | -              | -              |
| Investment property                 |      | 28,782,856.07  | 30,108,932.75  | Long-term employee benefits payable |  | 528,268.97     | 682,730.26     |
| Fixed assets                        |      | 112,981,919.66 | 47,561,985.28  | Anticipation liabilities            |  | -              | -              |
| Construction in process             |      | 330,769,336.43 | 118,472,605.94 | Deferred income                     |  | -              | -              |
| Productive biological assets        |      | -              | -              | Deferred tax liabilities            |  | -              | -              |
| Oil and gas assets                  |      | -              | -              | Other non-current liabilities       |  | -              | -              |
| Right-of-use assets                 |      | -              | 1,003,689.06   | Total non-current liabilities       |  | 284,085,846.74 | 150,076,262.63 |
| Intangible assets                   |      | 242,789.22     | 488,798.76     | Total liabilities                   |  | 535,976,055.07 | 225,960,930.89 |
| Development expenditures            |      | -              | -              | Shareholders' equity:               |  | -              | -              |
| Goodwill                            |      | -              | -              | Share capital                       |  | 266,071,320.00 | 266,071,320.00 |
| Long-term deferred expenses         |      | -              | -              | Other equity instruments            |  | -              | -              |
| Deferred tax assets                 |      | -              | -              | Including: Preference shares        |  | -              | -              |
| Other non-current assets            |      | 3,677,308.80   | 89,675,267.24  | Perpetual loans                     |  | -              | -              |
| Total non-current assets            |      | 808,496,206.92 | 523,359,482.45 | Capital reserve                     |  | 279,115,900.17 | 279,115,900.17 |

|                        |  |                         |                       |                                     |  |                         |                       |
|------------------------|--|-------------------------|-----------------------|-------------------------------------|--|-------------------------|-----------------------|
|                        |  | -                       | -                     | Less:treasury shares                |  | -                       | -                     |
|                        |  | -                       | -                     | Other comprehensive income          |  | -                       | -                     |
|                        |  | -                       | -                     | Special reserve                     |  | -                       | -                     |
|                        |  | -                       | -                     | Surplus reserve                     |  | 19,184,672.34           | 19,184,672.34         |
|                        |  | -                       | -                     | Undistributed profit                |  | 29,649,045.27           | -<br>30,097,556.45    |
|                        |  | -                       | -                     | Total equity                        |  | 534,722,847.24          | 534,274,336.0<br>6    |
| <b>Total of assets</b> |  | <b>1,070,698,902.31</b> | <b>760,235,266.95</b> | <b>Total liabilities and equity</b> |  | <b>1,070,698,902.31</b> | <b>760,235,266.95</b> |

Person in charge of the company: lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin

Statement of Income  
For the year ended 31 December 2022

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

Unit: RMB Yuan

| Item   | Note | Year ended<br>31/12/2022 | Year ended 31/12/2021 | Item  | Note | Year<br>ended<br>31/12/2022 | Year<br>ended<br>31/12/2021 |
|--|------|--------------------------|-----------------------|---|------|-----------------------------|-----------------------------|
| 1.Including: Operating income  | 14.4 | 133,301,999.64           | 139,327,287.43        | 4. Net profit ("-" for net loss)  |      | 448,511.18                  | 7,358,317.80                |
| Less: Operating costs  | 14.4 | 104,663,835.75           | 116,889,774.06        | 1. Profit or loss from continuing operations  |      | 448,511.18                  | 7,358,317.80                |
| Taxes and surcharges   |      | 1,277,316.00             | 688,962.71            | 2. Profit or loss from discontinued operations  |      | -                           | -                           |
| Selling and distribution expenses  |      | 302,268.33               | 233,063.78            | 5. Other comprehensive income net of tax  |      | -                           | -                           |
| General and administrative expenses                                      |      | 34,807,826.22            | 32,987,053.48         | (1) Comprehensive income not to be reclassified to profit or loss                       |      | -                           | -                           |
| Research and development expenses  |      | 1,375,367.02             | 623,103.64            | 1) Changes in remeasurement of defined benefit obligations                              |      | -                           | -                           |
| Finance expenses   |      | -2,686,950.98            | 2,366,265.87          | 2) Other comprehensive income not to be reclassified to profit or loss in equity method |      | -                           | -                           |
| Including:Interest expenses  |      | 3,531,483.95             | 382,300.01            | 3) Fair value changes in other equity instrument investments                            |      | -                           | -                           |
| Interest income  |      | 455,083.61               | 116,329.43            | 4) Fair value changes in the enterprise's own credit risk                               |      | -                           | -                           |
| Add: Other income  |      | 14,050,335.87            | 13,154,771.02         | 5)Others  |      | -                           | -                           |
| Investment income ("-" for loss)   | 14.5 | 9,576,034.24             | 8,867,101.36          | (2) Comprehensive income to be reclassified to profit or loss                           |      | -                           | -                           |
| Including: Investment income from associates and joint ventures          |      | -                        | -                     | 1) Other comprehensive income to be reclassified to profit or loss in equity method     |      | -                           | -                           |
| Income from derecognition of financial assets measured at amortised cost |      | -                        | -                     | 2) Gain or loss from fair value changes of other debt instruments                       |      | -                           | -                           |
| Net exposure hedging gains ("-" for loss)                                |      | -                        | -                     | 3) The amount of financial assets reclassified to other comprehensive income            |      | -                           | -                           |
| Gain from fair value changes ("-" for loss)                              |      | -                        | -                     | 4) Credit impairment provision of other debt investment                                 |      | -                           | -                           |

|  |  |                   |                     |                                      |  |                   |                     |
|--|--|-------------------|---------------------|--------------------------------------|--|-------------------|---------------------|
| Credit impairment losses ("-" for loss)      |  | 432,771.33        | -115,883.09         | 5) Cash flow hedging reserve         |  | -                 | -                   |
| Impairment on assets ("-" for loss)          |  | -17,298,401.93    | -117,230.42         | 6) Currency translation difference   |  | -                 | -                   |
| Gains from disposal of assets ("-" for loss) |  | -                 | 17,065.22           | 7) Others                            |  | -                 | -                   |
| <b>2. Operating profits ("-" for loss)</b>   |  | <b>323,076.81</b> | <b>7,344,887.98</b> | <b>6. Total comprehensive income</b> |  | <b>448,511.18</b> | <b>7,358,317.80</b> |
| Add: Non-operating income                    |  | 130,785.30        | 13,479.82           | 7. Earnings per share                |  | -                 | -                   |
| Less: Non-operating expenses                 |  | 5,350.93          | 50.00               | (1) Basic earnings per share         |  | -                 | -                   |
| <b>3. Profit before tax ("-" for loss)</b>   |  | <b>448,511.18</b> | <b>7,358,317.80</b> | (2) Diluted earnings per share       |  | -                 | -                   |
| Less: income tax expenses                    |  | -                 | -                   |                                      |  | -                 | -                   |

Person in charge of the company: lulianxing    Person in charge of accounting function: fuchuanhai    Person in charge of accounting department: lelixin

Statement of Cash Flows  
For the year ended 31 December 2022

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

Unit: RMB Yuan

| Item  | Note | Year ended<br>31/12/2022 | Year ended<br>31/12/2021 | Item  | Note | Year ended<br>31/12/2022 | Year ended<br>31/12/2021 |
|---|------|--------------------------|--------------------------|---|------|--------------------------|--------------------------|
| 1. Cash flows from operating activities   |      |                          |                          | 3. Cash flows from financing activities:                                  |      | -                        | -                        |
| Cash received from sales and services   |      | 116,957,691.93           | 78,815,609.56            | Cash received from investments by others                                  |      | -                        | -                        |
| Taxes and surcharges refunds  |      | 7,654,485.04             | -                        | Cash received from borrowings   |      | 334,300,000.00           | 207,138,476.01           |
| Cash received related to other operating activities   |      | 20,554,267.15            | 88,202,298.50            | Cash received related to other financing activities                       |      | 147,894,716.30           | 44,124,032.99            |
| Total cash inflows from operating activities  |      | 145,166,444.12           | 167,017,908.06           | Total cash inflows from financing activities                              |      | 482,194,716.30           | 251,262,509.00           |
| Cash paid for goods and services  |      | 60,229,439.09            | 43,827,721.36            | Cash repayments for debts   |      | 207,605,316.00           | 54,808,284.01            |
| Cash paid to and for employees  |      | 45,178,179.52            | 40,070,474.81            | Cash payments for distribution of dividends, profit and interest expenses |      | 9,654,019.71             | 797,792.63               |
| Taxes and surcharges cash payments  |      | 1,333,379.07             | 903,215.39               | Cash paid related to other financing activities                           |      | 58,952,610.51            | 5,345,639.48             |
| Cash paid related to other operating activities   |      | 7,288,776.43             | 80,422,024.59            | Total cash outflows from financing activities                             |      | 276,211,946.22           | 60,951,716.12            |
| Total cash outflows from operating activities   |      | 114,029,774.11           | 165,223,436.15           | Net cash flows from financing activities                                  |      | 205,982,770.08           | 190,310,792.88           |
| Net cash flows from operating activities  |      | 31,136,670.01            | 1,794,471.91             | 4. Effect of foreign exchange rate changes on cash and cash equivalents   |      | -533,788.56              | -                        |
| 2. Cash flows from investing activities:  |      | -                        | -                        | 5. Net increase in cash and cash equivalents                              |      | 409,381.50               | 17,756,470.50            |
| Cash received from withdraw of investments  |      | 260,000,000.00           | 5,000,000.00             | Add: beginning balance of cash and cash equivalents                       |      | 49,943,353.89            | 32,186,883.39            |
| Cash received from investment income  |      | 15,524,276.11            | 25,559,172.60            | 6. Ending balance of cash and cash equivalents                            |      | 50,352,735.39            | 49,943,353.89            |
| Net cash received from disposal of \property, plant and equipement,intangible assets and other long-term assets |      | -                        | 30,000.00                |   |      | -                        | -                        |

|  |  |                 |                 |  |  |   |   |
|--|--|-----------------|-----------------|--|--|---|---|
| Net cash received from disposal of subsidiaries and other business units                 |  | -               | -               |  |  | - | - |
| Cash received related to other investing activities                                      |  | -               | 13,000,000.00   |  |  | - | - |
| Total cash inflows from investing activities   |  | 275,524,276.11  | 43,589,172.60   |  |  | - | - |
| Cash paid for property, plant and equipment,intangible assets and other long-term assets |  | 155,700,546.14  | 214,643,321.75  |  |  | - | - |
| Cash payments for investments  |  | 356,000,000.00  | -               |  |  | - | - |
| Net cash paid for acquiring subsidiaries and other business units                        |  | -               | -               |  |  | - | - |
| Cash paid related to other investing activities  |  | -               | 3,168,000.00    |  |  | - | - |
| Total cash outflows from investing activities  |  | 511,700,546.14  | 217,811,321.75  |  |  | - | - |
| Net cash flows from investing activities   |  | -236,176,270.03 | -174,222,149.15 |  |  | - | - |

Person in charge of the company: lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin



|   |                |   |   |   |                |   |   |   |               |                |   |                |
|---|----------------|---|---|---|----------------|---|---|---|---------------|----------------|---|----------------|
|   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 3) Others   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| (4) Internal transfer within shareholder's equity                             | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 1) Conversion of capital reserve into share capital                           | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 2) Conversion of surplus reserve into share capital                           | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 3) Recover of loss by surplus reserve   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 4) Change of defined benefit obligations carried forward to retained earnings | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 5) Other comprehensive income carried forward to retained earnings            | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 6) Others   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| (5) Special reserve   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 1) Accrual of special reserve   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 2) Utilization of special reserve   | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| (6) Others  | -              | - | - | - | -              | - | - | - | -             | -              | - | -              |
| 4. Ending balance of current year   | 266,071,320.00 | - | - | - | 279,115,900.17 | - | - | - | 19,184,672.34 | -29,649,045.27 | - | 534,722,847.24 |

Person in charge of the company: lulianxing    Person in charge of accounting function:fuchuanhai    Person in charge of accounting department:leilixin



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

Person in charge of the company: lulianxing

Person in charge of accounting function:fuchuanhai

Person in charge of accounting department:leilixin

## 1. Company profile

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

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

### 1.2 Business Nature and Key Operating Activities

The Company is engaged in the oceanic fishery industry.

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

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

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

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

### 1.4 Approver and Approval Date of Financial Reports for Release.

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

## 2. Scope of Consolidated Financial Statements for the Year

As at December 31, 2022, five tier-2 companies, four tier-3 companies, and one economic entity of which the control is formed through operating leasing were included in the scope of the Company’s consolidated financial statements.

The five tier-2 companies include: Shandong Zhonglu Aquaculture Shipping Co., Ltd., Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd., Habitat International Corporation, Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd., and Zhonglu Oceanic (Qingdao) Industrial Investment and Development Co., Ltd.; the four tier-3 companies include: Laif Fisheries Company Limited, Shandong Zhonglu Oceanic Cold Storage Co., Ltd., Africa Star Fisheries Limited, and Zhong Gha Foods Company Limited; the economic entity of which the control is formed through operating leasing is Yaw Addo Fisheries Company Limited. For the scope of the consolidated financial statements for the year and the changes, refer to the notes “VII. Change of the Consolidated Scope” and “VIII. Disclosure of Equity in Other Entities.”

### **3. Basis of preparation of financial statements**

#### 3.1 Basis of preparation

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

#### 3.2 Going concern

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

### **4. Significant accounting policies and accounting estimates**

#### 4.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements and notes are in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance, the application guidelines, Interpretation of the Accounting Standards for Business Enterprises, "No. 15 rules for the preparation and reporting of information disclosure by companies that issue securities to the public – general provisions on financial reports [2014 Amendment]" issued by the China Securities Regulatory Commission and relevant supplementary provisions, which truly and completely reflect the company's financial status, operating results, changes in shareholders' equity and cash flow and other relevant information.

#### 4.2 Accounting period

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

#### 4.3 Operating cycle

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

#### 4.4 Functional currency

The Company's functional currency is Chinese Renminbi.

#### 4.5 Business combination

##### 4.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, the initial investment cost is the holding share of the acquiree's equity in the ultimate controlling party's consolidated financial statements measured at the carrying amounts at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original

investment cost and the carrying amount (or the total par value of shares issued) will be adjusted to the capital reserve. If the capital reserve is insufficient to absorb the difference, the remaining amount shall be deducted from the retained earnings. The intermediary fees of auditing, legal services, evaluation and consultation and other related management expenses incurred for business combination shall be recorded into current profits and losses when incurred. The bonds issued for the combination of enterprise or the handling fees and commissions paid for assumption other debts shall be included in initial measurement amount of the bonds and other debts issued. The handling fees, commissions and other expenses incurred from the issuance of equity securities in the course of business combination shall be offset against the premium income of equity securities, and retained earning shall be offset if the premium income is not sufficient to be offset.

#### 4.5.2 Business combinations involving enterprises not under uncommon control

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

(b) At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value.

If investment cost of long-term equity investment is more than the difference in the share of fair value of identifiable net assets acquired by the purchaser in the merger, it shall be recognized as goodwill.

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

#### 4.6 Preparation of consolidated financial statements

The consolidated scope of the consolidated financial statements is determined on a control basis. Control refers to the investor has the power of the investee, through participation in the investee related activities and enjoy variable returns, and have the ability to use the power of the investee influence its return amount.

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

If the parent company is an investment entity, the parent company should only include its subsidiaries (if any) that provide relevant services for its investment activities into the scope of consolidation and prepare consolidated financial statements; other subsidiaries shall not be consolidated. The parent company's investment in other subsidiaries shall be measured at fair value and its changes shall be recorded into profits and loss for the current period entirely. When the parent company simultaneously satisfies the following conditions, the parent company belongs to the investment subject: a. The parent company obtains funds from one or more investors for the purpose of providing investment management services to investors; b. The sole purpose of the parent company's operations is to generate returns for investors through capital gain, income from investment or both; c. The parent company measures and evaluates the performance of almost all investments at fair value.

The unified accounting policy and period used by the company and the consolidated subsidiary when preparing of consolidated statements. The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the company should adjust the opening balance of the consolidated balance sheet. Where a subsidiary or business has been acquired through a business combination involving enterprises not under common control in the reporting period, the company should not adjust the opening balance of the consolidated balance sheet. Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the income, expense, profit and cash flow of the subsidiary from the beginning of the consolidation period to the end of the reporting period are included in the consolidated income statement and cash flow statement. Where a subsidiary or business has been acquired through a business combination involving enterprises not under common control in the reporting period, the income, expenses, profit and cash flow of the subsidiary from the purchase date to the end of the reporting period are included in the consolidated income statement and cash flow statement. The company disposed of the subsidiary during the reporting period, the income, expenses, profit and cash flow of the subsidiary from the beginning of the year to the disposal date are included in the consolidated income statement and cash flow statement.

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

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

In the consolidated financial statements, if the Company loses its control on an investee because of disposing some portion of its equity investment in the investee, the remaining balance of its equity investment will be remeasured at the fair value of the date at which it loses its control. The difference between the sum of the consideration received and the fair value of the remaining equity investment, and its corresponding interest portion of the net asset

continually calculated from the purchase date or the combination date should be recorded in the investment income of the current period, and be deducted to goodwill simultaneously. Other comprehensive income (OCI) etc. relating to the investment in the former subsidiary will be transferred to the investment income in the same period in which it loses its control, other comprehensive income arising from the change in net liabilities or net assets of the defined benefit plan remeasured by the investee shall be excluded.

#### 4.7 Joint arrangement classification and accounting treatments

##### 4.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures.

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

The Company acted as a party participating in joint operations, confirm the following items relating to its interests in the joint operations and accounts for them in accordance with related requirements of Accounting Standards for Business Enterprises:

- (a) Its solely-held assets and solely-assumed liabilities, and its share of any assets and liabilities held jointly;
- (b) Its revenue from the sale of its share of the output arising from the joint operation;
- (c) Its share of the revenue from the sale of the output by the joint operation;
- (d) Its own expenses and its share of any expenses incurred jointly.

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

#### 4.8 Cash and cash equivalents

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

#### 4.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

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

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

- (a) Foreign currency monetary items shall be translated at the central rate of THE EXCHANGE rate of RMB published by the People's Bank of China on the balance sheet date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period.
- (b) Non-monetary items denominated in foreign currency that are measured at historical cost are still translated at amount in functional currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items

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

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

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

(a) The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date.

Items of the equity, except for "retained earnings", are translated at the spot exchange rate at the dates when such items occurred.

(b) The revenue and expenditures in the statement of income are translated using an approximate exchange rate of the spot exchange rate at the transaction date.

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

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

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

(5) When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

#### 4.10 Financial instruments

Financial instruments are the contracts under which the financial assets of an entity are formed and correspondingly the financial liabilities or equity instruments of any other entity are formed. When a company becomes a party to a financial instrument contract, the related financial asset or financial liability is recognized.

##### 4.10.1 Financial assets

###### 4.10.1.1 Classification and initial measurement

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

a) Financial assets measured at amortized cost;

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

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

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

(a) Debt instruments

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

a) Measured at amortized cost:

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

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

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

b) Measured at fair value through other comprehensive income

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

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

Such financial assets are measured at fair value and their changes are included in other comprehensive income, but assert impairment losses or gains, exchange gains or losses and interest income calculated in accordance with the effective interest rate method are included in profit or loss for the current period entirely. Such financial assets are listed as other debt investments, and other debt investments maturing within one year (including one year) from the date of the balance sheet are listed as non-current assets maturing within one year; other debt investments with a maturity of one year (inclusive) at the time of acquisition are listed as other current assets.

c) Measured at fair value through profit or loss

The Company classifies a financial asset as subsequently measured at fair value through profit or loss and listed as

financial assets held for trading unless it is subsequently measured at amortized cost or measured at fair value through other comprehensive income. The Company may make an irrevocable election at initial recognition to designate a financial asset as subsequently measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. Other non-current financial assets shall be listed as those that mature more than one year from the balance sheet date and are expected to be held for more than one year.

(b) equity instrument

The company shall measure the equity instrument investment over which it has no control, joint control or significant influence according to the fair value through profit and loss, and list it as financial assets held for trading; those expected to be held for more than one year from the balance sheet date shall be listed as other non-current financial assets.

In addition, the Company designated part of non-tradable equity instrument investments as financial assets measured at fair value through other comprehensive income, and listed as other equity instrument investments. The related dividend income of such financial assets is recorded in the profit or loss for the current period entirely. Once made, the designation cannot be revoked. Where the contingent consideration recognized by the company in a business combination not under the common control constitutes a financial asset, the financial asset shall be classified as a financial asset measured at fair value through profit or loss.

For non-tradable equity instrument investments, the company may, upon initial recognition, irrevocably designate them as financial assets measured at fair value through other comprehensive income. The designation is made on a single investment basis that meets the definition of an equity instrument from the issuer's point of view.

#### 4.10.1.2 Impairment of assets

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

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

The Company calculates interest income based on the book balance and effective interest rate of financial

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

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

a) Credit risk significantly increases judgment criteria

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

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

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

b) Definition of assets with credit impairment

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

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

## c) Parameters for the measurement of expected credit losses

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

Relevant definitions are as follows:

- a. Probability of default refers to the possibility that the debtor will be unable to fulfill its payment obligations in the next 12 months or in the entire remaining term. The default probability of the company is adjusted based on the results of the historical credit loss model, and forward-looking information is added to reflect the default probability of the debtor in the current macroeconomic environment.
- b. Loss given default rate refers to the company's expectation of the loss degree of default risk exposure. Loss given default rates vary depending on the type of counterparty, method of recourse and priority, and collateral. The loss given default rate is the percentage of the risk exposure loss at the time of default and is calculated on the basis of the next 12 months or the entire lifetime;
- c. Default risk exposure model is the amount payable to the company at the time of default in the next 12 months or for the remainder of its life.

## d) Prospective information

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

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

| <u>Item</u>                    | <u>Basis for group determination</u> | <u>Method of measuring expected credit loss</u>   |
|--------------------------------|--------------------------------------|---|
| Banker's acceptance receivable | Acceptor                             | The Company calculates expected credit loss using default risk exposure and the lifetime expected credit loss rate by reference to historical experience of credit loss and based on current conditions as well as forecasts of future economic conditions. |
| Trade acceptance receivable    | Acceptor                             | By aging analysis   |

|   |  |   |
|---|--|---|
| Accounts receivable - group of related parties    | Companies within the consolidated scope                          | The Company measures bad debt provisions by reference to historical experience of credit loss and based on forecasts of future economic conditions. |
| Accounts receivable - group of external clients   | Companies outside the consolidated scope and                     | The Company calculates expected credit loss using aging and the lifetime expected credit loss rate.   |
| Lease receivable - group of external clients      | third-party clients  |   |
| Contract assets - group of external clients       | Companies outside the consolidated scope and third-party clients | The Company calculates expected credit loss using aging and the lifetime expected credit loss rate.   |
| Other receivables - group of related parties      | Companies within the consolidated scope                          | The Company measures bad debt provisions by reference to historical experience of credit loss and based on forecasts of future economic conditions. |
| Other receivables - group of external clients     | Companies outside the consolidated scope and third-party clients | The Company measures loss provisions using the general method, namely, the “three phases” model.  |
| Long-term receivables - group of external clients | Companies outside the consolidated scope and third-party clients | The Company measures loss provisions using the general method, namely, the “three phases” model.  |

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

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

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

#### 4.10.1.3 Terminate confirmation

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

- a. Termination of the contractual right to receive the cash flow of the financial asset;
- b. The financial asset has been transferred, and the Company has transferred almost all the risks and rewards in the ownership of the financial asset to the transferee;
- c. The financial asset has been transferred. Although the company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset, it gives up control over the financial asset.

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

#### 4.10.1.4 Write-off

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

#### 4.10.2 Financial liabilities

Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities measured at fair value through profit or loss at the time of initial recognition.

The Company classifies financial liabilities as financial liabilities measured at amortized cost, except as follows:

- (a) Financial liabilities measured at fair value through profit or loss, including financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss.
- (b) Financial liabilities that arise when transfers of financial assets do not qualify for derecognition or when the continuing involvement approach applies
- (c) Financial guarantee contracts which are not classified as (a) or (b) and commitments to provide a loan at a below-market interest rate which are not classified as (a). In a business combination not under the common control, if the company is recognized as the purchaser of the contingent consideration and forms financial liabilities, the financial liabilities shall be measured at fair value through profit and loss.

At the time of initial recognition, in order to provide more relevant accounting information, the company may designate financial liabilities as financial liabilities measured at fair value through profit or loss for the current period. Such designation satisfies one of the following conditions:

- (a) Can eliminate or significantly reduce accounting mismatches.
- (b) Manage and evaluate the portfolio of financial liabilities or financial assets and portfolio of financial liabilities on the basis of fair value in accordance with the enterprise risk management or investment strategy stated in formal written documents, and report to key management personnel within the company on this basis. Once made, the designation cannot be revoked.

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

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

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

#### 4.10.3 Measurement method of financial instruments' fair value

For financial instruments that active markets exist, the Company uses the quoted prices in the active markets to determine their fair value. If there is no active market for the financial instruments, the Company uses valuation techniques to determine their fair value. When valuing, the company adopts valuation techniques that are applicable under the current circumstances and that there are sufficient available data and other information to support, and selects a valuation technique that is consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability. Input values and, where possible, prefer relevant observable input values. Unobservable input values are used when the relevant observable input values are unavailable or impractical to obtain.

#### 4.10.4 Subsequent measurement

After initial recognition, the company shall make subsequent measurement of different types of financial assets at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit and loss.

After initial recognition, the company shall make subsequent measurement of different types of financial liabilities at amortized cost, measured at fair value through profits and losses or through other appropriate methods.

The amortized cost of a financial asset or financial liability shall be determined by the following adjustment of the initial recognized amount of the financial asset or financial liability:

- (a) Deduct the principal already repaid.

- (b) Plus or minus the cumulative amortization amount formed by amortizing the difference between the initial recognition amount and the amount at maturity using the effective interest rate method.
- (c) Deduct the accumulated loss provisions (only applicable to financial assets).

The company recognizes interest income according to the effective interest rate method. Interest income is calculated and determined by multiplying the book balance of the financial asset by the actual interest rate, except in the following cases:

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

#### 4.11 Notes receivable

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

#### 4.12 Accounts receivable

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

#### 4.13 Receivables for financing

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

#### 4.14. Other receivables

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

#### 4.15 Inventories

##### 4.15.1 Categories of inventories

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

detailed in 17, "Contract Costs".

#### 4.15.2 Measurement of inventories upon delivery

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

#### 4.15.3 Provision for diminution in value of inventories

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

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

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

(a) Finished products, commodities in stock and materials for sale that directly used for sale are the estimated selling price minus the estimated cost of sales and relevant taxes.

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

(c) On the balance sheet date, if a part of the same inventory has contract price and the other parts do not have contract price, the net realizable value shall be determined respectively, and the corresponding cost shall be compared to determine the amount of withdrawal or reversal of the inventory depreciation reserve.

Goods in stock drops in price preparing shall be made on a single inventory item (or category of inventory) and consolidated for inventories that are related to product series produced and sold in the same region, have the same or similar end use or purpose, and are difficult to measure separately from other items.

#### 4.15.4 Inventory count system

The Company adopts the perpetual inventory system.

#### 4.15.5 Amortization methods of low-value consumables

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

### 4.16 Contract assets

#### 4.16.1 Method and standard for the confirmation of contract assets

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

#### 4.16.2 Determination method and accounting treatment method of expected credit loss of contract assets

The provision for impairment of contractual assets shall refer to the expected credit loss method of financial instruments. For contract assets that do not contain significant financing components, the Company adopts a

simplified method to measure loss provisions. For the contract assets containing significant financing elements, the Company shall measure the loss provisions in accordance with the general method.

In the event of an impairment loss on a contract asset, the “asset impairment loss” shall be debited according to the amount to be written down, and the contract asset impairment provision shall be credited; the reverse entry shall be made when the accrued asset impairment provision is reversed.

#### 4.17 Contract costs

##### 4.17.1 Determination method of asset amount related to contract costs

The contract costs of the Company include the incremental costs to obtain a contract and the costs to fulfil a contract. If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard like Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017), they will be treated as the costs to fulfil a contract and recognized as an asset when meeting the following conditions:

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

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

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

##### 4.17.2 Amortization of assets related to contract costs

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

##### 4.17.3 Impairment of assets related to contract costs

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

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

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

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

#### 4.18 Hold assets for sale

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

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

- (a) In accordance with the practice of selling such assets or disposal groups in similar transactions, they can be sold immediately under the current conditions.
- (b) The sale is very likely to occur, that is, the company has made a resolution on a sale plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year.

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

##### 4.18.2 Accounting treatment

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

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

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

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

#### 4.19 Debt investment

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

#### 4.20 Other debt investments

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

#### 4.21 Long-term receivables

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

#### 4.22 Long-term equity investment

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

##### 4.22.1 Determination of initial investment cost

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

#### 4.22.2 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

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

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

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the

relevant activities of the arrangement must be decided by the unanimous consent of the participants sharing the control rights. When judging whether there is joint control, the first determine is whether all participants or a combination of participants collectively control the arrangement. If all participants or a group of participants must act in unison to decide the relevant activities of an arrangement, it is considered that all participants or a group of parties collectively control the arrangement. Secondly, it is judged whether the decision-making of the relevant activities of the arrangement must be unanimously agreed by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute joint control. When judging whether there is joint control, the protective rights enjoyed are not considered. Significant influence refers to the power to participate in the decision-making of an enterprise's financial and operating policies, but cannot control or jointly control the formulation of these policies with other parties. When determining whether it can exert significant influence on the investee, consider the voting shares directly or indirectly held by the investor and the impact of current executable potential voting rights held by the investor and other parties after it is assumed to be converted into the equity of the investee, including the current convertible warrants, share options and convertible corporate bonds issued by the investee.

#### 4.23 Investment property

Investment real estate refers to real estate held for rent or capital appreciation, or both, including leased land use rights, land use rights held and ready to be transferred after appreciation, and leased buildings.

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

##### 4.23.1 Using the cost model

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

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

##### 4.23.2 Using the fair value model

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

#### 4.24 Fixed assets

##### 4.24.1 Recognition criteria for fixed assets

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

##### 4.24.2 Classification and depreciation method of fixed assets

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

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

#### 4.25 Construction in progress

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

#### 4.26 Borrowing costs

##### 4.26.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Borrowing costs include borrowing interest, amortization of discount or premium, auxiliary expenses, and foreign exchange differences arising from foreign currency borrowings.

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

- (a) The asset expenditure has occurred, and the asset expenditure includes the cash paid for the purchase, construction or production of assets eligible for capitalization, the transfer of non-cash assets or the payment of interest-bearing debts;
- (b) The borrowing costs have been incurred;
- (c) The acquisition, construction or production activities necessary to make the asset ready for its intended use or sale have begun.

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

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

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

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

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

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

#### 4.27 Right-of-use assets

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

##### 4.27.1 Conditions for the confirmation of the right-of-use assets

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

#### 4.27.2 Initial measurement of right-of-use assets

The right-of-use assets are initially measured at cost, which includes:

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

#### 4.27.3 Subsequent measurement of the right-of-use assets

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

#### 4.27.4 Depreciation methods of various right-of-use assets

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

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

#### 4.27.5 Change of lease

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

#### 4.27.6 Impairment test method and impairment provision method of usufruct

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

### 4.28 Intangible assets

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

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

- (a) The usual life cycle of the products produced with the asset and the available information about the service life of similar assets;
- (b) The current situation of technology and process and the estimation of the future development trend;
- (c) Market demand for products or services produced by the assets;
- (d) Actions expected by current or potential competitors;
- (e) The expected maintenance expenditure to maintain the ability of the asset to bring economic benefits, and the company's expected ability to pay the related expenditure;
- (f) Relevant legal provisions or similar restrictions on the asset control period, such as the franchise period, lease period, etc.;
- (g) Correlation with the service life of other assets held by enterprises.

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

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

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

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

4.28.4 Internally generated projects

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

(b) Expenditure in the research phase is recognized as an expense in profit or loss for current period when it is incurred. Expenditure in the development phase of internally generated projects is capitalized if they meet the following conditions at the same time:

- 1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- 2) The intent that the intangible asset can be completed and used or sold;
- 3) The way in which the intangible assets can generate economic benefits include the ability to prove that the products produced by using the intangible assets have a market or that the intangible assets themselves exist in the market. If the intangible assets will be used internally, its usefulness shall be proved;

- 4) Have sufficient technical, financial and other resource support to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
- 5) Expenses attributable to the development stage of the intangible asset can be measured reliably.

#### 4.29 Goodwill

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

#### 4.30 Impairment of long-term assets

For fixed assets, construction in process, intangible assets with limited service life, investment property measured by cost model and non-current non-financial assets such as long-term equity investment in subsidiaries, cooperative enterprise and associated enterprises, the company shall judge whether there is any sign of impairment on the balance sheet date. If there is any indication of impairment, the recoverable amount shall be estimated and the impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached a usable state, regardless of whether there are signs of impairment, are tested for impairment every year. If the impairment test results show that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be made and the impairment loss shall be recorded according to the difference. The recoverable amount is the higher of the net value of the fair value of the asset less the disposal expense and the present value of the estimated future cash flows of the asset. The fair value of the asset is determined according to the sales agreement price in a fair transaction; If there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the bid price of the buyer of the asset; Where there is no sale agreement and an active market for the asset, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees related to the disposal of assets, related taxes, handling fees and direct expenses incurred to bring the assets into a saleable state. The present value of the estimated future cash flow of an asset is determined according to the estimated future cash flow generated during the continuous use of the asset and the final disposal by choosing an appropriate discount rate. The asset impairment reserve is calculated and recognized on the basis of a single asset. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group to which the asset belongs shall be determined. Asset group is the minimum portfolio of assets that can generate cash inflow independently.

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

When conducting impairment tests on related asset groups or asset group combinations containing goodwill, if there are signs of impairment in the asset groups or asset group combinations related to goodwill, the impairment tests shall first be conducted on the asset groups or asset group combinations that do not contain goodwill to calculate recoverable amounts and confirm the corresponding impairment losses. And goodwill of the asset group or

combination of group assets impairment test, comparing its book value and recoverable amount, such as the recoverable amount is lower than the book value, the amount of impairment loss first deduction allocation to the asset group or combination of group assets in the book value of the goodwill, again according to the asset group or combination of group assets all assets except goodwill in the book value of the share, Deduct the carrying value of other assets in proportion, provided that the carrying value of each asset after deduction shall not be less than the net of the fair value of the asset minus disposal expenses (if determined) and the present value of the estimated future cash flows of the asset (if determined), whichever is higher, and shall not be less than zero.

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

#### 4.31 Long-term deferred expenses

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

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

| <u>Category</u>  | <u>Amortization period (years)</u> |
|------------------|------------------------------------|
| Renovation costs | 2 to 5 years                       |

#### 4.32 Contract liabilities

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

#### 4.33 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. The benefits provided by the company to employees' spouses, children, dependents, survivors of deceased employees and other beneficiaries are also considered as employee benefits.

##### 4.33.1 Short-time employee benefits

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

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

monetary welfare and other short-term remuneration.

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

#### 4.33.2 Post-employment benefits

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

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

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

At the end of the reporting period, the employee compensation costs arising from the defined benefit plans are recognized as the following components:

- (a) Service cost, including current service cost, past service cost and settlement gain or loss.
- (b) Net interest on defined benefit plan net liabilities or net assets, including interest income on plan assets, interest expense on defined benefit plan obligations, and interest affected by asset caps.
- (c) Recalculate changes in net liabilities or net assets of defined benefit plans

Unless other accounting standards require or allow the cost of employee benefits to be included in the cost of assets, items (a) and (b) above shall be included in the current profit and loss; Item (c) shall be included in other comprehensive income and shall not be allowed to be transferred back to profit and loss in subsequent accounting periods, but such amounts recognized in other comprehensive income may be transferred within the scope of equity.

Under the defined benefit plan, the earliest date on which past service costs are recognized as current expenses is:

- (a) When modifying the defined benefit plan.
- (b) When the company confirms relevant restructuring expenses or dismissal benefits.

Recognize a settlement gain or loss at the time of defined benefit plan settlement.

#### 4.33.3 Termination benefits

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

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

payment of termination benefits.

#### 4.33.4 Other long-term employee benefits

Other long-term employee benefits refers to all employee compensation except short-term compensation, post-separation benefits and dismissal benefits, including long-term paid absenteeism, long-term disability benefits, long-term profit sharing plans, etc.

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan. At the end of the reporting period, the enterprise shall recognize the employee compensation costs generated by other long-term employee benefits as the following components:

- (a) Service cost
- (b) Net interest on net liabilities or net assets of other long-term employee benefits
- (c) Changes in net liabilities or net assets of other long-term employee benefits are re-measured.

In order to simplify the related accounting treatment, the total net amount of the above items is included in the current profit and loss or the cost of the related assets

#### 4.34 Lease liabilities

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

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

#### 4.35 Estimated liabilities

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

- (a) The obligation is a present obligation of the enterprise;
- (b) The performance of the obligation is likely to result in the outflow of economic benefits from the enterprise;
- (c) The amount of the obligation can be measured reliably.

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

#### 4.36 Share-based payment

##### 4.36.1 Types of share-based payment

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

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

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

##### 4.36.2 Determination method of fair value of equity instruments.

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

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

##### 4.36.3 The basis for confirming the best estimate of vested equity instruments.

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

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

###### 4.36.4.1

The equity-settled share-based payment that is exercisable immediately after the grant in exchange for employee services shall be included in the relevant costs or expenses according to the fair value of the equity instruments on the grant date, and the capital reserve shall be increased accordingly.

Equity-settled share-based payment that can be exercised in exchange for employee services after the completion of the service during the waiting period or when the specified performance conditions are met, on each balance sheet date during the waiting period, the best estimate of the number of exercisable equity instruments is Based on the fair value of the equity instruments on the grant date, the services obtained in the current period are included in the relevant costs or expenses and capital reserves.

On the balance sheet date, if the subsequent information indicates that the number of exercisable equity instruments is different from the previous estimate, adjustments shall be made and adjusted to the actual number of exercisable

equity instruments on the exercise date.

For equity-settled share-based payments, no adjustments will be made to the confirmed costs and total owner's equity after the vesting date. On the exercise date, the share capital and share premium will be confirmed according to the exercise situation, and the capital reserves (other capital reserves) confirmed during the waiting period will be carried forward.

For the granted equity instruments such as options in an active market, the fair value shall be determined according to the quotation in the active market. For granted options and other equity instruments that do not have an active market, the option pricing model should be used to determine their fair value, and the option pricing model selected should at least consider the following factors:

- a) The exercise price of the option;
- b) The validity period of the option;
- c) The current price of the underlying shares;
- d) Estimated stock price volatility;
- e) Estimated dividends on the shares;
- f) The risk-free interest rate during the life of the option.

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

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

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

#### 4.37 Revenues

Accounting policies used for revenue recognition and measurement.

##### 4.37.1 Principles of revenue recognition

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

- (a) The parties to the contract have approved the contract and promised to perform their respective obligations;
- (b) The contract clarifies the rights and obligations of the parties to the contract in relation to the transferred goods or the provision of labor services;
- (c) The contract has clear payment terms related to the transferred goods;
- (d) The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of future cash flows of the Group;
- (e) The consideration entitled to the transfer of goods to the customer is likely to be recovered.

Evaluate the contract on the contract inception date, identify each individual performance obligation contained in the

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

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

- a) The customer obtains and consumes the economic benefits brought by the company's performance when the company performs the contract;
- b) The customer can control the commodities under construction in the process of contract performance;
- c) The commodities produced by the enterprise during the performance of the contract have irreplaceable uses, and the enterprise has the right to receive payment for the part of the performance that has been completed so far during the entire contract period.

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

If one of the above conditions is not met, revenue will be recognized at the transaction price allocated to the single performance obligation when the customer obtains control over the relevant commodity. The following indications should be considered when judging whether a customer has acquired control of a commodity:

- <a> The enterprise has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product;
- <b> The enterprise has transferred the legal ownership of the product to the customer, that is, the customer already owns the legal ownership of the product;
- <c> The enterprise has transferred the commodity in kind to the customer, that is, the customer has physically possessed the commodity;
- <d> The enterprise has transferred the main risks and rewards of the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the commodity;
- <e> The customer has accepted the product;
- <f> Other indications that the customer has obtained control of the goods.

#### 4.37.2 Methods of revenue recognition used by the Company

##### (a) Revenue recognized by the Company at a point in time in the control over assets

For the foreign sale of seine fish, the Company uses sales contracts and settlement contracts as the basis, recognizes the change of ownership based on the date of settlement contracts, and then recognizes revenue accordingly.

Most of the Company's fish from long-line fishing is transported back to China for sale. Sales contracts and settlement contracts are used as the basis. The Company recognizes the change of ownership based on the date of

settlement contracts and then recognizes revenue accordingly.

Processing of aquatic products for domestic sale by the Company: Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. issues shipment confirmations according to faxed or email orders from domestic clients. The Company delivers goods based on shipping notes issued by the sales department and confirmed by the warehouse department. After clients acknowledge receipt, the Company will recognize revenue.

Processing of aquatic products for foreign sale by the Company: After receiving purchase orders from foreign clients, the international trade department will issue export shipment confirmations and arrange the storage and transport department to prepare the goods. The Company will revenue sales revenue based on shipping notes, packing lists, customs declaration forms, and other export documents.

(b) Revenue recognized by the Company by performance period:

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

#### 4.38 Government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration to be paid which are not including the capital injected by the government acted as an owner role.

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

If the government documents explicitly state that the government grants will be used to establish or form long-term assets, the government grants will be classified as government grants related to assets. Government grants related to assets are recognized as deferred income. They are amortized in profit or loss for each period over the related assets' estimated useful period on a systematic basis.

If the relevant assets are sold, transferred, scrapped or damaged before the end of their useful life, the undistributed balance of relevant deferred income shall be transferred to the profit and loss of the current period of asset disposal. Government grants related to the Company's routine operation will be recorded in other income based on the nature of its economic substance and government grants not related to the Company's routine operation will be recorded in non-operating income or expenses.

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

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

If there is no explicit subsidy object in the government document, the portion related to long-term assets will be classified as government grants related to assets and the rest portion will be classified as government grants related to income.

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

are recognized. If the grant related to income is a compensation for related expenses or losses already incurred, the grant is recognized directly in profit or loss for the current period.

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

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

When a bank receives the discount interest fund from the financial sector and then provides a loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the preferential interest rate. When the Company receives the discount interest fund from the financial sector directly, the discount interest fund will be deducted from related borrowing cost.

#### 4.38.3 The recognition timing for government grants

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

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

#### 4.39 Deferred tax asset and deferred tax liability

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

On the basis of calculating and determining the current income tax (that is, the income tax payable in the current period) and the deferred income tax expenses (or gains), the sum of the two is recognized as the income tax expenses (or gains) in the income statement, but Excludes income tax effects of transactions or events that are directly included in owners' equity.

On the balance sheet date, review the book value of deferred tax assets. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

#### 4.40 Leases

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

#### 4.40.1 Company as the lessee

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

##### 4.40.1.1 Initially measured

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

##### 4.40.1.2 Subsequently measured

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

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

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

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

##### 4.40.1.4 Short-term leases and leases of low-value assets

For short-term leases (leases with a term of less than 12 months on the lease commencement date) and leases of low-value assets, a simplified approach is adopted, and the right to use assets and lease liabilities are not recognized. The Company recognizes lease payments for operating leases in profit or loss applying a straight-line basis in each period over the lease term. The Company capitalized the initial direct expenses incurred which are amortizes in profit or loss over the lease term on the same recognition basis as the lease income.

#### 4.40.2 Company as lessor

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

##### 4.40.2.1 Operating lease

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

##### 4.40.2.2 Finance lease

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

##### 4.40.2.3 The Company's revenue applicable to the lease standards

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

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

#### 4.41 Other Important Accounting Policies and Accounting Estimations

##### Production safety expenditures

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

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

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

#### 4.42 Changes in Important Accounting Policies and Accounting Estimations

4.42.1 “Companies’ accounting treatment of the foreign sale of products or byproducts produced before fixed assets reach the intended use or during research and development” in the Interpretation of ASBE No. 15.

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

4.42.2 “The judgement of onerous contracts” in the Interpretation of ASBE No. 15.

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

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

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

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

Since November 30, 2022, the Company has started to implement the provision on “the accounting treatment of companies’ change of cash-settled share-based payment to equity-settled share-based payment” in the Interpretation of ASBE No. 16 issued by the Ministry of Finance. For new transactions between January 1, 2022 and November 30, 2022, the Company has made adjustments according to the provision. For transactions that occurred before January 1, 2022, the Company has made adjustments according to the provision by adjusting the retained earnings as at January 1, 2022 as well as the amounts of other relevant items in the financial statements based on the cumulative effects. The

information during the comparable period was not adjusted. This accounting policy change has no impact on the Company's financial statements.

#### 4.43 Significant accounting judgments and estimates

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

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

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

##### (1) Revenue recognition

As stated in Note IV.37, "Revenue", the recognition of revenue involves the following significant accounting judgments and estimates:

Estimate the recoverability of consideration to which the customer is entitled for the transfer of goods to the customer:

Enterprises mainly rely on past experience and work to make judgments. These major judgments and changes in estimates may have an impact on operating income, operating costs, and profit or loss in the current or subsequent periods of the change, and may have a significant impact.

##### (2) Significant accounting judgments and estimates related to leases

###### ① Identification of lease

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

###### ② Classification of lease

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

### ③ Lease liabilities

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

### (3) Impairment of financial instruments

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

### (4) Provision for inventory depreciation

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

### (5) Provision for impairment of long-term assets

On the balance sheet date, the company judges whether there are signs of possible impairment of non-current assets other than financial assets. For intangible assets with indefinite useful lives, in addition to the annual impairment test, when there is an indication of impairment, the impairment test is also performed. Other non-current assets other than financial assets shall be tested for impairment when there is an indication that their carrying amount is unrecoverable. When the book value of the asset or asset group is higher than the recoverable amount, that is, the higher of the net amount after the fair value minus disposal costs and the present value of the expected future cash flow, it indicates that an impairment has occurred.

The net amount after the fair value minus disposal costs is determined by reference to the sale agreement price or observable market price of similar assets in an arm's length transaction, minus the incremental cost that can be directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments on the output, selling price, relevant operating costs and the discount rate used in calculating the present value of the asset (or asset

group). When estimating the recoverable amount, the company will use all relevant information that can be obtained, including the forecast of production, selling price and related operating costs based on reasonable and supportable assumptions.

(6) Depreciation and amortization

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

(7) Deferred tax assets

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

(8) Income tax

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

(9) Internal retirement benefits and supplementary retirement benefits

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

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

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

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

② The enterprise management can regularly evaluate the operating results of this component to decide to allocate

resources to it and evaluate its performance;

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

## 5. Taxes

### 5.1 Main taxes categories and tax rates

| <u>Tax category</u>                    | <u>Tax basis</u>  | <u>Tax rate</u>             |
|--|---|-----------------------------|
| Value added tax                        | Output tax deducted input tax that can be credited against the output tax | 13%, 9%、6%、5%、Tax exemption |
| Urban maintenance and construction tax | Turnover tax payable  | 7%                          |
| Enterprise income tax                  | Taxable income  | Tax exemption、25%、8%        |

### Income tax rate of taxpayers adopting different income tax rate

| <u>Name of tax enterprise</u>                                    | <u>Tax rate of income tax</u>   |
|--|---|
| Shandong Zhonglu Oceanic Fisheries Co., Ltd.                     | Ocean fisheries part is tax exemption; housing lease part is 25%.             |
| Shandong zhonglu Haiyan Oceanic Fisheries Co., Ltd.              | tax exemption   |
| AFRICA STAR FISHERIES LIMITED                                    | Export sales part is 8%, domestic sales part is 25%.                          |
| HABITAT INTERNATIONAL CORPORATION                                | tax exemption   |
| LAIF FISHERIES CO.LTD  | 25%   |
| ZHONG GHA FOODS COMP ANY LIMITED                                 | 25%   |
| Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd.      | 25%   |
| Shandong zhonglu ocean refrigeration co. LTD                     | Aquatic products processing part is tax exemption; refrigeration part is 25%. |
| Shandong Zhonglu Oceanic (Yantai) Food Co.                       | Aquatic products processing part is tax exemption; refrigeration part is 25%. |
| Sino-Ocean (Qingdao) Industrial Investment Development Co., Ltd. | 25%   |

### 5.2 Tax Preferences and Approval Documents

#### 5.2.1 Value-added tax preference

In accordance with Item 1 of Article 15 of the Provisional Regulations of the People's Republic of China on Value-Added Tax, Item 1 of Article 35 of the Implementation Rules of the Provisional Regulations of the People's Republic of China on Value-Added Tax, and the notice of the Ministry of Finance and the State Taxation Administration on issuing the Notes to the Scope of Taxation for Agricultural Products through CSZ [1995] No. 52, the sales revenue of the Company and its subsidiaries from long-range fishing falls within the scope of the aquaculture industry as defined in the foregoing provisions, and hence, it is entitled to the value-added tax preference.

In accordance with the provisions of the Notice on the Comprehensive Roll-out of Business Tax to Value Added Tax Transformation Pilot Program (No. 36 of 2016), the value-added tax is exempt for the direct or indirect international freight forwarding services provided by taxpayers. Shandong Zhonglu Aquaculture Shipping Co., Ltd., a subsidiary of the Company, is exempt from the value-added tax for the relevant sales revenue it has gained.

#### 5.2.2 Income tax preference

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

## 6. Notes to the consolidated financial statements

### 6.1 Cash at bank and on hand

| <u>Item</u>   | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|---|---------------------------------|-------------------------------|
| Cash on hand  | 2,325,815.71                    | 1,975,275.82                  |
| Cash at bank  | 224,938,526.60                  | 207,674,030.17                |
| Other monetary funds                                    | -                               | <u>924,476.50</u>             |
| Total   | <u>227,264,342.31</u>           | <u>210,573,782.49</u>         |
| Including: the total balance deposited overseas         | 39,621,432.70                   | 87,451,424.69                 |
| The total amount of funds that have restrictions on use |                                 | 924,476.50                    |

due to mortgages, pledges, or freezes

Note: Funds deposited abroad shall be cash and bank deposits of foreign subsidiaries.

### 6.2 Accounts receivable

#### 6.2.1 Accounts receivable by aging

| <u>Aging</u>      | <u>Balance as at 31/12/2022</u> |
|-------------------|---------------------------------|
| Within 6 months   | 60,810,015.72                   |
| 6 months-1 years  | 44,911.41                       |
| 1-2 years         | 8,063.83                        |
| 2-3 years         | 36,183.87                       |
| More than 3 years | <u>6,530,131.36</u>             |
| Total             | <u>67,429,306.19</u>            |

#### 6.2.2 Accounts receivable by provision method for allowance credit losses

| <u>Item</u> | <u>As at 31/12/2022</u> |            |                                    |                            |
|-------------|-------------------------|------------|------------------------------------|----------------------------|
|             | <u>Book Balance</u>     | <u>PCT</u> | <u>Allowance for credit losses</u> | <u>PCT Carrying amount</u> |

| Item   | As at 31/12/2022     |                |                             |        |                      |
|--|----------------------|----------------|-----------------------------|--------|----------------------|
|  | Book Balance         | PCT            | Allowance for credit losses | PCT    | Carrying amount      |
| Individually assessment subject to allowance for credit losses | -                    | -              | -                           | -      | -                    |
| Grouping assessment subject to allowance for credit losses     | <u>67,429,306.19</u> | <u>100.00%</u> | <u>9,595,634.36</u>         | 14.23% | <u>57,833,671.83</u> |
| Total  | <u>67,429,306.19</u> | <u>100.00%</u> | <u>9,595,634.36</u>         | 14.23% | <u>57,833,671.83</u> |

(Continued)

| Item   | As at 1/1/2022       |                |                             |        |                      |
|--|----------------------|----------------|-----------------------------|--------|----------------------|
|  | Book Balance         | PCT            | Allowance for credit losses | PCT    | Carrying amount      |
| Individually assessment subject to allowance for credit losses | -                    | -              | -                           | -      | -                    |
| Grouping assessment subject to allowance for credit losses     | <u>46,647,616.30</u> | <u>100.00%</u> | <u>8,841,029.39</u>         | 18.95% | <u>37,806,586.91</u> |
| Total  | <u>46,647,616.30</u> | <u>100.00%</u> | <u>8,841,029.39</u>         | 18.95% | <u>37,806,586.91</u> |

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

| Item              | As at 31/12/2022     |                             |         |
|-------------------|----------------------|-----------------------------|---------|
|                   | Balance              | Allowance for credit losses | PCT     |
| Within 6 months   | 60,810,015.72        | 3,040,500.74                | 5.00%   |
| 6 months-1 years  | 44,911.41            | 4,491.17                    | 10.00%  |
| 1-2 years         | 8,063.83             | 2,419.15                    | 30.00%  |
| 2-3 years         | 36,183.87            | 18,091.94                   | 50.00%  |
| More than 3 years | <u>6,530,131.36</u>  | <u>6,530,131.36</u>         | 100.00% |
| Total             | <u>67,429,306.19</u> | <u>9,595,634.36</u>         |         |

(Continued)

| Item              | As at 1/1/2022       |                             |         |
|-------------------|----------------------|-----------------------------|---------|
|                   | Balance              | Allowance for credit losses | PCT     |
| Within 6 months   | 38,283,321.00        | 1,914,166.05                | 5.00%   |
| 6 months-1 years  | 737,361.46           | 73,736.15                   | 10.00%  |
| 1-2 years         | 1,043,422.97         | 313,026.89                  | 30.00%  |
| 2-3 years         | 86,821.17            | 43,410.59                   | 50.00%  |
| More than 3 years | <u>6,496,689.70</u>  | <u>6,496,689.71</u>         | 100.00% |
| Total             | <u>46,647,616.30</u> | <u>8,841,029.39</u>         |         |

## 6.2.3 Allowance for credit losses

| Item   | As at 1/1/2022 | Amount of change in the current period |                      |           |                 | As at 31/12/2021 |
|--|----------------|--|----------------------|-----------|-----------------|------------------|
|  |                | Provision                              | Recovery or reversal | Write off | Exchange impact |                  |
| Grouping assessment subject to allowance for credit losses | 8,841,029.39   | 740,557.76                             | -                    | -         | 14,047.21       | 9,595,634.36     |

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

| Entity name                            | Relationship with the company | Balance as at 31/12/2022 | Proportion in the total period-end balance of accounts receivable | Number of years | Balance of allowance for credit losses as at 31/12/2022 |
|--|-------------------------------|--------------------------|---|-----------------|---|
| Seafood Supply Chain Limited           | unrelated party               | 21,569,895.30            | 31.99%  | 0-6 months      | 1,078,494.77  |
| W.E.C.F. CO..LTD.                      | unrelated party               | 10,809,108.09            | 16.03%  | 0-6 months      | 540,455.40  |
| Shanghai Hanlong Food Sales Co., Ltd.  | unrelated party               | 3,112,625.99             | 4.62%   | 0-6 months      | 155,631.30  |
| Shenzhen Shenzhiyang Trading Co., Ltd. | unrelated party               | 4,349,474.45             | 6.45%   | 0-6 months      | 217,473.72  |
| SNB INTERNATIONAL CO., LTD.            | unrelated party               | <u>2,262,517.73</u>      | <u>3.36*</u>  | 0-6 months      | <u>113,125.89</u>                                       |
| Total                                  |                               | <u>42,103,621.56</u>     | <u>62.45%</u>   |                 | <u>2,105,181.08</u>                                     |

### 6.3 Prepayments

#### 6.3.1 Aging analysis of prepayments

| Aging             | As at 31/12/2022     |                | As at 1/1/2022       |                |
|-------------------|----------------------|----------------|----------------------|----------------|
|                   | Balance              | PCT            | Balance              | PCT            |
| Within 1 year     | 25,486,029.47        | 94.88%         | 18,422,346.91        | 98.60%         |
| 1-2 years         | 1,374,021.19         | 5.12%          | 31,878.50            | 0.17%          |
| 2-3 years         | -                    | -              | 229,525.20           | 1.23%          |
| More than 3 years | =                    | =              | =                    | =              |
| Total             | <u>26,860,050.66</u> | <u>100.00%</u> | <u>18,683,750.61</u> | <u>100.00%</u> |

#### 6.3.2 The top five prepayments are as follows

| Company name                                     | Relationship with the company | Balance as at 31/12/2022 | Proportion in the total balance | Prepayment time | Unbilled Reason                |
|--|-------------------------------|--------------------------|---------------------------------|-----------------|--------------------------------|
| China Oceanographic Fisheries Association (Note) | unrelated party               | 10,940,120.63            | 40.73%                          | 2021-2022       | fishing certificate            |
| PARTIES TO THE NAURU AGREEMENT                   | unrelated party               | 2,653,512.60             | 9.88%                           | 2022            | Billing period not yet reached |
| Yantai Haijin Food Co., Ltd.                     | unrelated party               | 2,426,340.39             | 9.03%                           | 2022            | Billing period not yet reached |
| KIRIBATI GOVERNMENT NO.1                         | unrelated party               | 2,298,840.35             | 8.56%                           | 2022            | Billing period not yet reached |

| <u>Company name</u>           | <u>Relationship with the company</u> | <u>Balance as at 31/12/2022</u> | <u>Proportion in the total balance</u> | <u>Prepayment time</u> | <u>Unbilled Reason</u>         |
|-------------------------------|--------------------------------------|---------------------------------|--|------------------------|--------------------------------|
| TECNICAS DEL MAR DE VIGO S.L. | unrelated party                      | <u>1,853,304.78</u>             | <u>6.90%</u>                           | 2022                   | Billing period not yet reached |
| Total                         |                                      | <u>20,172,118.75</u>            | <u>75.10%</u>                          |                        |                                |

Note: The payment in advance to China Oceangoing Fisheries Association is the balance of amortization of the prepaid fishing certificate.

#### 6.4 Other receivables

| <u>Item</u>          | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|----------------------|---------------------------------|-------------------------------|
| Interest receivable  | -                               | -                             |
| Dividends receivable | -                               | -                             |
| Other receivables    | <u>10,452,939.40</u>            | <u>8,391,035.64</u>           |
| Total                | <u>10,452,939.40</u>            | <u>8,391,035.64</u>           |

#### 6.4.1 Other receivables

##### 6.4.1.1 Aging of other receivables

| <u>Aging</u>      | <u>As at 31/12/2022</u> |
|-------------------|-------------------------|
| Within 6 months   | 4,597,586.29            |
| 6 months-1 years  | 996,717.31              |
| 1-2 years         | 188,086.06              |
| 2-3 years         | 332,267.80              |
| More than 3 years | <u>4,338,281.94</u>     |
| Total             | <u>10,452,939.40</u>    |

##### 6.4.1.2 Category of other receivables by nature

| <u>Nature</u>              | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|----------------------------|---------------------------------|-------------------------------|
| Guarantee deposit          | 605,619.95                      | 974,758.29                    |
| Current account and others | <u>9,847,319.45</u>             | <u>7,416,277.35</u>           |
| Total                      | <u>10,452,939.40</u>            | <u>8,391,035.64</u>           |

##### 6.4.1.3 The provision of allowance for credit losses

| <u>The allowance for credit losses</u> | <u>Stage one<br/>12-month ECL</u> | <u>Stage two<br/>Lifetime ECL<br/>(credit-unimpaired)</u> | <u>Stage three<br/>Lifetime ECL<br/>(credit-impaired)</u> | <u>Total</u> |
|--|-----------------------------------|---|---|--------------|
| Beginning balance                      | 407,478.95                        | -   | 4,386,796.81  | 4,794,275.76 |
| Revaluation of beginning balance       | 407,478.95                        | -   | 4,386,796.81  | 4,794,275.76 |
| Provision                              | 134,824.30                        | -   | -48,514.86  | 86,309.44    |
| Reversal                               | -                                 | -   | -   | -            |
| Charge-off                             | -                                 | -   | -   | -            |
| Write-off                              | -                                 | -   | -   | -            |
| Exchange impact                        | 9,807.61                          | -   | -   | 9,807.61     |
| Total                                  | 552,110.86                        | -   | 4,338,281.95  | 4,890,392.81 |

## 6.4.1.4 Allowance for credit losses

| Item   | As at 1/1/2022 | Amount of change in the current period |                      |           |                 | As at 31/12/2022 |
|--|----------------|--|----------------------|-----------|-----------------|------------------|
|  |                | Provision                              | Recovery or reversal | Write off | Exchange impact |                  |
| Allowance for credit losses of other receivables | 4,794,275.76   | 86,309.44                              |                      |           | 9,807.61        | 4,890,392.81     |

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

| Company name   | Nature of payment | Balance as at 31/12/2022 | Aging           | PCT           | Balance of allowance for credit losses as at 31/12/2022 |
|--|-------------------|--------------------------|-----------------|---------------|---|
| Shandong State-owned Assets Investment Holding Co., Ltd. | Management fee    | 1,350,000.00             | Within 6 months | 12.92%        | 67,500.00   |
| BakSeongHo   | employee loan     | 610,875.93               | Within 6 months | 5.84%         | 30,543.80   |
| Ju IL Hyun   | employee loan     | 392,612.33               | Within 1 year   | 3.76%         | 34,907.20   |
| Yu Shian International Pty Ltd                           | Margin            | 348,230.00               | Within 6 months | 3.33%         | 17,411.50   |
| Shandong Tianzong Culture Media Co., Ltd.                | Margin            | <u>299,000.00</u>        | 2-3 years       | <u>2.86%</u>  | <u>149,500.00</u>                                       |
| Total  |                   | <u>3,000,718.26</u>      |                 | <u>28.71%</u> | <u>299,862.50</u>                                       |

## 6.5 Inventories

## 6.5.1 Inventories by categories

| Item                      | As at 31/12/2022    |   |                     | As at 1/1/2022      |   |                     |
|---------------------------|---------------------|---|---------------------|---------------------|---|---------------------|
|                           | Book balance        | Provision for diminution in value or impairment | Carrying amount     | Book balance        | Provision for diminution in value or impairment | Carrying amount     |
| Raw materials             | 161,964,426.73      | 4,070,413.82                                    | 157,894,012.91      | 82,776,760.71       | 1,219,147.19                                    | 81,557,613.52       |
| Low-value consumables     | 595,249.07          | -   | 595,249.07          | 635,909.00          | -   | 635,909.00          |
| Commodities               | 315,997,100.12      | 54,150,416.89                                   | 261,846,683.23      | 195,084,739.68      | 5,310,785.27                                    | 189,773,954.41      |
| Revolving materials       | 1,109,413.83        | -   | 1,109,413.83        | 714,207.27          | -   | 714,207.27          |
| Costs to fulfil contracts | 3,416,444.22        | -   | 3,416,444.22        | 668,796.62          | -   | 668,796.62          |
| Inventories in transit    | <u>5,304,761.22</u> | <u>4,041,291.15</u>                             | <u>1,263,470.07</u> | <u>4,714,393.22</u> | <u>969,516.29</u>                               | <u>3,744,876.93</u> |

| Item  | As at 31/12/2022      |   |                       | As at 1/1/2022        |   |                       |
|-------|-----------------------|---|-----------------------|-----------------------|---|-----------------------|
|       | Book balance          | Provision for diminution in value or impairment provision for costs to fulfil contracts | Carrying amount       | Book balance          | Provision for diminution in value or impairment provision for costs to fulfil contracts | Carrying amount       |
| Total | <u>488,387,395.19</u> | <u>62,262,121.86</u>  | <u>426,125,273.33</u> | <u>284,594,806.50</u> | <u>7,499,448.75</u>   | <u>277,095,357.75</u> |

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

| Item                   | As at               | Additions during the year |       | Reductions during the year |                    | As at 31/12/2022     |
|------------------------|---------------------|---------------------------|-------|----------------------------|--------------------|----------------------|
|                        | 1/1/2022            | Provision                 | Other | Reversal or write-down     | Exchange impact    |                      |
| Raw materials          | 1,219,147.19        | 3,769,828.13              | -     | 918,561.50                 | -                  | 4,070,413.82         |
| Commodities            | 5,310,785.27        | 52,150,093.67             | -     | 3,396,590.25               | -86,128.20         | 54,150,416.89        |
| Inventories in transit | <u>969,516.29</u>   | <u>4,041,291.15</u>       | =     | <u>1,014,299.23</u>        | <u>-44,782.94</u>  | <u>4,041,291.15</u>  |
| Total                  | <u>7,499,448.75</u> | <u>59,961,212.95</u>      | =     | <u>5,329,450.98</u>        | <u>-130,911.14</u> | <u>62,262,121.86</u> |

## 6.6 Other current assets

| Item                     | As at 31/12/2022     | As at 1/1/2022       |
|--------------------------|----------------------|----------------------|
| Input tax to be deducted | 10,392,999.68        | 20,462,827.93        |
| Prepaid income tax       | 374,592.16           | 104,950.69           |
| Prepaid other taxes      | 23,854.27            | 65,813.61            |
| Total                    | <u>10,791,446.11</u> | <u>20,633,592.23</u> |

## 6.7 Long-term equity investments

| Item                                      | As at 1/1/2022 | Increase/decrease for the period |                   |  |  | Changes in other equity |
|---|----------------|----------------------------------|-------------------|--|--|-------------------------|
|   |                | Additional investment            | Reduce investment | I Investment gains/losses recognized under the equity method | Adjustment to other comprehensive income |                         |
| Ji Nan Qin Zhen Food Technology Co., Ltd. | =              | <u>2,382,345.00</u>              | =                 | <u>-398,421.52</u>   | =  | =                       |
| Total                                     | =              | <u>2,382,345.00</u>              | =                 | <u>-398,421.52</u>   | =  | =                       |

(Continued)

| Item                                      | Increase/decrease for the period                    |                                     |       | As at 31/12/2022    | Impairment Period-end balance of the impairment provision e |
|---|---|-------------------------------------|-------|---------------------|---|
|   | Cash dividends or profits declared for distribution | Withdrawal of impairment provisions | Other |                     |   |
| Ji Nan Qin Zhen Food Technology Co., Ltd. | =   | =                                   | =     | <u>1,983,923.48</u> | =   |
| Total                                     | =   | =                                   | =     | <u>1,983,923.48</u> | =   |

## 6.8 Investment property

## 6.8.1 Investment property measured by cost

| <u>Item</u>  | <u>Buildings</u> | <u>Total</u>  |
|--|------------------|---------------|
| Cost   |                  |               |
| Balance as at 1/1/2022                                   | 51,308,578.35    | 51,308,578.35 |
| Additions  | -                | -             |
| Including: Purchase                                      | -                | -             |
| Inventory\fixed assets\construction in progress transfer | -                | -             |
| Business combination increase                            | -                | -             |
| Reductions   | -                | -             |
| Including: Disposition                                   | -                | -             |
| Other transfer out                                       | -                | -             |
| Balance as at 31/12/2022                                 | 51,308,578.35    | 51,308,578.35 |
| Accumulated depreciation or amortization                 |                  |               |
| Balance as at 1/1/2022                                   | 20,313,133.54    | 20,313,133.54 |
| Additions  | 1,326,076.68     | 1,326,076.68  |
| Including: Depreciation or amortization                  | 1,326,076.68     | 1,326,076.68  |
| Reductions   | -                | -             |
| Including: Disposition                                   | -                | -             |
| Other transfer out                                       | -                | -             |
| Balance as at 31/12/2022                                 | 21,639,210.22    | 21,639,210.22 |
| Provision for impairment                                 |                  |               |
| Balance as at 1/1/2022                                   | 886,512.06       | 886,512.06    |
| Additions  | -                | -             |
| Including: provision                                     | -                | -             |
| Reductions   | -                | -             |
| Including: Disposition                                   | -                | -             |
| Other transfer out                                       | -                | -             |
| Balance as at 31/12/2022                                 | 886,512.06       | 886,512.06    |
| Carrying amount  |                  |               |
| As at 31/12/2022   | 28,782,856.07    | 28,782,856.07 |
| As at 1/1/2022   | 30,108,932.75    | 30,108,932.75 |

## 6.9 Fixed assets

| <u>Category</u>          | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|--------------------------|---------------------------------|-------------------------------|
| Fixed assets             | 630,970,963.32                  | 476,894,877.56                |
| Disposal of fixed assets | =                               | =                             |
| Total                    | <u>630,970,963.32</u>           | <u>476,894,877.56</u>         |

## 6.9.1 Movement of fixed assets

| <u>Item</u>            | <u>Buildings</u> | <u>Boats &amp; nets</u> | <u>Machinery &amp; equipment</u> | <u>Transportation vehicles</u> | <u>Furniture and office equipment</u> | <u>Total</u>   |
|------------------------|------------------|-------------------------|----------------------------------|--------------------------------|---------------------------------------|----------------|
| Cost                   |                  |                         |                                  |                                |                                       |                |
| Balance as at 1/1/2022 | 123,131,088.57   | 635,972,457.95          | 62,092,102.73                    | 9,211,315.93                   | 11,082,537.05                         | 841,489,502.23 |
| Additions              | 72,916,289.55    | 149,115,538.98          | 1,801,203.01                     | 372,895.27                     | 1,329,717.58                          | 225,535,644.39 |
| Including: Purchase    | 3,775,816.87     | 12,664,734.28           | 1,787,780.30                     | -                              | 1,273,023.59                          | 19,501,355.04  |
| Transfer from          | 69,047,720.93    | 102,852,597.46          | -                                | -                              | -                                     | 171,900,318.39 |

| <u>Item</u>                          | <u>Buildings</u> | <u>Boats &amp; nets</u> | <u>Machinery &amp; equipment</u> | <u>Transportation vehicles</u> | <u>Furniture and office equipment</u> | <u>Total</u>     |
|--------------------------------------|------------------|-------------------------|----------------------------------|--------------------------------|---------------------------------------|------------------|
| construction in process              |                  |                         |                                  |                                |                                       |                  |
| Impact of exchange rate fluctuations | 92,751.75        | 33,598,207.24           | 13,422.71                        | 372,895.27                     | 56,693.99                             | 34,133,970.96    |
| Reductions                           | -                | 43,940,068.63           | 384,200.00                       | 35,775.41                      | 345,720.33                            | 44,705,764.37    |
| Including: Disposals or scrap        | -                | 43,940,068.63           | 384,200.00                       | 35,775.41                      | 345,720.33                            | 44,705,764.37    |
| Impact of exchange rate fluctuations | -                | -                       | -                                | -                              | -                                     | -                |
| Balance as at 31/12/2022             | 196,047,378.12   | 741,147,928.30          | 63,509,105.74                    | 9,548,435.79                   | 12,066,534.30                         | 1,022,319,382.25 |
| Accumulated depreciation             |                  |                         |                                  |                                |                                       |                  |
| Balance as at 1/1/2022               | 37,829,371.76    | 282,378,158.59          | 29,198,385.63                    | 6,143,680.84                   | 8,887,454.35                          | 364,437,051.17   |
| Additions                            | 8,682,893.37     | 54,559,375.62           | 3,724,991.81                     | 1,649,578.06                   | 621,398.62                            | 69,238,237.48    |
| Including: Provision                 | 8,667,473.70     | 42,603,543.71           | 3,718,371.29                     | 1,343,023.70                   | 575,942.43                            | 56,908,354.83    |
| Impact of exchange rate fluctuations | 15,419.67        | 11,955,831.91           | 6,620.52                         | 306,554.36                     | 45,456.19                             | 12,329,882.65    |
| Reductions                           | -                | 41,787,901.93           | 345,780.00                       | 23,075.09                      | 327,686.20                            | 42,484,443.22    |
| Including: Disposals or scrap        | -                | 41,787,901.93           | 345,780.00                       | 23,075.09                      | 327,686.20                            | 42,484,443.22    |
| Impact of exchange rate fluctuations | -                | -                       | -                                | -                              | -                                     | -                |
| Balance as at 31/12/2022             | 46,512,265.13    | 295,149,632.28          | 32,577,597.44                    | 7,770,183.81                   | 9,181,166.77                          | 391,190,845.43   |
| Provision for impairment             |                  |                         |                                  |                                |                                       |                  |
| Balance as at 1/1/2022               | -                | 157,573.50              | -                                | -                              | -                                     | 157,573.50       |
| Additions                            | -                | -                       | -                                | -                              | -                                     | -                |
| Reductions                           | -                | -                       | -                                | -                              | -                                     | -                |
| Balance as at 31/12/2022             | -                | 157,573.50              | -                                | -                              | -                                     | 157,573.50       |
| Carrying amount                      |                  |                         |                                  |                                |                                       |                  |
| As at 31/12/2022                     | 149,535,112.99   | 445,840,722.52          | 30,931,508.30                    | 1,778,251.98                   | 2,885,367.53                          | 630,970,963.32   |
| As at 1/1/2022                       | 85,301,716.81    | 353,436,725.86          | 32,893,717.10                    | 3,067,635.09                   | 2,195,082.70                          | 476,894,877.56   |

## ① Temporarily idle fixed assets at 31/12/2022

| <u>Item</u>           | <u>Cost</u>  | <u>Accumulated depreciation</u> | <u>Provision for impairment</u> | <u>Carrying amount</u> | <u>Remark</u> |
|-----------------------|--------------|---------------------------------|---------------------------------|------------------------|---------------|
| Machinery & equipment | 2,179,020.00 | 1,961,118.00                    |                                 | 217,902.00             | -             |

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

In accordance with the Opinions on Debt Compensation between the Company and Shandong Aquaculture Enterprise Group in April 2006 and Civil Ruling (2005) LZZ No. 1299 of the Lixia District People's Court of Jinan, Shandong Aquaculture Enterprise Group shall compensate Shandong Zhonglu Oceanic Fishery Co., Ltd. for the debt with its office building and office supplies located at 43 Heping Road, Lixia District, Jinan. The confirmed original book value of the office building is RMB 54,223,132.40, and the book value is RMB 31,807,244.79 (with the self-used part recognized as fixed assets and the leased part as investment property). The land of the property was classified as allocated land. Hence, the certificate of title has not been obtained.

## 6.10 Construction in process

| <u>Category</u>        | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|------------------------|---------------------------------|-------------------------------|
| Constructed in process | 344,727,296.32                  | 165,273,027.75                |
| Construction materials | =                               | =                             |
| Total                  | <u>344,727,296.32</u>           | <u>165,273,027.75</u>         |

## 6.10.1 Construction in process

| Item   | As at 31/12/2022      |                          |                       | As at 1/1/2022        |                          |                       |
|--|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|  | Book balance          | Provision for impairment | Carrying amount       | Book balance          | Provision for impairment | Carrying amount       |
| The Atlantic Seine project                           | 4,077,658.55          | 4,077,658.55             | -                     | 4,077,658.55          | 4,077,658.55             | -                     |
| Phase I of Marine Innovation Industrial Park Project | 13,957,959.89         | -                        | 13,957,959.89         | -                     | -                        | -                     |
| Lu Qing Yuan Yu 161 Squid Fishing Boat               | -                     | -                        | -                     | 7,112,575.38          | -                        | 7,112,575.38          |
| Lu Qing Yuan Yu 162 Squid Fishing Boat               | -                     | -                        | -                     | 7,346,386.83          | -                        | 7,346,386.83          |
| Tyrone 7 Seine Boat                                  | 169,190,918.22        | -                        | 169,190,918.22        | 25,875,000.00         | -                        | 25,875,000.00         |
| Tyrone 9 Seine Boat                                  | 161,578,418.21        | -                        | 161,578,418.21        | 25,875,000.00         | -                        | 25,875,000.00         |
| Sea Future cargo ship                                | -                     | -                        | -                     | 32,341,459.60         | -                        | 32,341,459.60         |
| Office building                                      | =                     | =                        | =                     | <u>66,722,605.94</u>  | =                        | <u>66,722,605.94</u>  |
| Total  | <u>348,804,954.87</u> | <u>4,077,658.55</u>      | <u>344,727,296.32</u> | <u>169,350,686.30</u> | <u>4,077,658.55</u>      | <u>165,273,027.75</u> |

## ① Movement of significant construction in progress

| Project name   | Budget                | As at 1/1/2022        | Additions             | Transfer to fixed assets | Other reductions | Percentage of accumulated input over budget |
|--|-----------------------|-----------------------|-----------------------|--------------------------|------------------|---|
| Tyrone 7 Seine Boat                                  | 207,000,000.00        | 25,875,000.00         | 143,315,918.22        | -                        | -                | 69.23%                                      |
| Tyrone 9 Seine Boat                                  | 207,000,000.00        | 25,875,000.00         | 135,703,418.21        | -                        | -                | 65.56%                                      |
| Phase I of Marine Innovation Industrial Park Project | 90,000,000.00         | -                     | 13,957,959.89         | -                        | -                | 15.51%                                      |
| Sea Future cargo ship                                | 38,000,000.00         | 32,341,459.60         | 6,403,892.29          | 38,745,351.89            | -                | 101.96%                                     |
| Sea Blazer cargo ship                                | 36,700,000.00         | -                     | 42,109,618.28         | 42,109,618.28            | -                | 114.74%                                     |
| Office building                                      | <u>79,000,000.00</u>  | <u>66,722,605.94</u>  | <u>1,827,691.68</u>   | <u>68,550,297.62</u>     | =                | 86.77%                                      |
| Total  | <u>657,700,000.00</u> | <u>150,814,065.54</u> | <u>343,318,498.57</u> | =                        | =                |   |

(Continued)

| <u>Project name</u>                                  | <u>Construction progress</u> | <u>Accumulated capitalized interest</u> | <u>Including: Interest capitalized in current period</u> | <u>Capitalization rate in current period</u> | <u>Sources of funds</u> | <u>Balance as at 31/12/2022</u> |
|--|------------------------------|---|--|--|-------------------------|---------------------------------|
| Tyrone 7 Seine Boat                                  | 69.23%                       | 3,008,103.70                            | 2,803,591.20   | 5.49%  | loan、 self-raised       | 169,190,918.22                  |
| Tyrone 9 Seine Boat                                  | 65.56%                       | 3,008,103.70                            | 2,803,591.20   | 5.49%  | loan、 self-raised       | 161,578,418.21                  |
| Phase I of Marine Innovation Industrial Park Project | 15.51%                       | 942,666.66                              | 942,666.66   | 3.50%  | loan、 self-raised       | 13,957,959.89                   |
| Sea Future cargo ship                                | 100.00%                      | -                                       | -  | -  | self-raised             | -                               |
| Sea Blazer cargo ship                                | 100.00%                      | -                                       | -  | -  | self-raised             | -                               |
| Office building                                      | 100.00%                      | =                                       | =  | =  | self-raised             | =                               |
| <b>Total</b>   |                              | <u>6,958,874.06</u>                     | <u>6,549,849.06</u>                                      |  |                         | <u>344,727,296.32</u>           |

## 6.11 Right-of-use asset

| <u>Item</u>                          | <u>Buildings</u> | <u>Total</u> |
|--------------------------------------|------------------|--------------|
| Cost                                 |                  |              |
| Balance as at 1/1/2022               | 5,498,108.96     | 5,498,108.96 |
| Additions                            | 243,165.46       | 243,165.46   |
| Including: New leases                | 128,066.88       | 128,066.88   |
| Impact of exchange rate fluctuations | 115,098.58       | 115,098.58   |
| Reductions                           | 3,931,334.79     | 3,931,334.79 |
| Including: Exchange impact           | 3,931,334.79     | 3,931,334.79 |
| Impact of exchange rate fluctuations | -                | -            |
| Balance as at 31/12/2022             | 1,809,939.63     | 1,809,939.63 |
| Accumulated depreciation             |                  |              |
| Balance as at 1/1/2022               | 3,143,165.10     | 3,143,165.10 |
| Additions                            | 2,082,156.75     | 2,082,156.75 |
| Including: Provision                 | 2,017,599.39     | 2,017,599.39 |
| Impact of exchange rate fluctuations | 64,557.36        | 64,557.36    |
| Reductions                           | 3,825,428.19     | 3,825,428.19 |
| Including: Exchange impact           | 3,825,428.19     | 3,825,428.19 |
| Impact of exchange rate fluctuations | -                | -            |
| Balance as at 31/12/2022             | 1,399,893.66     | 1,399,893.66 |
| Provision for impairment             |                  |              |
| Balance as at 1/1/2022               | -                | -            |
| Additions                            | -                | -            |
| Reductions                           | -                | -            |
| Balance as at 31/12/2022             | -                | -            |
| Carrying amount                      |                  |              |
| As at 31/12/2022                     | 410,045.97       | 410,045.97   |
| As at 1/1/2022                       | 2,354,943.86     | 2,354,943.86 |

## 6.12 Intangible assets

| <u>Item</u>              | <u>Land use rights</u> | <u>Computer software</u> | <u>Total</u>  |
|--------------------------|------------------------|--------------------------|---------------|
| Cost                     |                        |                          |               |
| Balance as at 1/1/2022   | 17,154,729.00          | 2,331,484.03             | 19,486,213.03 |
| Additions                | 52,255,113.26          | 3,631.86                 | 52,258,745.12 |
| Including: Purchase      | 52,255,113.26          | 3,631.86                 | 52,258,745.12 |
| Reductions               | -                      | -                        | -             |
| Including: Disposition   | -                      | -                        | -             |
| Balance as at 31/12/2022 | 69,409,842.26          | 2,335,115.89             | 71,744,958.15 |
| Accumulated depreciation |                        |                          |               |
| Balance as at 1/1/2022   | 5,989,252.97           | 1,386,562.34             | 7,375,815.31  |
| Additions                | 1,428,972.48           | 312,466.32               | 1,741,438.80  |
| Including: Provision     | 1,428,972.48           | 312,466.32               | 1,741,438.80  |
| Reductions               | -                      | -                        | -             |
| Including: Disposition   | -                      | -                        | -             |
| Balance as at 31/12/2022 | 7,418,225.45           | 1,699,028.66             | 9,117,254.11  |
| Provision for impairment |                        |                          |               |
| Balance as at 1/1/2022   | -                      | -                        | -             |
| Additions                | -                      | -                        | -             |
| Including: Provision     | -                      | -                        | -             |
| Reductions               | -                      | -                        | -             |
| Including: Disposition   | -                      | -                        | -             |
| Balance as at 31/12/2022 | -                      | -                        | -             |
| Carrying amount          |                        |                          |               |
| As at 31/12/2022         | 61,991,616.81          | 636,087.23               | 62,627,704.04 |
| As at 1/1/2022           | 11,165,476.03          | 944,921.69               | 12,110,397.72 |

## 6.13 Long-term deferred expenses

| <u>Item</u>             | <u>Balance as at</u><br><u>1/1/2022</u> | <u>Additions</u> | <u>Amortization</u> | <u>Reductions</u> | <u>Balance as at</u><br><u>31/12/2022</u> |
|-------------------------|---|------------------|---------------------|-------------------|---|
| Office renovation costs | 220,738.00                              | -                | 141,647.64          | -                 | 79,090.36                                 |

## 6.14 Deferred tax assets and deferred tax liabilities

## 6.14.1 Deferred tax assets before offsetting

| <u>Item</u>                 | <u>As at 31/12/2022</u>                                     |                                      | <u>As at 1/1/2022</u>                                       |                                      |
|-----------------------------|---|--------------------------------------|---|--------------------------------------|
|                             | <u>Deductible</u><br><u>temporary</u><br><u>differences</u> | <u>Deferred tax</u><br><u>assets</u> | <u>Deductible</u><br><u>temporary</u><br><u>differences</u> | <u>Deferred tax</u><br><u>assets</u> |
| Allowance for credit losses | 893,111.12  | 223,277.77                           | 891,919.22  | 222,979.80                           |
| Deferred income             | <u>5,338,621.20</u>   | <u>1,334,655.30</u>                  | <u>5,687,864.64</u>   | <u>1,421,966.16</u>                  |
| Total                       | <u>6,231,732.32</u>   | <u>1,557,933.07</u>                  | <u>6,579,783.86</u>   | <u>1,644,945.96</u>                  |

## 6.14.2 Deferred tax liabilities before offsetting

| Item  | As at 31/12/2022              |                          | As at 1/1/2022                |                          |
|---|-------------------------------|--------------------------|-------------------------------|--------------------------|
|   | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| Accelerated depreciation of fixed assets before tax deduction | 10,441,997.43                 | 2,610,499.36             | 11,110,357.81                 | 2,777,589.45             |

## 6.14.3 The items not recognised deferred tax assets

| Item   | Balance as at 31/12/2022 | Balance as at 1/1/2022 |
|--|--------------------------|------------------------|
| Deductible temporary differences -Allowance for credit losses                          | 13,592,916.05            | 12,743,385.93          |
| Deductible temporary differences -Provision for inventories                            | 62,262,121.86            | 7,499,448.75           |
| Deductible temporary differences -Deductible losses                                    | 7,987,245.92             | 16,328,215.40          |
| Deductible temporary differences -Provision for impairment of construction in progress | <u>4,077,658.55</u>      | <u>4,077,658.55</u>    |
| Total  | <u>87,919,942.38</u>     | <u>40,648,708.63</u>   |

Note: Deferred income tax assets are not recognized for deductible temporary differences. This is mainly because the Company is exempt from the enterprise income tax for the part that forms deductible temporary differences. The Company will not have the obligation to pay the income tax in the future. There are uncertainties about whether some companies will generate sufficient taxable income.

## 6.15 Other non-current assets

| Item                                   | Balance as at 31/12/2022 |                          |                      | Balance as at 1/1/2022 |                          |                       |
|--|--------------------------|--------------------------|----------------------|------------------------|--------------------------|-----------------------|
|  | Book balance             | Provision for impairment | Carrying amount      | Book balance           | Provision for impairment | Carrying amount       |
| Prepayment for land                    | 2,000,000.00             | -                        | 2,000,000.00         | 52,050,000.00          | -                        | 52,050,000.00         |
| Prepayment for construction in process | <u>10,851,990.71</u>     | =                        | <u>10,851,990.71</u> | <u>91,087,267.24</u>   | =                        | <u>91,087,267.24</u>  |
| Total                                  | <u>12,851,990.71</u>     | =                        | <u>12,851,990.71</u> | <u>143,137,267.24</u>  | =                        | <u>143,137,267.24</u> |

## 6.16 Short-term loans

| Item            | Balance as at 31/12/2022 | Balance as at 1/1/2022 |
|-----------------|--------------------------|------------------------|
| Collateral loan | 10,012,533.29            | 10,013,291.67          |
| Loans on credit | <u>10,011,611.11</u>     | =                      |
| Total           | <u>20,024,144.40</u>     | <u>10,013,291.67</u>   |

Note: The balance of the borrowings for the period includes an amount of RMB 24,144.40 in interest; The collateral for the borrowings is as follows: Property under Certificates YFQZKZ No. 102954, No. 102984, No. 102985, No. 102986, No. 106566, and No. K02875, and its book value is RMB 29,767,038.80; Land use rights under Certificate YGY(2002) No. 1047, and its book value is RMB 4,795,207.52.

## 6.17 Derivative financial liabilities

| Item | Balance as at 1/1/2022 | Additions | Reductions | As at 31/12/2022 |
|------|------------------------|-----------|------------|------------------|
|------|------------------------|-----------|------------|------------------|

|                       |   |                     |                     |   |
|-----------------------|---|---------------------|---------------------|---|
| Foreign exchange swap | = | <u>5,208,800.00</u> | <u>5,208,800.00</u> | = |
| Total                 | = | <u>5,208,800.00</u> | <u>5,208,800.00</u> | = |

## 6.18 Accounts payable

| <u>Item</u>                     | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|---------------------------------|---------------------------------|-------------------------------|
| Within 1 year(including 1 year) | 129,391,901.74                  | 45,582,797.03                 |
| More than 1 year                | <u>4,880,402.31</u>             | <u>4,538,598.01</u>           |
| Total                           | <u>134,272,304.05</u>           | <u>50,121,395.04</u>          |

## 6.19 Advances from customers

| <u>Item</u> | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|-------------|---------------------------------|-------------------------------|
| Rent        | 1,684,961.19                    | -                             |

## 6.20 Contract liabilities

| <u>Item</u>               | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|---------------------------|---------------------------------|-------------------------------|
| Advance payment for goods | 49,576,606.91                   | 13,220,675.60                 |

## 6.21 Employee benefits payable

## 6.21.1 Movement of employee benefits payable

| <u>Item</u>   | <u>As at 1/1/2022</u> | <u>Increase</u>       | <u>Decrease</u>       | <u>As at 31/12/2022</u> |
|---|-----------------------|-----------------------|-----------------------|-------------------------|
| Short-term employee benefits                        | 42,756,190.82         | 190,639,071.40        | 180,317,340.71        | 53,077,921.51           |
| Post-employment benefits—defined contribution plans | 2,616,616.32          | 12,038,474.14         | 12,629,013.16         | 2,026,077.30            |
| Termination benefits                                | 30,578.89             | 741,781.43            | 768,398.32            | 3,962.00                |
| Other benefits due within one year                  | <u>7,325.03</u>       | <u>741,867.73</u>     | <u>741,119.39</u>     | <u>8,073.37</u>         |
| Total   | <u>45,410,711.06</u>  | <u>204,161,194.70</u> | <u>194,455,871.58</u> | <u>55,116,034.18</u>    |

## 6.21.2 Details of the short-term employee benefits

| <u>Item</u>                            | <u>As at 1/1/2022</u> | <u>Accrued</u>        | <u>Paid</u>           | <u>As at 31/12/2022</u> |
|--|-----------------------|-----------------------|-----------------------|-------------------------|
| Salaries, bonus, and allowances        | 41,313,575.06         | 175,494,966.35        | 165,155,078.05        | 51,653,463.36           |
| Staff welfare                          | -                     | 4,001,580.78          | 3,929,412.78          | 72,168.00               |
| Social insurances                      | -                     | 5,808,726.33          | 5,796,011.01          | 12,715.32               |
| Including: Medical insurance           | -                     | 5,321,253.21          | 5,310,324.25          | 10,928.96               |
| Work injury insurance                  | -                     | 487,473.12            | 485,686.76            | 1,786.36                |
| Maternity insurance                    | -                     | -                     | -                     | -                       |
| Housing Fund                           | -                     | 4,841,484.89          | 4,841,484.89          | -                       |
| Union funds and employee education fee | 1,442,615.76          | 492,313.05            | 595,353.98            | 1,339,574.83            |
| Short-term paid absences               | -                     | -                     | -                     | -                       |
| Short-term profit sharing plan         | =                     | =                     | =                     | =                       |
| Total                                  | <u>42,756,190.82</u>  | <u>190,639,071.40</u> | <u>180,317,340.71</u> | <u>53,077,921.51</u>    |

## 6.21.3 Defined contribution plans

| <u>Item</u>                 | <u>As at 1/1/2022</u> | <u>Accrued</u> | <u>Paid</u>  | <u>As at 31/12/2022</u> |
|-----------------------------|-----------------------|----------------|--------------|-------------------------|
| Primary endowment insurance | -                     | 9,393,336.01   | 9,371,684.81 | 21,651.20               |

|   |                     |                      |                      |                     |
|---|---------------------|----------------------|----------------------|---------------------|
| Unemployment insurance                            | -                   | 429,728.31           | 428,781.07           | 947.24              |
| Pension insurance                                 | 2,616,616.32        | 2,181,851.88         | 2,794,989.34         | 2,003,478.86        |
| Social security and subsidies for retired workers | -                   | <u>33,557.94</u>     | <u>33,557.94</u>     | -                   |
| Total   | <u>2,616,616.32</u> | <u>12,038,474.14</u> | <u>12,629,013.16</u> | <u>2,026,077.30</u> |

## 6.22 Taxes and surcharges payable

| <u>Category</u>                        | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|--|---------------------------------|-------------------------------|
| Value added tax                        | 282,208.25                      | 201,859.84                    |
| Enterprise income tax                  | 1,541,093.07                    | 2,149,052.53                  |
| Urban maintenance and construction tax | 4,008.32                        | 8,435.55                      |
| Estate tax                             | 340,194.59                      | 242,944.78                    |
| Land use tax                           | 200,210.82                      | 121,326.11                    |
| Individual income tax                  | 559,650.11                      | 329,417.86                    |
| Educational surtax                     | 2,863.10                        | 6,025.38                      |
| Withholding tax                        | 1,239,249.44                    | 1,098,761.23                  |
| Other taxes and surcharges             | <u>172,198.62</u>               | <u>101,048.23</u>             |
| Total                                  | <u>4,341,676.32</u>             | <u>4,258,871.51</u>           |

## 6.23 Other payables

| <u>Item</u>       | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|-------------------|---------------------------------|-------------------------------|
| Interest payable  | -                               | -                             |
| Dividends payable | -                               | -                             |
| Other payables    | <u>18,326,716.51</u>            | <u>9,774,065.87</u>           |
| Total             | <u>18,326,716.51</u>            | <u>9,774,065.87</u>           |

## 6.23.1 Other payables

| <u>Item</u>          | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|----------------------|---------------------------------|-------------------------------|
| Deposit              | 5,965,114.77                    | 2,591,521.16                  |
| Staff cost           | 716,721.01                      | 1,922,570.29                  |
| Safe production cost | 1,667,772.64                    | -                             |
| Others               | <u>9,977,108.09</u>             | <u>5,259,974.42</u>           |
| Total                | <u>18,326,716.51</u>            | <u>9,774,065.87</u>           |

## 6.24 Non-current assets due within one year

| <u>Item</u>                           | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|---------------------------------------|---------------------------------|-------------------------------|
| Long-term loans due within one year   | 6,502,041.67                    | 3,200,000.00                  |
| Lease liabilities due within one year | -                               | <u>1,709,314.65</u>           |
| Total                                 | <u>6,502,041.67</u>             | <u>4,909,314.65</u>           |

## 6.25 Other current liabilities

| <u>Item</u>                     | <u>Balance as at 31/12/2021</u> | <u>Balance as at 1/1/2021</u> |
|---------------------------------|---------------------------------|-------------------------------|
| Advance collection of sales tax | 223,557.01                      | 14,100.55                     |

## 6.26 Long-term loans

## Long-term loans by category

| <u>Item</u>                          | <u>Balance as at 31/12/2021</u> | <u>Balance as at 1/1/2021</u> |
|--------------------------------------|---------------------------------|-------------------------------|
| Credit borrowings                    | -                               | 7,612,534.71                  |
| Guaranteed borrowings                | 96,093,333.33                   | -                             |
| Collateral borrowings                | 47,264,244.44                   | -                             |
| Collateral and guaranteed borrowings | <u>140,200,000.00</u>           | <u>141,780,997.66</u>         |
| Total                                | <u>283,557,577.77</u>           | <u>149,393,532.37</u>         |

Note 1: The balance of long-term borrowings includes an amount of RMB 157,577.77 in accrued interest.

Note 2: The guarantor of the guaranteed borrowings is Shandong Zhonglu Haiyan Oceanic Fishery Co., Ltd.

Note 3: The collateral for the collateral borrowings is Units 2501-2506, Guoxin Financial Center, Building No. 1, 31 Xianxialing Road, Laoshan District, Qingdao. The corresponding certificates of title are L2022QDSLSQBDCZ No. 0051706, No. 0051707, No. 0051708, No. 0051709, No. 0051710, and No. 0051711, and the collateral's book value is RMB 71,389,124.07.

Note 4: The collateral for the collateral and guaranteed borrowings is the construction in progress projects Tailong No. 7 and Tailong No. 9 purse seiners. The guarantor is Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.

## 6.27 Long-term employee benefits payable

| <u>Item</u>                                     | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|---|---------------------------------|-------------------------------|
| Post employment benefits—defined benefits plans | -                               | 384,340.48                    |
| Other long-term benefits                        | <u>616,935.20</u>               | <u>641,882.10</u>             |
| Total   | <u>616,935.20</u>               | <u>1,026,222.58</u>           |

## 6.28 Deferred income

| <u>Item</u>       | <u>Balance as at 1/1/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as at 31/12/2022</u> | <u>Reason for the deferred income</u> |
|-------------------|-------------------------------|-----------------|-----------------|---------------------------------|---------------------------------------|
| Government grants | 13,691,209.07                 | 1,048,150.00    | 1,239,043.40    | 13,500,315.67                   | Government grants related asset       |

## Deferred income from government grants

| <u>Item</u>                 | <u>Balance as at 1/1/2022</u> | <u>Increase</u>     | <u>Recorded in non-operating income for current period</u> | <u>recorded in other income for current period</u> |
|-----------------------------|-------------------------------|---------------------|--|--|
| Construction special fund   | 7,929,748.40                  | 1,048,150.00        | -  | 1,023,789.36                                       |
| Subsidy of boat manufacture | <u>5,761,460.67</u>           | -                   | -  | <u>215,254.04</u>                                  |
| Total                       | <u>13,691,209.07</u>          | <u>1,048,150.00</u> | -  | <u>1,239,043.40</u>                                |

(Continued)

| <u>Item</u>                 | <u>Recorded in offset cost for current period</u> | <u>Other changes</u> | <u>Balance as at 31/12/2022</u> | <u>Related to assets/income</u> |
|-----------------------------|---|----------------------|---------------------------------|---------------------------------|
| Construction special fund   | -   | -                    | 7,954,109.04                    | Assets                          |
| Subsidy of boat manufacture | -   | -                    | <u>5,546,206.63</u>             | Assets                          |
| Total                       | -   | -                    | <u>13,500,315.67</u>            |                                 |

## 6.29 Share capital

| <u>Item</u>  | <u>Balance as at</u> | <u>Movement</u>          |              |                                |        |           | <u>Balance as at</u> |
|--------------|----------------------|--------------------------|--------------|--------------------------------|--------|-----------|----------------------|
|              | <u>1/1/2022</u>      | Issuance of<br>new share | Bonus shares | Capital reserve<br>transfer in | Others | sub-total | <u>31/12/2022</u>    |
| Total shares | 266,071,320.00       | -                        | -            | -                              | -      | -         | 266,071,320.00       |

## 6.30 Capital reserve

| <u>Item</u>           | <u>Balance as at</u><br><u>1/1/2022</u> | <u>Increase</u>      | <u>Decrease</u> | <u>Balance as at</u><br><u>31/12/2022</u> |
|-----------------------|---|----------------------|-----------------|---|
| Share premiums        | 189,093,492.79                          | -                    | -               | 189,093,492.79                            |
| Other capital reserve | <u>94,961,504.96</u>                    | <u>11,565,274.27</u> | =               | <u>106,526,779.23</u>                     |
| Total                 | <u>284,054,997.75</u>                   | <u>11,565,274.27</u> | =               | <u>295,620,272.02</u>                     |

Note: The increase in the capital reserve for the period was caused by the single capital increase of subsidiaries' minority shareholders. For more details, refer to Note "VIII. Equity in Other Entities 2. Transactions in which the owners' equity in subsidiaries changes but the control over subsidiaries remains."

## 6.31 Other comprehensive income

| <u>Item</u>   | <u>Balance as at</u><br><u>1/1/2021(A)</u> | <u>Year ended 31/12/2022</u> |   |  |
|---|--|------------------------------|---|--|
|   |  | Amount before<br>tax         | Less: OCI in prior<br>periods transfer in<br>profit or loss for<br>the current period | Less: OCI in prior<br>periods carried<br>forward to<br>retained earnings |
| OCI items which will be reclassified subsequently to profit or loss               | <u>-18,256,201.98</u>                      | <u>14,135,022.30</u>         | =   | =  |
| Translation differences from translation of foreign currency financial statements | -18,256,201.98                             | 14,135,022.30                | -   | -  |
| Total of OCI<br>(Continued)   | <u>-18,256,201.98</u>                      | <u>14,135,022.30</u>         | =   | =  |

| <u>Item</u>   | <u>Year ended 31/12/2022</u> |   |   | <u>Balance as at</u>             |
|---|------------------------------|---|---|----------------------------------|
|   | Less: income tax             | Amount after tax<br>attributable to the<br>Company(B) | Amount after tax<br>attributable to<br>minority interests | <u>31/12/2021</u><br>(C)=(A)+(B) |
| OCI items which will be reclassified subsequently to profit or loss               | =                            | <u>11,964,857.40</u>                                  | <u>2,170,164.90</u>                                       | <u>-6,291,344.58</u>             |
| Translation differences from translation of foreign currency financial statements | -                            | 11,964,857.40   | 2,170,164.90  | -6,291,344.58                    |
| Total of OCI  | =                            | <u>11,964,857.40</u>                                  | <u>2,170,164.90</u>                                       | <u>-6,291,344.58</u>             |

## 6.32 Special reserve

| <u>Item</u>  | <u>Balance as at</u><br><u>1/1/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as at</u><br><u>31/12/2022</u> |
|--------------|---|-----------------|-----------------|---|
| Safety costs | 232,783.00                              | 849,791.41      | 1,082,574.41    | -   |

## 6.33 Surplus reserve

| <u>Item</u> | <u>Balance as at</u><br><u>1/1/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as at</u><br><u>31/12/2022</u> |
|-------------|---|-----------------|-----------------|---|
|-------------|---|-----------------|-----------------|---|

| <u>Item</u>               | <u>Balance as at</u><br><u>1/1/2022</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance as at</u><br><u>31/12/2022</u> |
|---------------------------|---|-----------------|-----------------|---|
| Statutory surplus reserve | 21,908,064.19                           | -               | -               | 21,908,064.19                             |

## 6.34 Undistributed profit

| <u>Item</u>  | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> | <u>Appropriation proportion</u> |
|--|--|--|---------------------------------|
| Retained earnings As at 1/1/2022 before adjustment                                 | 379,524,911.94                         | 343,997,929.71                         | -                               |
| The total adjustment of retained earnings As at 1/1/2021<br>(Increase+, decrease-) | -                                      | -                                      | -                               |
| Retained earnings As at 1/1/2022 after adjustment                                  | 379,524,911.94                         | 343,997,929.71                         | -                               |
| Add: Net profit attributable to the Company during the<br>year                     | 30,239,511.38                          | 35,526,982.23                          | -                               |
| Less: Appropriation of statutory surplus reserve                                   | -                                      | -                                      | -                               |
| Withdrawal of discretionary surplus reserve  | -                                      | -                                      | -                               |
| Extract general risk provision   | -                                      | -                                      | -                               |
| Common stock dividends payable   | -                                      | -                                      | -                               |
| Common stock dividends converted to share capital                                  | -                                      | -                                      | -                               |
| Retained earnings as at 31/12/2022   | 409,764,423.32                         | 379,524,911.94                         |                                 |

## 6.35 Operating income and operating costs

## 6.35.1 Operating income and operating costs

| <u>Item</u>                | <u>Year ended 31/12/2022</u> |                       | <u>Year ended 31/12/2021</u> |                       |
|----------------------------|------------------------------|-----------------------|------------------------------|-----------------------|
|                            | <u>Income</u>                | <u>Costs</u>          | <u>Income</u>                | <u>Costs</u>          |
| Primary operating business | 974,379,678.94               | 871,717,684.87        | 925,478,546.47               | 847,799,212.70        |
| Other operating business   | <u>11,048,626.43</u>         | <u>1,983,875.15</u>   | <u>8,805,856.74</u>          | <u>1,788,918.05</u>   |
| Total                      | <u>985,428,305.37</u>        | <u>873,701,560.02</u> | <u>934,284,403.21</u>        | <u>849,588,130.75</u> |

## 6.35.2 Status of income from contracts

## ① Operating income and operating costs by recognition timing

| <u>Revenue recognition timing</u> | <u>Sales income</u>   | <u>Agent Processing</u><br><u>income</u> | <u>Refrigeration</u><br><u>income</u> | <u>Other operating</u><br><u>income</u> |
|-----------------------------------|-----------------------|--|---------------------------------------|---|
| At a point of time                | 852,832,637.33        | 6,188,609.91                             | -                                     | 6,738,036.75                            |
| Over a period of time             | =                     | =  | <u>10,524,846.76</u>                  | =                                       |
| Total                             | <u>852,832,637.33</u> | <u>6,188,609.91</u>                      | <u>10,524,846.76</u>                  | <u>6,738,036.75</u>                     |

## ② Income adapted to the lease standard

| <u>Item</u>                | <u>Vessels leasing</u> | <u>House rental and others</u> |
|----------------------------|------------------------|--------------------------------|
| Primary operating business | 104,833,584.94         | -                              |
| Other operating business   | =                      | <u>4,310,589.68</u>            |

| <u>Item</u> | <u>Vessels leasing</u> | <u>House rental and others</u> |
|-------------|------------------------|--------------------------------|
| Total       | <u>104,833,584.94</u>  | <u>4,310,589.68</u>            |

## 6.36 Taxes and surcharges

| <u>Item</u>                               | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|---|------------------------------|------------------------------|
| Urban maintenance and construction tax    | 26,174.82                    | 20,427.36                    |
| Educational surcharge                     | 11,071.73                    | 8,730.91                     |
| Local educational surcharge               | 7,381.10                     | 5,820.63                     |
| Local water conservancy construction fund | -                            | -304.98                      |
| Property tax                              | 1,830,955.81                 | 1,247,826.59                 |
| Land use tax                              | 485,954.94                   | 542,585.28                   |
| Stamp duty                                | 323,934.60                   | 290,074.03                   |
| Vehicle and vessel tax                    | <u>22,276.69</u>             | <u>55,766.26</u>             |
| Total                                     | <u>2,707,749.69</u>          | <u>2,170,926.08</u>          |

## 6.37 Selling and distribution expenses

| <u>Item</u>                        | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|------------------------------------|------------------------------|------------------------------|
| Employee compensation expenditure  | 2,109,250.88                 | 2,166,098.09                 |
| Business promotion fees            | 694,114.96                   | 725,851.68                   |
| Travelling expenses                | 151,823.54                   | 74,793.63                    |
| Depreciation charges               | 110,135.36                   | 123,919.04                   |
| Depreciation of right-of-use asset | 52,953.25                    | 90,777.05                    |
| Communication expenses             | 20,713.67                    | 31,359.17                    |
| Others                             | <u>241,709.44</u>            | <u>335,821.30</u>            |
| Total                              | <u>3,380,701.10</u>          | <u>3,548,619.96</u>          |

## 6.38 General and administrative expenses

| <u>Item</u>                           | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|---------------------------------------|------------------------------|------------------------------|
| Employee compensation expenditure     | 44,888,814.48                | 45,810,749.61                |
| Depreciation and amortization charges | 2,800,685.41                 | 1,928,160.24                 |
| Depreciation of Right-of-use assets   | 1,964,646.14                 | 3,057,840.23                 |
| Travelling expenses                   | 1,229,326.50                 | 1,235,873.02                 |
| Business entertainment                | 486,442.83                   | 562,059.13                   |
| Vehicle expenses                      | 1,044,697.40                 | 888,939.29                   |
| Agent service fees                    | 1,426,362.08                 | 1,211,002.54                 |
| Office expenses                       | 3,823,262.06                 | 4,441,038.20                 |
| Water and electricity expenses        | 1,587,335.49                 | 1,309,137.24                 |
| Others                                | <u>5,122,662.68</u>          | <u>4,033,520.85</u>          |
| Total                                 | <u>64,374,235.07</u>         | <u>64,478,320.35</u>         |

## 6.39 Research and development expenses

| <u>Item</u>                       | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|-----------------------------------|------------------------------|------------------------------|
| Employee compensation expenditure | 2,286,319.66                 | 738,409.64                   |
| Materials                         | 246,207.46                   | 21,089.10                    |

| <u>Item</u>                           | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|---------------------------------------|------------------------------|------------------------------|
| Depreciation and amortization charges | 160,974.73                   | -                            |
| Commissioned external r&d fee         | 300,000.00                   | -                            |
| Others                                | <u>400,587.40</u>            | <u>5,957.96</u>              |
| Total                                 | <u>3,394,089.25</u>          | <u>765,456.70</u>            |

## 6.40 Finance expenses

| <u>Item</u>                            | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|--|------------------------------|------------------------------|
| Interest expenses                      | 2,904,189.24                 | 1,548,600.65                 |
| Less: interest income                  | 672,995.57                   | 569,224.71                   |
| Losses or gains from foreign exchange  | -13,875,632.54               | 10,378,601.88                |
| Finance charges                        | 989,435.15                   | 884,531.16                   |
| Interest expenses on lease liabilities | 57,441.35                    | 102,193.34                   |
| Others                                 | <u>24,009.22</u>             | <u>129,811.76</u>            |
| Total                                  | <u>-10,573,553.15</u>        | <u>12,474,514.08</u>         |

## 6.41 Other income

| <u>Item</u>   | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> |
|---|--|--|
| Subsidy fund for improving international performance capacity (Note 1)          | 45,608,125.30                          | 38,431,963.86                          |
| Transportation insurance subsidy  | -                                      | 165,500.00                             |
| Financial shipbuilding subsidy fund   | 215,254.04                             | 205,983.97                             |
| Financial subsidy for Special Construction funds in Blue Economic Zone (Note 2) | 698,486.88                             | 738,267.48                             |
| Special fund for cold chain logistics   | 282,423.60                             | 299,236.72                             |
| Subsidy for the renovation of fishing boat equipment (Note 3)                   | 681,939.00                             | 983,373.00                             |
| Return of individual income tax service charge                                  | 22,803.07                              | 24,855.48                              |
| Steady post subsidies   | 13,345.08                              | 36,737.85                              |
| Work-for-training subsidy   | -                                      | 18,000.00                              |
| Measurement Equipment subsidy   | -                                      | 7,500.00                               |
| Research subsidies from the Institute of Oceanology                             | -                                      | -                                      |
| Intellectual property rights subsidy funds                                      | -                                      | 5,000.00                               |
| Collectively VAT deduction  | 148,410.01                             | -                                      |
| Ammonia refrigeration modification subsidy                                      | 42,878.88                              | -                                      |
| Manufacturing incentive   | 30,000.00                              | -                                      |
| Golden Seed "talent training fund subsidy                                       | <u>5,000.00</u>                        | -                                      |
| Total   | <u>47,748,665.86</u>                   | <u>40,916,418.36</u>                   |

Note 1: The company received RMB 45,608,125.30 government grants for improving international performance capacity from finance bureau;

Note 2: In 2011, the Company obtained the Blue Economic Zone special construction fund subsidy from the Finance Bureau of Yantai Development Zone. Related subsidies and assets are included in deferred income and amortized

according to the estimated remaining useful life of related assets with average method. The amount included in other income this year is RMB698,486.88.

#### 6.42 Investment income

| <u>Item</u>   | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> |
|---|--|--|
| Income from long-term equity investments accounted for by the equity method | -398,421.52                            | -                                      |
| Investment gains from the disposal of trading financial assets              | 1,076,034.24                           | 49,972.60                              |
| Investment gain from disposal of derivative financial liabilities           | 96,000.00                              | -                                      |
| Gains on debt restructuring   | =                                      | <u>-127,527.03</u>                     |
| Total   | <u>773,612.72</u>                      | <u>-77,554.43</u>                      |

#### 6.43 Credit impairment losses

| <u>Item</u>  | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|--|------------------------------|------------------------------|
| Allowance for credit losses of accounts receivable | -740,557.76                  | 1,558,165.28                 |
| Allowance for credit losses of other receivables   | <u>-86,309.44</u>            | <u>72,899.66</u>             |
| Total  | <u>-826,867.20</u>           | <u>1,631,064.94</u>          |

#### 6.44 Assets impairment losses

| <u>Item</u>   | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|---|------------------------------|------------------------------|
| Provision for diminution in value of inventory and Loss of contract performance costs | -59,961,212.95               | -7,167,438.13                |

Note: In this period, due to the decrease of fishing quantity of longline plate and the increase of production cost, the unit cost of fish goods increased, resulting in a large inventory price decline.

#### 6.45 Gains from disposal of assets

| <u>Item</u>                                  | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|--|------------------------------|------------------------------|
| Gains and losses on disposal of fixed assets | 5,081,530.63                 | 3,494,326.93                 |

Note : In the current period, the subsidiary Shandong Zhonglu Aquatic Shipping Co., Ltd. disposed of the Taining vessel with a disposal income of RMB 5,105,581.41.

#### 6.46 Non-operating income

| <u>Item</u>        | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> | <u>Amount to be included in non-recurring gain or loss for the year</u> |
|--------------------|--|--|---|
| Reparations income | -                                      | 884,810.25                             | -   |
| Others             | <u>176,255.05</u>                      | =                                      | <u>176,255.05</u>   |
| Total              | <u>176,255.05</u>                      | <u>884,810.25</u>                      | <u>176,255.05</u>   |

#### 6.47 Non-operating expenses

| <u>Item</u>                   | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> | <u>Amount to be included in non-recurring gain or loss for the year</u> |
|-------------------------------|--|--|---|
| Loss of scrapped fixed assets | 46,310.64                              | 49,503.75                              | 46,310.64   |

| <u>Item</u> | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> | <u>Amount to be included in non-</u><br><u>recurring gain or loss for the year</u> |
|-------------|--|--|--|
| Others      | <u>25,002.45</u>                       | <u>36,832.97</u>                       | <u>25,002.45</u>   |
| Total       | <u>71,313.09</u>                       | <u>86,336.72</u>                       | <u>71,313.09</u>   |

## 6.48 Income tax expenses

## 6.48.1 Details of income tax expenses

| <u>Item</u>         | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|---------------------|------------------------------|------------------------------|
| Current income tax  | 2,794,728.27                 | 2,774,329.98                 |
| Deferred income tax | <u>-80,077.20</u>            | <u>1,425,529.24</u>          |
| Total               | <u>2,714,651.07</u>          | <u>4,199,859.22</u>          |

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

| <u>Item</u>   | <u>Year ended 31/12/2022</u> |
|---|------------------------------|
| Total profits   | 41,364,194.41                |
| Income tax expenses calculated at the statutory/applicable tax rate   | 10,341,048.60                |
| Effect of different tax rates applicable to subsidiaries  | -                            |
| Effect of the adjustments of income taxes for previous periods  | 49,206.95                    |
| Effect of non-taxable income  | -19,419,403.40               |
| Effect of non-deductible costs, expenses, and losses  | -74,009.52                   |
| Effect of the deductible losses for which deferred income tax assets were not recognized during the early stage of use                  | -2,247,761.16                |
| Effect of deductible temporary differences or deductible losses for which deferred income tax assets were not recognized for the period | 14,065,569.60                |
| Income tax expenses   | 2,714,651.07                 |

## 6.49 Other comprehensive income

As note 31.

## 6.50 Notes to statement of cash flows

## 6.50.1 Cash received relating to other operating activities

| <u>Item</u>                       | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> |
|-----------------------------------|--|--|
| Finance expenses- interest income | 672,995.57                             | 569,224.71                             |
| Government grants and others      | 47,472,059.73                          | 40,153,114.89                          |
| Credit deposit                    | 924,476.50                             | -                                      |
| Current account and other         | <u>8,177,260.88</u>                    | <u>900,552.70</u>                      |
| Total                             | <u>57,246,792.68</u>                   | <u>41,622,892.30</u>                   |

## 6.50.2 Cash paid related to other operating activities

| <u>Item</u>                      | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> |
|----------------------------------|--|--|
| Cash payment to selling expenses | 1,108,361.61                           | 1,053,784.11                           |

|   |                      |                      |
|---|----------------------|----------------------|
| Cash payment to administrative expense            | 13,907,155.67        | 13,550,391.30        |
| Cash payment to research and development expenses | 946,794.86           | 27,047.06            |
| Security deposit                                  | -                    | 884,531.16           |
| Current account and other                         | <u>1,254,472.12</u>  | <u>5,947,525.52</u>  |
| Total   | <u>17,216,784.26</u> | <u>21,463,279.15</u> |

## 6.50.3 Cash received related to other investing activities

| <u>Item</u>   | <u>Year ended</u> | <u>Year ended</u> |
|---------------|-------------------|-------------------|
|               | <u>31/12/2022</u> | <u>31/12/2021</u> |
| Lease payment | 5,000,000.00      | -                 |

## 6.50.4 Cash paid related to other financing activities

| <u>Item</u>   | <u>Year ended</u> | <u>Year ended</u> |
|---------------|-------------------|-------------------|
|               | <u>31/12/2022</u> | <u>31/12/2021</u> |
| Lease payment | 1,780,432.76      | 3,627,734.35      |

## 6.50.5 Supplement to statement of cash flows

| <u>Item</u>   | <u>Year ended</u> | <u>Year ended</u> |
|---|-------------------|-------------------|
|   | <u>31/12/2022</u> | <u>31/12/2021</u> |
| 1. Net profit adjusted to cash flows from operating activities  |                   |                   |
| Net profit  | 38,649,543.34     | 36,653,867.27     |
| Add: losses Provision for asset impairment  | 54,631,761.97     | 3,827,620.99      |
| Credit impairment   | 826,867.20        | -1,631,064.94     |
| Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets and depreciation of investment property | 58,223,115.23     | 52,151,188.06     |
| Depreciation of right-of-use asset  | 2,017,599.39      | 314,861.28        |
| Amortization of intangible assets   | 696,336.48        | 745,729.62        |
| Amortization of long-term deferred expenses   | 121,875.00        | 177,916.67        |
| Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)  | -5,081,530.63     | -3,494,326.93     |
| Losses on write-down of fixed assets ("-" for gains)  | 46,310.64         | 49,503.75         |
| Losses from changes in fair value ("-" for gains)   | -                 | -                 |
| Financial expenses ("-" for income)   | -634,206.25       | 4,397,806.07      |
| Investments losses ("-" for gains)  | -773,612.72       | 77,554.43         |
| Decreases in the deferred tax assets ("-" for increases)  | 87,012.89         | 99,691.02         |
| Increases in the deferred tax liabilities ("-" for decreases)   | -167,090.09       | 1,325,838.22      |
| Decreases in inventories ("-" for increases)  | -207,166,597.03   | 57,995,811.51     |
| Decreases in operating receivables ("-" for increases)  | -16,135,680.34    | 20,661,022.03     |
| Increases in operating payables ("-" for decreases)   | 87,390,968.02     | -6,290,950.23     |
| Others  | -                 | -                 |
| Net cash flows from operating activities  | 12,732,673.10     | 169,895,824.82    |
| 2. Significant investing and financing activities not involving cash inflow and outflow   |                   |                   |
| Conversion of debt into capital   | -                 | -                 |
| Convertible corporate bonds maturing within one year  | -                 | -                 |
| Fixed assets acquired under financial lease   | -                 | -                 |
| 3. Net change in cash and cash equivalents  |                   |                   |

| <u>Item</u>                               | <u>Year ended</u><br><u>31/12/2022</u> | <u>Year ended</u><br><u>31/12/2021</u> |
|---|--|--|
| Cash as at 31/12/2022                     | 227,264,342.31                         | 209,649,305.99                         |
| Less: cash As at 1/1/2022                 | 209,649,305.99                         | 255,735,611.93                         |
| Add: cash equivalents as at 31/12/2022    | -                                      | -                                      |
| Less: cash equivalents as at 31/12/2021   | -                                      | -                                      |
| Net increase in cash and cash equivalents | 17,615,036.32                          | -46,086,305.94                         |

## 6.50.6 Cash and cash equivalents

| <u>Item</u>                                 | <u>Balance as at</u><br><u>31/12/2022</u> | <u>Balance as at</u><br><u>1/1/2022</u> |
|---|---|---|
| 1. Cash                                     | 227,264,342.31                            | 209,649,305.99                          |
| Including: cash on hand                     | 2,325,815.71                              | 1,975,275.82                            |
| Unrestricted bank deposits                  | 224,938,526.60                            | 207,674,030.17                          |
| 2. Cash equivalents                         | -   | -                                       |
| Bond investments due within 3 months        | -   | -                                       |
| 3. Cash and cash equivalents As at 1/1/2022 | 227,264,342.31                            | 209,649,305.99                          |

## 6.51 Ownership or using rights of assets subject to restriction

| <u>Item</u>             | <u>Carrying amount</u><br><u>as at 31/12/2022</u> | <u>Restriction reason</u> |
|-------------------------|---|---------------------------|
| Fixed assets            | 101,156,162.87                                    | Collateral loan           |
| Construction in process | 330,769,336.43                                    | Collateral loan           |
| Intangible assets       | <u>4,795,207.52</u>                               | Collateral loan           |
| Total                   | <u>436,720,706.82</u>                             |                           |

## 6.52 Monetary items denominated in foreign currency

## 6.52.1 Monetary items denominated in foreign currency

| <u>Item</u>               | <u>Balance in foreign</u><br><u>currency as at</u><br><u>31/12/2022</u> | <u>Exchange rate</u> | <u>Balance translated into RMB as at</u><br><u>31/12/2022</u> |
|---------------------------|---|----------------------|---|
| Cash at hand and in banks |   |                      |   |
| Including: USD            | 8,463,795.36  | 6.9646               | 58,946,949.16   |
| Euro                      | 88,313.68   | 7.4229               | 655,543.62  |
| GHS                       | 3,005,425.61  | 0.8376               | 2,517,344.49  |
| XAF                       | 20,266,954.87   | 0.0113               | 229,016.59  |
| JPY                       | 250,602,490.84  | 0.0524               | 13,131,570.52   |
| Accounts receivable       |   |                      |   |
| Including: USD            | 5,929,159.78  | 6.9646               | 41,294,226.19   |
| GHS                       | 10,465.77   | 0.8376               | 8,766.13  |
| JPY                       | 31,417,142.71   | 0.0524               | 1,644,938.76  |
| Other receivables         |   |                      |   |
| Including: USD            | 258,357.31  | 6.9646               | 1,799,355.31  |
| GHS                       | 397,520.93  | 0.8376               | 332,963.53  |
| Accounts payable          |   |                      |   |
| Including: USD            | 3,448,092.64  | 6.9646               | 24,014,586.00   |

|                |               |        |              |
|----------------|---------------|--------|--------------|
| Euro           | 234.43        | 7.4229 | 1,740.15     |
| GHS            | 101,857.69    | 0.8376 | 85,316.00    |
| JPY            | 200,000.00    | 0.0524 | 10,471.60    |
| XAF            | 97,845,794.69 | 0.0113 | 1,105,657.48 |
| Other payables |               |        |              |
| Including: USD | 301,491.64    | 6.9646 | 2,099,768.69 |
| GHS            | 824,997.34    | 0.8376 | 691,017.77   |

### 6.52.2 Reporting currencies of significant foreign operating entities

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

### 6.53 Government subsidies

| <u>Item</u>  | <u>amount</u>        | <u>Report project</u> | <u>recorded in other income for current period</u> |
|--|----------------------|-----------------------|--|
| Subsidy fund for improving international performance capacity          | 45,608,125.30        | Other income          | 45,608,125.30                                      |
| Financial shipbuilding subsidy fund                                    | 6,405,900.00         | Deferred income       | 215,254.04   |
| Financial subsidy for Special Construction funds in Blue Economic Zone | 13,600,000.00        | Deferred income       | 698,486.88   |
| Special fund for cold chain logistics                                  | 2,000,000.00         | Deferred income       | 282,423.60   |
| Ammonia refrigeration modification subsidy                             | 1,048,150.00         | Deferred income       | 42,878.88  |
| Subsidy for the renovation of fishing boat equipment                   | <u>681,939.00</u>    | Other income          | <u>681,939.00</u>                                  |
| Total  | <u>69,344,114.30</u> |                       | <u>47,529,107.70</u>                               |

## 7. Changes in consolidation scope

There are no consolidation scope changes in the current period.

## 8. Interest in other entities

### 8.1 Interest in subsidiaries

#### 8.1.1 Constitution of the Company

| <u>Subsidiary name</u>                                      | <u>Registration place</u> | <u>Principal place of business</u> | <u>Business nature</u>       | <u>Shareholding</u> |          | <u>Acquisition method</u> |
|---|---------------------------|------------------------------------|------------------------------|---------------------|----------|---------------------------|
|   |                           |                                    |                              | Direct              | Indirect |                           |
| Shandong Zhonglu Oceanic Fisheries Transportation Co., Ltd. | Shandong Qingdao          | Shandong Qingdao                   | Refrigeration transportation | 100.00%             |          | Investment                |

| Subsidiary name   | Registration place     | Principal place of business | Business nature              | Shareholding |  | Acquisition method |
|---|------------------------|-----------------------------|------------------------------|--------------|--|--------------------|
|   |                        |                             |                              | Direct       | Indirect   |                    |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.                      | Shandong Yantai        | Shandong Yantai             | Food processing              | 53.79%       | 18.67%   | Investment         |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd.                   | Shandong Qingdao       | Shandong Qingdao            | Oceanic fishing              | 59.05%       |  | Investment         |
| Zhonglu Oceanic (Qingdao) Industrial Investment Development Co., Ltd. | Shandong Qingdao       | Shandong Qingdao            | Refrigeration transportation | 51.00%       | 49.00%   | Investment         |
| HABITAT INTERNATIONAL CORPORATION                                     | The Republic of Panama | The Republic of Panama      | Refrigeration transportation | 100.00%      | -  | Investment         |
| LAIF FISHERIES COMPANY LIMITED  | The Republic of Ghana  | The Republic of Ghana       | Oceanic fishing              | -            | Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100% shares | Investment         |
| AFRICA STAR FISHERIES LIMITED   | The Republic of Ghana  | The Republic of Ghana       | Oceanic fishing              | -            | Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100% shares | Investment         |
| ZHONG GHA FOODS COMPANY LIMITED                                       | The Republic of Ghana  | The Republic of Ghana       | Oceanic fishing              | -            | Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd holds 100% shares | Investment         |
| Shandong zhonglu ocean refrigeration co. LTD                          | Shandong Yantai        | Shandong Yantai             | Food processing              | -            | Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. holds 100% shares   | Investment         |
| YAW ADDO FISHERIES COMPANY LIMITED                                    | The Republic of Ghana  | The Republic of Ghana       | Oceanic fishing              | -            | -  | Operating lease    |

### 8.1.2 Important non-wholly-owned subsidiaries

| <u>Name of subsidiary</u>                           | <u>Proportion of shares held by minority shareholders</u> | <u>profits/losses attributable to minority shareholders for the period</u> | <u>Dividends paid to minority shareholders for the period</u> | <u>Balance of the minority interests as at 31/12/2022</u> |
|---|---|--|---|---|
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | 40.95%  | 3,301,403.46   | -   | 167,459,674.75  |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd.    | 27.54%  | <u>5,108,628.50</u>  | -   | <u>93,543,354.23</u>                                      |
| Total   |   | <u>8,410,031.96</u>  | -   | <u>261,003,028.98</u>                                     |

### 8.1.3 Main financial information of significant non-wholly owned subsidiary

| Subsidiary name                                     | As at 31/12/2022      |                       |                       |                       |                         |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|
|   | Current assets        | Non-current assets    | Total assets          | Current liabilities   | Non-current liabilities | Total liabilities     |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | 284,746,514.95        | 228,527,101.55        | 513,273,616.50        | 98,801,188.48         | 5,546,206.63            | 104,347,395.11        |
| Shandong Zhonglu Oceanic (Yantai)                   | <u>349,063,247.82</u> | <u>126,955,026.31</u> | <u>476,018,274.13</u> | <u>125,790,070.11</u> | <u>10,564,608.40</u>    | <u>136,354,678.51</u> |

|                |                       |                       |                       |                       |                      |                       |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Food Co., Ltd. |                       |                       |                       |                       |                      |                       |
| Total          | <u>633,809,762.77</u> | <u>355,482,127.86</u> | <u>989,291,890.63</u> | <u>224,591,258.59</u> | <u>16,110,815.03</u> | <u>240,702,073.62</u> |

(Continued)

| Subsidiary name                                     | As at 1/1/2022        |                       |                       |                       |                         |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|
|   | Current assets        | Non-current assets    | Total assets          | Current liabilities   | Non-current liabilities | Total liabilities     |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | 230,078,254.48        | 228,556,206.12        | 458,634,460.60        | 57,308,361.86         | 5,761,460.67            | 63,069,822.53         |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd     | <u>174,444,432.90</u> | <u>131,698,553.85</u> | <u>306,142,986.75</u> | <u>74,321,902.61</u>  | <u>10,707,337.85</u>    | <u>85,029,240.46</u>  |
| Total   | <u>404,522,687.38</u> | <u>360,254,759.97</u> | <u>764,777,447.35</u> | <u>131,630,264.47</u> | <u>16,468,798.52</u>    | <u>148,099,062.99</u> |

(Continued)

| Subsidiary name                                     | Year ended 31/12/2022 |                      |                      |  |
|---|-----------------------|----------------------|----------------------|--|
|   | Operating income      | Net profit           | Total income         | Cash flows from comprehensive operating activities |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | 274,187,930.05        | 8,062,035.30         | 13,361,583.32        | -34,928,144.20                                     |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd     | <u>530,394,523.46</u> | <u>18,549,849.33</u> | <u>18,549,849.33</u> | <u>2,792,648.54</u>                                |
| Total   | <u>804,582,453.51</u> | <u>26,611,884.63</u> | <u>31,911,432.65</u> | <u>-32,135,495.66</u>                              |

(Continued)

| Subsidiary name                                     | Year ended 31/12/2021 |                      |                      |  |
|---|-----------------------|----------------------|----------------------|--|
|   | Operating income      | Net profit           | Total income         | Cash flows from comprehensive operating activities |
| Shandong Zhonglu Haiyan Oceanic Fisheries Co., Ltd. | 249,754,578.58        | 2,751,856.01         | -700,571.69          | 72,260,920.89                                      |
| Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd     | 619,092,271.58        | 22,025,927.84        | 22,025,927.84        | 63,560,065.21                                      |
| Total   | <u>868,846,850.16</u> | <u>24,777,783.85</u> | <u>21,325,356.15</u> | <u>135,820,986.10</u>                              |

## 8.2 Transactions in which the owners' equity in subsidiaries changes but the control over subsidiaries remains

### Explanation of changes in the owners' equity in subsidiaries

During the period, Zhong Tai Xin Cheng Asset Management Co., Ltd. injected an amount of RMB 100,000,000.00 to the capital of Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd. After the capital increase, the shares held directly and indirectly by the Company account for 72.46%, and the shares held by Zhong Tai Xin Cheng Asset Management Co., Ltd. account for 27.54%.

### 8.2.1 Effect of the transaction on the minority interest and on the owners' equity attributable to the parent company

| Item | Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd |
|------|---|
|------|---|

|  |                |
|--|----------------|
| Amount of capital increase by minority shareholders  | Total          |
| Of which: cash   | 100,000,000.00 |
| Fair value of non-cash assets  |                |
| Total  | 100,000,000.00 |
| Minus: Minority interest calculated in the shareholding proportion after capital increase by minority shareholders | 88,434,725.73  |
| Difference   | 11,565,274.27  |
| Of which: adjustment to the capital reserve  | 11,565,274.27  |

### 8.3 Interests in joint venture arrangements or joint ventures

#### Important associates

| <u>Item</u>                               | <u>Principal</u><br><u>place of</u><br><u>business</u> | <u>Registration</u><br><u>place</u> | <u>Nature of</u><br><u>business</u> | <u>Shareholding ratio</u> |          | <u>Right to vote</u><br>PCT | <u>Accounting treatment</u><br><u>method</u> |
|---|--|-------------------------------------|-------------------------------------|---------------------------|----------|-----------------------------|--|
|   |  |                                     |                                     | Direct                    | Indirect |                             |  |
| Ji Nan Qin Zhen Food Technology Co., Ltd. | Shandong<br>jinan                                      | Shandong<br>jinan                   | Food<br>processing                  |                           | 10.87%   | 10.87%                      | Equity method of<br>accounting               |

Holding less than 20% of the voting rights but having significant influence on the basis of:

Shandong Zhonglu Oceanic (Yantai) Food Co., Ltd a subsidiary of the company, holds 15.00% of Ji Nan Qin Zhen Food Technology Co., Ltd. and appoints directors to it, which has a significant influence on its production and operation.

## 9. Related risks of financial instruments

The financial assets of the Company include notes receivable, account receivable and other receivables, the financial liabilities include notes payable, account payable, other payables and long-term loan, for details see Notes VI.

Company is faced with Various risks in operating activities, including credit risk, liquidity risk and market risk, board of directors establish and supervise company's ERM architecture, establish and supervise company's risk management policy with full authority.

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

### 9.1 Credit risk

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

### 9.2 Liquidity Risk

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

### 9.3 Market risk

#### 9.3.1 Foreign exchange risk

Foreign exchange risk is referred to the risk incurred due to loss of changes in exchange rate. The company's foreign exchange risk is mainly derived from the dollar denominated financial assets. The amount of foreign currency denominated financial assets to be converted into RMB is as note 6.53 the foreign currency monetary items stated.

#### 9.3.2 Interest Rate 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. The Company's exposure to interest rate risk mainly arises from long-term bank borrowings. The Company's borrowings are at floating interest rates and are subject to the risk of changes in the RMB benchmark interest rate.

## 10. Related parties and transactions

### 10.1 The parent company of the Company

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

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

### 10.2 Subsidiaries of the Company

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

### 10.3 Other related parties

| <u>Entity name</u>                          | <u>Relationship</u>  |
|---|--|
| Inspur Genersoft Software Inc.              | A company that has a transaction in the current period controlled by the same parent company |
| Dezhou Bank Co.,LTD                         | A company that has a transaction in the current period controlled by the same parent company |
| ZhongTai XinCheng Asset Management Co., Ltd | A company that has a transaction in the current period controlled by the same parent company |
| Ji Nan Qin Zhen Food Technology Co., Ltd.   | Consortium   |

### 10.4 Transactions with related parties

#### 10.4.1 List of goods sold/services provided

| <u>Item</u>  | <u>Condition of underlying assets</u> | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2022</u> |
|--|---------------------------------------|------------------------------|------------------------------|
|  |                                       | <u>Rental the rent</u>       | <u>Rental the rent</u>       |
| Ji Nan Qin Zhen Food Technology Co., Ltd.                | Tuna                                  | 212,715.94                   | -                            |
| Shandong State-owned Assets Investment Holding Co., Ltd. | Management fee                        | 1,273,584.91                 | -                            |

## 10.4.2 Leases with related parties

The company, as the lessee:

| <u>Lesser</u> | <u>Condition of underlying assets</u> | <u>Rent paid</u>                            |                              | <u>Assume the lease liability interest payments</u> |                              | <u>Increased use-right assets</u> |                              |
|---------------|---------------------------------------|---|------------------------------|---|------------------------------|-----------------------------------|------------------------------|
|               |                                       | <u>Year ended 31/12/2022</u>                | <u>Year ended 31/12/2021</u> | <u>Year ended 31/12/2022</u>                        | <u>Year ended 31/12/2021</u> | <u>Year ended 31/12/2022</u>      | <u>Year ended 31/12/2021</u> |
|               |                                       | ZhongTai XinCheng Asset Management Co., Ltd | Office building              | 195,000.00  | 195,000.00                   | 8,128.89                          | -                            |

## 10.4.3 Remuneration of key management

| <u>Item</u>                    | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|--------------------------------|------------------------------|------------------------------|
| Remuneration of key management | 2,854,957.00                 | 2,225,053.60                 |

## 10.4.4 Other related transactions

Interest revenue

| <u>Item</u>      | <u>Related party</u> | <u>Year ended 31/12/2022</u> | <u>Year ended 31/12/2021</u> |
|------------------|----------------------|------------------------------|------------------------------|
| Interest revenue | Dezhou Bank Co.,LTD  | 2,542.64                     | 2,274.66                     |

## 10.5 Receivables due from and payables due to related parties

## 10.5.1 Accounts receivable

| <u>Item</u>       | <u>Related party</u>                      | <u>As aAs at 31/12/2022</u> |                                    | <u>As aAs at 1/1/2022</u> |                                    |
|-------------------|---|-----------------------------|------------------------------------|---------------------------|------------------------------------|
|                   |   | <u>Balance</u>              | <u>Allowance for credit losses</u> | <u>Balance</u>            | <u>Allowance for credit losses</u> |
| Payment for sales | Ji Nan Qin Zhen Food Technology Co., Ltd. | 75,268.40                   | 3,763.42                           | 16,511.40                 | 825.57                             |

## 10.5.2 Other receivables

| <u>Item</u>       | <u>Related party</u>                                     | <u>As aAs at 31/12/2022</u> |                                    | <u>As aAs at 1/1/2022</u> |                                    |
|-------------------|--|-----------------------------|------------------------------------|---------------------------|------------------------------------|
|                   |  | <u>Balance</u>              | <u>Allowance for credit losses</u> | <u>Balance</u>            | <u>Allowance for credit losses</u> |
| Payment for sales | Shandong State-owned Assets Investment Holding Co., Ltd. | 1,350,000.00                | 67,500.00                          | -                         | -                                  |
| Deposit           | ZhongTai XinCheng Asset Management Co., Ltd              | 20,000.00                   | 20,000.00                          | 20,000.00                 | 20,000.00                          |

## 10.5.3 Other non-current assets

| <u>Item</u> | <u>Related party</u> | <u>Balance as at 31/12/2021</u> | <u>Balance as at 1/1/2021</u> |
|-------------|----------------------|---------------------------------|-------------------------------|
|-------------|----------------------|---------------------------------|-------------------------------|

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

## 11. Commitments and contingencies

### 11.1 Commitments

None.

### 11.2 Contingencies

None.

## 12. Post balance sheet events

### 12.1 Significant non-adjustment events after balance sheet date

None.

### 12.2 Distribution of profit

None.

## 13. Other significant events

### 13.1 Pension scheme

According to relative laws, regulations and policies, the pension system of the company has been established to pay supplementary endowment insurance for employees (namely enterprise annuity) on the basis of attending primary endowment insurance lawfully. The company has set the operating efficiency coefficient in accordance with the actual operating conditions every year, and calculated the total amount paid by the enterprise through it. In the enterprise pension, the borne expenses of the company have been disclosed in the case of employee pay payable and the condition of the established escrow plan, and the individual cost has been paid by the company from their salary. This year, the enterprise pension has been increased RMB 2.18 million, relevant information shall be referred to "Attachment 6 (21) employee pay payable".

### 13.2 Segment reporting

#### 13.2.1 Determination basis of segment reporting and related accounting policy

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

#### 13.2.2 Financial information of segment reporting

| Item              | Oceanic fishing | Vessels leasing | Aquatic products processing and refrigeration | Others     | Elimination between branches | Total          |
|-------------------|-----------------|-----------------|---|------------|------------------------------|----------------|
| Operating income  | 397,948,714.28  | 104,833,584.94  | 525,258,170.43                                | 293,842.01 | -53,954,632.72               | 974,379,678.94 |
| Operating cost    | 346,028,689.47  | 89,172,040.28   | 490,294,383.82                                | 201,053.31 | -53,978,482.01               | 871,717,684.87 |
| Credit impairment | 588,450.77      | 1,647.98        | -1,407,749.72                                 | -9,216.23  | -                            | -826,867.20    |

| <u>Item</u>                      | <u>Oceanic fishing</u> | <u>Vessels leasing</u> | <u>Aquatic products<br/>processing and<br/>refrigeration</u> | <u>Others</u>  | <u>Elimination<br/>between branches</u> | <u>Total</u>     |
|----------------------------------|------------------------|------------------------|--|----------------|---|------------------|
| losses                           |                        |                        |  |                |   |                  |
| Impairment of<br>assets          | -51,347,991.04         | -                      | -8,613,116.24  | -105.67        | -                                       | -59,961,212.95   |
| Depreciation and<br>amortization | 38,485,369.91          | 11,557,740.61          | 7,763,740.43   | 3,252,075.15   | -                                       | 61,058,926.10    |
| Profit before tax                | 26,851,443.99          | 6,601,586.21           | 20,510,769.08  | -12,599,604.87 | -                                       | 41,364,194.41    |
| Income tax<br>expenses           | -                      | 831,358.16             | 1,883,292.91   | -              | -                                       | 2,714,651.07     |
| Net profit                       | 26,851,443.99          | 18,246,373.65          | 18,627,476.17  | -25,075,750.47 | -                                       | 38,649,543.34    |
| Total assets                     | 873,299,218.75         | 303,330,761.54         | 466,728,750.82   | 577,110,123.00 | -382,039,719.94                         | 1,838,429,134.17 |
| Total liabilities                | 209,010,643.00         | 103,370,036.03         | 137,080,841.90   | 450,867,595.61 | -309,975,746.30                         | 590,353,370.24   |

#### 14. Notes to the financial statements of the Company

##### 14.1 Accounts receivable

##### 14.1.1 Aging analysis by aging

| <u>Aging</u>      | <u>Balance as at 31/12/2022</u> |
|-------------------|---------------------------------|
| Within 6 months   | 438,889.50                      |
| 6 months-1 years  | -                               |
| 1-2 years         | -                               |
| 2-3 years         | -                               |
| More than 3 years | <u>5,689,018.01</u>             |
| Total             | <u>6,127,907.51</u>             |

##### 14.1.2 Accounts receivable by provision method for allowance credit losses

| <u>Item</u>   | <u>As at 31/12/2022</u> |                |  |            |                        |
|---|-------------------------|----------------|--|------------|------------------------|
|   | <u>Balance</u>          | <u>PCT</u>     | <u>Allowance for credit<br/>losses</u> | <u>PCT</u> | <u>Carrying amount</u> |
| Individually assessment subject to<br>allowance for credit losses | -                       | -              | -                                      | -          | -                      |
| Grouping assessment subject to<br>allowance for credit losses     | <u>6,127,907.51</u>     | <u>100.00%</u> | <u>5,710,962.49</u>                    | 93.20%     | <u>416,945.02</u>      |
| Group 1: Non-affiliated party<br>customer portfolio               | 6,127,907.51            | 100.00%        | 5,710,962.49                           | 93.20%     | 416,945.02             |
| Group 2: Combination of related<br>parties                        | -                       | -              | -                                      | -          | -                      |
| Total   | <u>6,127,907.51</u>     | <u>100.00%</u> | <u>5,710,962.49</u>                    | 93.20%     | <u>416,945.02</u>      |

(Continued)

| <u>Item</u>   | <u>As at 1/1/2022</u> |            |  |            |                        |
|---|-----------------------|------------|--|------------|------------------------|
|   | <u>Balance</u>        | <u>PCT</u> | <u>Allowance for credit<br/>losses</u> | <u>PCT</u> | <u>Carrying amount</u> |
| Individually assessment subject to<br>allowance for credit losses | -                     | -          | -                                      | -          | -                      |

| Item   | As at 1/1/2022       |                |                             |        |                     |
|--|----------------------|----------------|-----------------------------|--------|---------------------|
|  | Balance              | PCT            | Allowance for credit losses | PCT    | Carrying amount     |
| Grouping assessment subject to allowance for credit losses | <u>14,879,608.37</u> | <u>100.00%</u> | <u>6,148,547.53</u>         | 41.32% | <u>8,731,060.84</u> |
| Group 1: Non-affiliated party customer portfolio           | 14,879,608.37        | 100.00%        | 6,148,547.53                | 41.32% | 8,731,060.84        |
| Group 2: Combination of related parties                    | -                    | -              | -                           | -      | -                   |
| Total  | <u>14,879,608.37</u> | <u>100.00%</u> | <u>6,148,547.53</u>         | 41.32% | <u>8,731,060.84</u> |

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

| Aging             | As at 31/12/2022    |                             |         |
|-------------------|---------------------|-----------------------------|---------|
|                   | Balance             | Allowance for credit losses | PCT     |
| Within 6 months   | 438,889.50          | 21,944.48                   | 5.00%   |
| 6 months-1 years  | -                   | -                           | -       |
| 1-2 years         | -                   | -                           | -       |
| 2-3 years         | -                   | -                           | -       |
| More than 3 years | <u>5,689,018.01</u> | <u>5,689,018.01</u>         | 100.00% |
| Total             | <u>6,127,907.51</u> | <u>5,710,962.49</u>         |         |

(Continued)

| Aging             | As at 1/1/2022       |                             |         |
|-------------------|----------------------|-----------------------------|---------|
|                   | Balance              | Allowance for credit losses | PCT     |
| Within 6 months   | 9,190,590.36         | 459,529.52                  | 5.00%   |
| 6 months-1 years  | -                    | -                           | -       |
| 1-2 years         | -                    | -                           | -       |
| 2-3 years         | -                    | -                           | -       |
| More than 3 years | <u>5,689,018.01</u>  | <u>5,689,018.01</u>         | 100.00% |
| Total             | <u>14,879,608.37</u> | <u>6,148,547.53</u>         |         |

#### 14.1.3 Allowance for credit losses

| Item                | As at 1/1/2022 | Amount of change in the current period |                      |           |        | As at 31/12/2022 |
|---------------------|----------------|--|----------------------|-----------|--------|------------------|
|                     |                | Provision                              | Recovery or reversal | Write off | Others |                  |
| Accounts receivable | 6,148,547.53   | -437,585.04                            | -                    | -         | -      | 5,710,962.49     |

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

| Company name      | Related party     | Balance as at 31/12/2022 | PCT    | Aging             | Balance of allowance for credit losses as at 31/12/2022 |
|-------------------|-------------------|--------------------------|--------|-------------------|---|
| PACIFIC PANDA.INC | Non-related party | 3,600,962.12             | 58.76% | More than 3 years | 3,600,962.12  |

|   |                   |                     |               |                   |                     |
|---|-------------------|---------------------|---------------|-------------------|---------------------|
| Xue Han   | Non-related party | 293,209.20          | 4.78%         | More than 3 years | 293,209.20          |
| Shandong Linghua Engineering Consulting Co., Ltd. | Non-related party | 237,037.50          | 3.87%         | Within 6 months   | 11,851.88           |
| Zhoushan Haihui Seafood Co., Ltd.                 | Non-related party | 201,852.00          | 3.29%         | Within 6 months   | 10,092.60           |
| Ming Lv   | Non-related party | <u>158,154.98</u>   | <u>2.58%</u>  | More than 3 years | <u>158,154.98</u>   |
| Total   |                   | <u>4,491,215.80</u> | <u>73.28%</u> |                   | <u>4,074,270.78</u> |

## 14.2 Other receivables

| <u>Item</u>          | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|----------------------|---------------------------------|-------------------------------|
| Interest receivable  | -                               | -                             |
| Dividends receivable | 79,137,061.83                   | 85,085,303.70                 |
| Other receivables    | <u>49,296,863.40</u>            | <u>37,525,815.05</u>          |
| Total                | <u>128,433,925.23</u>           | <u>122,611,118.75</u>         |

## 14.2.1 Dividends receivable

## 14.2.1.1 Classification and disclosure of dividends receivable

| <u>Item</u>                       | <u>Balance as at 31/12/2022</u> | <u>Balance as at 31/12/2022</u> |
|-----------------------------------|---------------------------------|---------------------------------|
| Subsidiary dividend               | 79,137,061.83                   | 85,085,303.70                   |
| Less: Allowance for credit losses | =                               | =                               |
| Total                             | <u>79,137,061.83</u>            | <u>85,085,303.70</u>            |

## 14.2.2 Other receivables

## 14.2.2.1 Aging analysis of other receivables

| <u>Aging</u>      | <u>Balance as at 31/12/2022</u> |
|-------------------|---------------------------------|
| Within 6 months   | 32,810,640.91                   |
| 6 months-1 years  | 87,549.95                       |
| 1-2 years         | 3,192,920.91                    |
| 2-3 years         | 2,445,424.82                    |
| More than 3 years | <u>10,760,326.81</u>            |
| Total             | <u>49,296,863.40</u>            |

## 14.2.2.2 Category of other receivables by nature

| <u>Nature</u>            | <u>Balance as at 31/12/2022</u> | <u>Balance as at 1/1/2022</u> |
|--------------------------|---------------------------------|-------------------------------|
| Internal current account | 43,971,159.92                   | 33,377,123.62                 |
| Revolving fund and other | <u>5,325,703.48</u>             | <u>4,148,691.43</u>           |
| Total                    | <u>49,296,863.40</u>            | <u>37,525,815.05</u>          |

## 14.2.2.3 The provision of allowance for credit losses

| <u>The allowance for credit losses</u> | <u>Stage one</u>    | <u>Stage two</u>             | <u>Stage three</u>       | <u>Total</u> |
|--|---------------------|------------------------------|--------------------------|--------------|
|  | <u>12-month ECL</u> | <u>Lifetime ECL</u>          | <u>Lifetime ECL</u>      |              |
|  |                     | <u>(credit - unimpaired)</u> | <u>(credit-impaired)</u> |              |
| Beginning balance                      | 108,964.33          | -                            | 3,486,968.06             | 3,595,932.39 |

| <u>The allowance for credit losses</u> | <u>Stage one</u> | <u>Stage two</u> | <u>Stage three</u> | <u>Total</u> |
|--|------------------|------------------|--------------------|--------------|
| Revaluation of beginning balance       | 108,964.33       | -                | 3,486,968.06       | 3,595,932.39 |
| Provision                              | 19,730.79        | -                | -14,917.08         | 4,813.71     |
| Reversal                               | -                | -                | -                  | -            |
| Charge off                             | -                | -                | -                  | -            |
| Write-off                              | -                | -                | -                  | -            |
| Other changes                          | -                | -                | -                  | -            |
| Ending balance                         | 128,695.12       | -                | 3,472,050.98       | 3,600,746.10 |

## 14.2.2.4 Allowance for credit losses

| <u>Item</u>       | <u>Balance as at</u> | <u>Amount of change in the current period</u> |                               |                  |                     | <u>Balance as at</u> |
|-------------------|----------------------|---|-------------------------------|------------------|---------------------|----------------------|
|                   | <u>1/1/2021</u>      | <u>Allowance</u>                              | <u>Take back or turn back</u> | <u>write off</u> | <u>Other change</u> | <u>31/12/2021</u>    |
| Other receivables | 3,595,932.39         | 4,813.71                                      | -                             | -                | -                   | 3,600,746.10         |

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

| <u>Company name</u>                                      | <u>Nature of payment</u> | <u>Balance as at 31/12/2022</u> | <u>Aging</u>      | <u>PCT</u>    | <u>Ending balance of allowance for credit losses</u> |
|--|--------------------------|---------------------------------|-------------------|---------------|--|
| LAIF FISHERIES CO.,LTD                                   | Current account          | 16,823,428.32                   | 0-3 years or more | 34.13%        | -  |
| AFRICA STAR FISHERIES LIMITED                            | Current account          | 13,520,061.48                   | 0-3 years or more | 27.43%        | -  |
| YAW ADDO FISHERIES COMPANY LIMITED                       | Current account          | 8,699,435.21                    | 0-3 years or more | 17.65%        | -  |
| ZHONG GHA FOODS COMPANY LIMITED                          | Current account          | 3,672,438.32                    | 1-3 years or more | 7.45%         | -  |
| Shandong State-owned Assets Investment Holding Co., Ltd. | Management fee           | <u>1,350,000.00</u>             | Within 6 months   | <u>2.74%</u>  | <u>67,500.00</u>                                     |
| Total  |                          | <u>44,065,363.33</u>            |                   | <u>89.40%</u> | <u>67,500.00</u>                                     |

## 14.3 Long-term equity investments

| <u>Item</u>                | <u>As at 31/12/2022</u> |                                 |                        | <u>As at 1/1/2022</u> |                                 |                        |
|----------------------------|-------------------------|---------------------------------|------------------------|-----------------------|---------------------------------|------------------------|
|                            | <u>Balance</u>          | <u>Provision for impairment</u> | <u>Carrying amount</u> | <u>Balance</u>        | <u>Provision for impairment</u> | <u>Carrying amount</u> |
| Investment to subsidiaries | 328,189,455.23          | -                               | 328,189,455.23         | 232,189,455.23        | -                               | 232,189,455.23         |

## 14.3.1 Investment to subsidiaries

| <u>Investee</u>             | <u>Balance as at 1/1/2022</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance as at 31/12/2022</u> | <u>Provision for impairment in current period</u> | <u>Balance of provision for impairment As at 31/12/2022</u> |
|-----------------------------|-------------------------------|------------------|-------------------|---------------------------------|---|---|
| HABITAT INTERNATIONAL CORP. | 12,476,145.60                 | -                | -                 | 12,476,145.60                   | -   | -   |

| <u>Investee</u>  | <u>Balance as at<br/>1/1/2022</u> | <u>Additions</u>     | <u>Reductions</u> | <u>Balance as at<br/>31/12/2022</u> | <u>Provision<br/>for impairment in<br/>current period</u> | <u>Balance of<br/>provision<br/>for impairment As<br/>at 31/12/2022</u> |
|--|-----------------------------------|----------------------|-------------------|-------------------------------------|---|---|
| Shandong<br>Zhonglu Oceanic<br>Fisheries<br>Transportation<br>Co., Ltd.            | 22,869,513.38                     | -                    | -                 | 22,869,513.38                       | -   | -   |
| Shandong<br>Zhonglu Oceanic<br>(Yantai) Food Co.,<br>Ltd.                          | 55,448,185.24                     | -                    | -                 | 55,448,185.24                       | -   | -   |
| Shandong<br>zhonglu Haiyan<br>Oceanic Fisheries<br>Co., Ltd.                       | 141,395,611.01                    | -                    | -                 | 141,395,611.01                      | -   | -   |
| Zhonglu Ocean<br>(Qingdao)<br>Industrial<br>Investment<br>Development Co.,<br>Ltd. | =                                 | <u>96,000,000.00</u> | =                 | <u>96,000,000.00</u>                | =   | =   |
| Total  | <u>232,189,455.23</u>             | =                    | =                 | <u>328,189,455.23</u>               | =   | =   |

#### 14.4 Operating income and operating costs

##### 14.4.1 Operating income and operating costs

| <u>Item</u>                | <u>Year ended 31/12/2022</u> |                       | <u>Year ended 31/12/2021</u> |                       |
|----------------------------|------------------------------|-----------------------|------------------------------|-----------------------|
|                            | <u>Income</u>                | <u>Cost</u>           | <u>Income</u>                | <u>Cost</u>           |
| Primary operating business | 127,389,726.24               | 102,711,351.76        | 135,171,275.55               | 115,100,856.01        |
| Other operating business   | <u>5,912,273.40</u>          | <u>1,952,483.99</u>   | <u>4,156,011.88</u>          | <u>1,788,918.05</u>   |
| Total                      | <u>133,301,999.64</u>        | <u>104,663,835.75</u> | <u>139,327,287.43</u>        | <u>116,889,774.06</u> |

#### 14.5 Investment income

| <u>Item</u>   | <u>Year ended<br/>31/12/2022</u> | <u>Year ended<br/>31/12/2021</u> |
|---|----------------------------------|----------------------------------|
| Gain/(Loss) from long-term equity investments in cost method            | 8,500,000.00                     | 8,817,128.76                     |
| Gain/(Loss) on financial assets held for trading for the current period | <u>1,076,034.24</u>              | <u>49,972.60</u>                 |
| Total   | <u>9,576,034.24</u>              | <u>8,867,101.36</u>              |

### 15. Supplementary information

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

| <u>Item</u>  | <u>Amount</u> | <u>Remark</u> |
|--|---------------|---------------|
| Gain or loss on disposal of non-current assets   | 5,068,847.43  | -             |
| Government grants (except the government grants closely related to the business of the Company and enjoyed according to unified quota or ration standards) | 2,140,540.56  | -             |
| Gain or loss from fair value change of financial assets held-for-trading, other non-current financial  | 1,172,034.24  | -             |

| <u>Item</u>  | <u>Amount</u>       | <u>Remark</u> |
|--|---------------------|---------------|
| assets, derivative financial assets and financial liabilities held-for-trading etc., and investment income from disposal of financial assets held-for-trading, other non-current financial assets, other debt investments, financial liabilities held-for-trading and derivative financial liabilities, excluding effective hedging operations related to normal business of the Company |                     |               |
| The trusteeship fee income obtained from the entrusted operation   | 1,273,584.91        | -             |
| Other non-operating income/(expenses) except the above items   | 117,625.16          | -             |
| Effects of income tax on non-recurring items   | 1,587,719.20        | -             |
| Effects of non-recurring items attributable to the minority shareholders of the Company  | <u>538,502.13</u>   | -             |
| Total  | <u>7,646,410.97</u> |               |

Note: The company received RMB 45,608,125.30 of subsidy funds for the improvement of the country's international contract performance capacity this year. Because the subsidy is closely related to the enterprise's contract performance score and fishing vessel operation time, the subsidy fund is based on the company's contract performance score, fishing vessel operation time and other parameters, according to the country, Standard calculation and confirmation of relevant provincial departments. Therefore, it is not listed as non-recurring profit or loss.t.

## 15.2 Return on equity and earnings per share

| <u>Profit in report period</u>  | <u>Weighted average return on equity</u> | <u>Earnings per share</u> |                            |
|---|--|---------------------------|----------------------------|
|   |  | Basic earnings per share  | Diluted earnings per share |
| Net profit attributable to the common share holders   | 3.12%                                    | 0.11                      | 0.11                       |
| Net profit attributable to the common shareholders after deducting non-recurring gain or loss items | 2.33%                                    | 0.08                      | 0.08                       |